

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 20-F

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE
SECURITIES EXCHANGE ACT OF 1934**

OR

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

OR

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

Commission file number 001-37928

南茂科技股份有限公司

(Exact Name of Registrant as Specified in Its Charter)

ChipMOS TECHNOLOGIES INC.
(Translation of Registrant's Name into English)

Republic of China
(Jurisdiction of Incorporation or Organization)

**No. 1, R&D Road 1, Hsinchu Science Park
Hsinchu 300-092, Taiwan, Republic of China**
(Address of Principal Executive Offices)

Silvia Su
Vice President, Finance and Accounting Management Center
ChipMOS TECHNOLOGIES INC.

**No. 1, R&D Road 1, Hsinchu Science Park
Hsinchu 300-092, Taiwan, Republic of China**

Telephone: +886-3-577-0055

Facsimile: +886-3-566-8970

(Name, Telephone, E-mail and/or Facsimile Number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Shares, par value NT\$10 per share*	IMOS*	The NASDAQ Global Select Market*

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2023, 727,240,126 Common Shares, par value NT\$10 each, were outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", and "emerging growth company" in Rule 12b-2 of the Exchange Act. :

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

* Not for trading, but only in connection with the listing on the NASDAQ Global Select Market of American Depositary Receipts evidencing American Depositary Shares (the "ADSs"), each representing 20 common shares of ChipMOS TECHNOLOGIES INC.

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**CAUTIONARY STATEMENT FOR PURPOSES OF THE “SAFE HARBOR” PROVISIONS OF
THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

Except for historical matters, the matters discussed in this Annual Report on Form 20-F are forward-looking statements that are subject to a number of significant risks and uncertainties and are based on information as of the date hereof. These statements are generally indicated by the use of forward-looking terminology such as the words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “may”, “plan”, “project”, “will”, “could”, “might”, “should” and other words and phrases of similar import that express an indication of actions or results of actions that may or are expected to occur in the future. These statements appear in a number of places throughout this Annual Report on Form 20-F and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and our actual results of operations, financial condition and liquidity, and the development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Annual Report on Form 20-F. Important factors that could cause those differences include, but are not limited to:

- the volatility of the semiconductor industry and the market for end-user applications for semiconductor products;
- overcapacity in the semiconductor assembly and testing markets;
- the increased competition from other companies and our ability to retain and increase our market share;
- our ability to successfully develop new technologies and remain a technological leader;
- our ability to maintain control over capacity expansion and facility modifications;
- our ability to generate growth or profitable growth;
- our ability to hire and retain qualified personnel;
- our ability to acquire required equipment and supplies to meet customer demand;
- our ability to raise debt or equity financing as required to meet certain existing obligations;
- our reliance on the business and financial condition of certain major customers;
- the success of any of our future acquisitions, investments or joint ventures;
- the outbreak of contagious disease and occurrence of earthquakes, typhoons and other natural disasters, as well as industrial accidents;
- the political stability of the regions in which we conduct operations;
- general local and global economic and financial conditions;
- the potential impact of the Coronavirus Disease 2019 (“COVID-19”) pandemic on our operations or the operations of our supply chain or our customers; and
- other factors set forth under the heading “Item 3. Key Information—Risk Factors” of this Annual Report on Form 20-F.

The factors identified above are believed to be important factors (but not necessarily all of the important factors) that could cause actual results to differ materially from those expressed in any forward-looking statement made by us. Other factors not discussed herein could also have material adverse effects on us. All forward-looking statements included in this Annual Report on Form 20-F are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligation to update any forward-looking statement (or its associated cautionary language), whether as a result of new information or future events.

Forward-looking statements include, but are not limited to, statements regarding our strategy and future plans, future business condition and financial results, our capital expenditure plans, our capacity expansion plans, our investments in Mainland China, technological upgrades, investment in research and development, future market demand, future regulatory or other developments in our industry. Please see “Item 3. Key Information—Risk Factors” for a further discussion of certain factors that may cause actual results to differ materially from those indicated by our forward-looking statements.

EXCHANGE RATES

References to “US\$” and “US dollars” are to United States dollars and references to “NT\$” and “NT dollars” are to New Taiwan dollars. This Annual Report on Form 20-F contains translations of certain NT dollar amounts into US dollars at specified rates solely for the convenience of the reader. Unless otherwise noted, all translations from NT dollars to US dollars and from US dollars to NT dollars were made at the noon buying rate in the City of New York for cable transfers in NT dollars per US dollar as certified for customs purposes by the Federal Reserve Bank of New York as of December 29, 2023, which was NT\$30.62 to US\$1.00. We make no representation that the NT dollar or US dollar amounts referred to in this Annual Report on Form 20-F could have been or could be converted into US dollars or NT dollars, as the case may be, at any particular rate or at all.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

Capitalization and Indebtedness

Not applicable.

Reasons for the Offer and Use of Proceeds

Not applicable.

Risk Factors

Risks Relating to Economic Conditions and the Financial Markets

Global inflation and financial markets disruptions could materially and adversely affect our business and results of operations.

Disruptions in global inflation, interest rate rising, financial markets and trade tensions may occur that causes diminished liquidity and limited availability of credit, reduced consumer confidence, reduced economic growth, increased unemployment rates and uncertainty about economic stability. Limited availability of credit in financial markets may lead consumers and businesses to postpone spending. This in turn may cause our customers to cancel, decrease or delay their existing and future orders with us. Particularly, the economics uncertainty caused by trade tensions and inflation, which led the weakness of macro-economic environment, will impact the end product market demand. The softness in broader market demand including smart phones, TVs, PC/servers and other consumer products, directly affects the inventory elimination of our customers. The decrease in segment revenue was principally due to the weakness of macro-economic environment, softness in market demand and customer adjustment of inventory levels, all of which led to the decreased utilization rate of our production lines since the second half of 2022 till the first half of 2023.

Financial difficulties experienced by our customers or suppliers as a result of these conditions could lead to production delays and delays or defaults in payment of accounts receivable. We are not able to predict the occurrence, frequency, duration or extent of disruptions in global inflation and financial markets, or when the trade tensions could be settled down. These conditions increase the difficulty of accurately forecasting and planning our business activities. If these conditions and uncertainties occur or continue, or if credit and financial markets and confidence in economic conditions deteriorate, our business and results of operations could be materially and adversely affected.

Risks Relating to Our Industry

Because we depend on the highly cyclical semiconductor industry, which is characterized by significant and sometimes prolonged downturns from time to time, our revenue and earnings may fluctuate significantly, which in turn could adversely affect our results of operations and could cause the market price of our common shares or of our ADSs to decline.

Because our business is, and will continue to be, dependent on the requirements of semiconductor companies for independent assembly and testing services, any downturn in the highly cyclical semiconductor industry may reduce demand for our services and adversely affect our results of operations. All of our customers operate in this industry and variations in order levels and in service fee from our customers may result in volatility in our revenue and earnings. For instance, during periods of decreased demand for assembled semiconductors, some of our customers may simplify, delay or forego final testing of certain types of semiconductors, such as dynamic random access memory or DRAM and NAND Flash, which in turn may result in reduced demand for our services, adversely affecting our results of operations. From time to time, the semiconductor industry has experienced significant, and sometimes prolonged, downturns which have adversely affected our results of operations. We cannot give any assurances that there will not be any downturn in the future or that any future downturn will not materially and adversely affect our results of operations.

Any deterioration in the market for end-user applications for semiconductor products would reduce demand for our services and may result in a decrease in our earnings.

Market conditions in the semiconductor industry track, to a large degree, those for their end-user applications. Any deterioration in the market conditions for the end-user applications of semiconductors we test and assemble could reduce demand for our services and, in turn, could materially adversely affect our financial condition and results of operations. Our revenue is largely attributable to fees derived from testing and assembling semiconductors for use in personal computers, communications equipment, consumer electronic products and display applications. A significant decrease in demand for products in these markets could put pricing pressure on our assembly and testing services and negatively affect our revenue and earnings. The LCD driver market often aligns with broader economic trend, we cannot give any assurances that there will not be any downturn in the future or that any future downturn will not affect our results of operations. Any significant decrease in demand for end-user applications of semiconductors will negatively affect our revenue and earnings.

A decline in average selling prices for our services could result in a decrease in our earnings.

Historically, prices for our assembly and testing services in relation to any given semiconductor tend to decline over the course of its product and technology life cycle. See also “— A decrease in market demand for LCD, OLED, automotive panel and other display panel driver semiconductors may adversely affect our capacity utilization rates and thereby negatively affect our profitability”. If we cannot reduce the cost of our assembly and testing services, or introduce higher-margin assembly and testing services for new package types, to offset the decrease in average selling prices for our services, our earnings could decrease.

A reversal or slowdown in the outsourcing trend for semiconductor assembly and testing services could reduce our profitability.

Integrated device manufacturers, or IDMs, continue to increasingly outsource stages of the semiconductor production process, including assembly and testing, to independent companies like us to shorten production cycles. In addition, the availability of advanced independent semiconductor manufacturing services has also enabled the growth of so-called “fabless” semiconductor companies that focus exclusively on design and marketing and outsource their manufacturing, assembly and testing requirements to independent companies. A substantial portion of our revenue is indirectly generated from providing semiconductor assembly and testing services to these IDMs and fabless companies. We cannot assure you that these companies will continue to outsource their assembly and testing requirements to independent companies like us. A reversal of, or a slowdown in, this outsourcing trend could result in reduced demand for our services, which in turn could reduce our profitability.

Risks Relating to Our Business

If we are unable to compete effectively in the highly competitive semiconductor assembly and testing markets, we may lose customers and our income may decline.

The semiconductor assembly and testing markets are very competitive. We face competition from a number of IDMs with in-house assembly and testing capabilities and other independent semiconductor assembly and testing companies. Our competitors may have access to more advanced technologies and greater financial and other resources than we do. Many of our competitors have shown a willingness to reduce prices quickly and sharply in the past to maintain capacity utilization in their facilities during periods of reduced demand. In addition, an increasing number of our competitors conduct their operations in lower cost centers in Asia such as Mainland China. Any renewed or continued erosion in the prices or demand for our assembly and testing services as a result of increased competition could adversely affect our profits.

We are highly dependent on the market for memory products. A downturn in market prices for these products could significantly reduce our revenue and profit.

A significant portion of our revenue is derived from testing and assembling memory semiconductors. In the past, our service fees for testing and assembling memory semiconductors were sharply reduced in tandem with the decrease in the average selling price of DRAM and NAND Flash in the semiconductor industry. Oversupply of DRAM or NAND Flash products and weak demand in the DRAM or NAND Flash market may result in significant reductions in the price of DRAM or NAND Flash products, which in turn may drive down the average prices for our assembly and testing services for DRAM and NAND Flash products and further reduce our revenue and profit. We cannot assure you that there will not be further downturns in DRAM or NAND Flash prices in the future.

A decrease in market demand for LCD, OLED, automotive panel and other display panel driver semiconductors may adversely affect our capacity utilization rates and thereby negatively affect our profitability.

Our assembly and testing services for Display panel driver semiconductors generated revenue of NT\$8,211 million, NT\$7,289 million and NT\$7,822 million (US\$255 million) in 2021, 2022 and 2023, respectively. We invested NT\$2,749 million, NT\$2,677 million and NT\$1,757 million (US\$57 million) in 2021, 2022 and 2023, respectively, on equipment for chip-on-film, or COF and chip-on-glass, or COG, technologies, which are used in assembly and testing services for LCD, OLED, automotive panel and other display panel driver semiconductors. Most of this equipment may not be used for technologies other than COF or COG. The market demand for LCD, OLED, automotive panel and other display panel driver semiconductors increased in 2018 particularly the wafer test for TDDI in the second half of 2020. Then demand went down in second half of 2022 due to customer inventory adjustment for market weakness. However, we observed some rebound sign for OLED, TDDI, and large panel driver IC demand since Lunar New Year holiday 2023 but it is still fluctuation except OLED and automotive panel in 2023. Any significant decrease in demand for these products and our related services would significantly impact our capacity utilization rates. That may result in our inability to generate sufficient revenue to cover the depreciation expenses for the equipment used in testing and assembling LCD, OLED, automotive panel and other display panel driver semiconductors, thereby negatively affecting our profitability. See also “—Because of our high fixed costs, if we are unable to achieve relatively high capacity utilization rates, our earnings and profitability may be adversely affected”.

Our significant amount of indebtedness and interest expense will limit our cash flow and could adversely affect our operations.

We have a significant level of debt and interest expense. As of December 31, 2023, we had approximately NT\$14,912 million (US\$487 million) outstanding long-term indebtedness. Our long-term indebtedness as of December 31, 2023, represented bank loans with an interest rate from 1.2% to 1.75%. As of December 31, 2023, NT\$11,271 million (US\$368 million) of our indebtedness was secured by collateral comprised of our assets.

Our significant indebtedness poses risks to our business, including the risks that:

- we may have to use a substantial portion of our consolidated cash flow from operations to pay principal and interest on our debt, thereby reducing the funds available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- insufficient cash flow from operations may force us to sell assets, or seek additional capital, which we may be unable to do at all or on terms favorable to us;
- our ability to sell assets or seek additional capital may be adversely affected by security interests in our assets granted to our lenders as collateral; and
- our level of indebtedness may make us more vulnerable to economic or industry downturns.

For additional information on our indebtedness, see “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources”.

Our results of operations may fluctuate significantly and may cause the market price of our common shares or of our ADSs to be volatile.

Our results of operations have varied significantly from period to period and may continue to vary in the future. Among the more important factors affecting our quarterly and annual results of operations are the following:

- our ability to accurately predict customer demand, as we must commit significant capital expenditures in anticipation of future orders;
- our ability to quickly adjust to unanticipated declines or shortfalls in demand and market prices for our assembly and testing services, due to our high percentage of fixed costs;
- changes in prices for our assembly and testing services;
- volume of orders relative to our assembly and testing capacity;
- capital expenditures and production uncertainties relating to the roll-out of new assembly and testing services;
- our ability to obtain adequate assembly and testing equipment on a timely basis;
- changes in costs and availability of raw materials, equipment and labor;
- changes in our product mix; and
- earthquakes, global new virus epidemic, climate change and other natural disasters, as well as industrial accidents.

Because of the factors listed above, our future results of operations or growth rates may be below the expectations of research analysts and investors. If so, the market price of our common shares or of our ADSs, and the market value of your investment, may fall.

We rely on key customers for a substantial portion of our revenue and a loss of, or deterioration of the business from, or delayed payment by, any one of these customers could result in decreased revenue and materially adversely affect our results of operations and financial condition.

We rely on a small group of customers for a substantial portion of our business. In 2023, our top five customers collectively accounted for 61% of our revenue. As part of our strategy, we have been focusing on sales to key customers through long-term service agreements. We also focus on our business with smaller customers and customers who do not place orders on a regular basis. We expect that we will continue to rely on a relatively limited number of customers for a significant portion of our revenue. Any adverse development in our key customers' operations, competitive position or customer base could materially reduce our revenue and materially adversely affect our business and profitability.

Since semiconductor companies generally rely on service providers with whom they have established relationships to meet their assembly and testing needs for their applications and new customers usually require us to pass a lengthy and rigorous qualification process, if we lose any of our key customers, we may not be able to replace them in a timely manner. If any of our key customers reduces or cancels its orders or terminates existing contractual arrangements, and if we are unable to attract new customers and establish new contractual arrangements with existing or new customers, our revenue could be reduced and our business and results of operations may be materially adversely affected.

Because of our high fixed costs, if we are unable to achieve relatively high capacity utilization rates, our earnings and profitability may be adversely affected.

Our operations are characterized by a high proportion of fixed costs. For memory and logic/mixed-signal semiconductor testing services, our fixed costs represented 49%, 52% and 50% of our total cost of revenue in 2021, 2022 and 2023, respectively. For memory and logic/mixed-signal semiconductor assembly services, our fixed costs represented 19%, 22% and 26% of our total cost of revenue in 2021, 2022 and 2023, respectively. For Display panel driver semiconductor assembly and testing services, our fixed costs represented 59%, 61% and 59% of our total cost of revenue in 2021, 2022 and 2023, respectively. For bumping services, our fixed costs represented 19%, 21% and 19% of our total cost of revenue in 2021, 2022 and 2023, respectively. Our profitability depends in part not only on absolute pricing levels for our services, but also on the utilization rates for our assembly and testing equipment, commonly referred to as "capacity utilization rates". Increases or decreases in our capacity utilization rates can significantly affect our gross margins as unit costs generally decrease as the fixed costs are allocated over a larger number of units. In the past, our capacity utilization rates have fluctuated significantly as a result of the fluctuations in the market demand for semiconductors. If we fail to increase or maintain our capacity utilization rates, our earnings and profitability may be adversely affected. In addition, the long-term assembly and testing services agreements we entered with certain customers may require us to incur significant capital expenditures. If we are unable to achieve high capacity utilization rates for the equipment purchased pursuant to these agreements, our gross margins may be materially and adversely affected.

The assembly and testing process is complex and our production yields and customer relationships may suffer as a result of defects or malfunctions in our testing and assembly equipment and the introduction of new packages.

Semiconductor testing and assembly are complex processes that require significant technological and process expertise. Semiconductor testing involves sophisticated test equipment and computer software. We develop computer software to test our customers' semiconductors. We also develop conversion software programs that enable us to test semiconductors on different types of testers. Similar to most software programs, these software programs are complex and may contain programming errors or bugs. In addition, the testing process is subject to human error by our employees who operate our test equipment and related software. Any significant defect in our testing or conversion software, malfunction in our test equipment or human error could reduce our production yields and damage our customer relationships.

The assembly process involves a number of steps, each of which must be completed with precision. Defective packages primarily result from:

- contaminants in the manufacturing environment;
- human error;
- equipment malfunction;
- defective raw materials; or
- defective plating services.

These and other factors have, from time to time, contributed to lower production yields. They may do so in the future, particularly as we expand our capacity or change our processing steps. In addition, to be competitive, we must continue to expand our offering of packages. Our production yields on new packages typically are significantly lower than our production yields on our more established packages. Our failure to maintain high standards or acceptable production yields, if significant and prolonged, could result in a loss of customers, increased costs of production, delays, substantial amounts of returned goods and related claims by customers. Further, to the extent our customers have set target production yields, we may be required to compensate our customers in a pre-agreed manner. Any of these problems could materially adversely affect our business reputation and result in reduced revenue and profitability.

Because of the highly cyclical nature of our industry, our capital requirements are difficult to plan. If we cannot obtain additional capital when we need it, we may not be able to maintain or increase our current growth rate and our profits will suffer.

As our industry is highly cyclical and rapidly changing, our capital requirements are difficult to plan. To remain competitive, we may need capital to fund the expansion of our facilities as well as to fund our equipment purchases and research and development activities. To meet our liquidity, capital spending and other capital needs, we have taken and plan to take certain measures to generate additional working capital and to save cash. See “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources”. We cannot assure you that these plans and measures will be implemented or will provide sufficient sources of capital.

In addition, future capacity expansions or market or other developments may require additional funding. Our ability to obtain external financing in the future depends on a number of factors, many of which are beyond our control. They include:

- our future financial condition, results of operations and cash flows;
- general market conditions for financing activities by semiconductor assembly and testing companies; and
- economic, political and other conditions in Taiwan and elsewhere.

If we are unable to obtain funding in a timely manner or on acceptable terms, our growth prospects and potential future profitability will suffer.

Disputes over intellectual property rights could be costly, deprive us of technologies necessary for us to stay competitive, render us unable to provide some of our services and reduce our opportunities to generate revenue.

Our ability to compete successfully and achieve future growth will depend, in part, on our ability to protect our proprietary technologies and to secure, on commercially acceptable terms, critical technologies that we do not own. We cannot assure you that we will be able to independently develop, or secure from any third party, the technologies required for our assembly and testing services. Our failure to successfully obtain these technologies may seriously harm our competitive position and render us unable to provide some of our services.

Our ability to compete successfully also depends on our ability to operate without infringing upon the proprietary rights of others. The semiconductor assembly and testing industry is characterized by frequent litigation regarding patent and other intellectual property rights. We may incur legal liabilities if we infringe upon the intellectual property or other proprietary rights of others. We are not able to ascertain what patent applications have been filed in the United States or elsewhere, however, until they are granted. If any third party succeeds in its intellectual property infringement claims against us or our customers, we could be required to:

- discontinue using the disputed process technologies, which would prevent us from offering some of our assembly and testing services;
- pay substantial monetary damages;
- develop non-infringing technologies, which may not be feasible; or
- acquire licenses to the infringed technologies, which may not be available on commercially reasonable terms, if at all.

Any one of these developments could impose substantial financial and administrative burdens on us and hinder our business. We are, from time to time, involved in litigation in respect of intellectual property rights. Any litigation, whether as plaintiff or defendant, is costly and diverts our resources. If we fail to obtain necessary licenses on commercially reasonable terms or if litigation, regardless of the outcome, relating to patent infringement or other intellectual property matters occurs, our costs could be substantially increased to impact our margins. Any such litigation could also prevent us from testing and assembling particular products or using particular technologies, which could reduce our opportunities to generate revenue.

If we are unable to obtain raw materials and other necessary inputs from our suppliers in a timely and cost-effective manner, our production schedules would be delayed and we may lose customers and growth opportunities and become less profitable.

Our operations require us to obtain sufficient quantities of raw materials at acceptable prices in a timely and cost-effective manner. We source most of our raw materials, including critical materials like leadframes, organic substrates, epoxy, gold wire and molding compound for assembly, and tapes for COF, from a limited group of suppliers. We purchase all of our materials on a purchase order basis and have no long-term contracts with any of our suppliers. From time to time, suppliers have extended lead times, increased the price or limited the supply of required materials to us because of market shortages. Consequently, we may, from time to time, experience difficulty in obtaining sufficient quantities of raw materials on a timely basis. In addition, from time to time, we may reject materials that do not meet our specifications, resulting in declines in output or yield. Although we typically maintain at least two suppliers for each key raw material, we cannot assure you that we will be able to obtain sufficient quantities of raw materials and other supplies of an acceptable quality in the future. It usually takes from three to six months to switch from one supplier to another, depending on the complexity of the raw material. If we are unable to obtain raw materials and other necessary inputs in a timely and cost-effective manner, we may need to delay our production and delivery schedules, which may result in the loss of business and growth opportunities and could reduce our profitability.

If we are unable to obtain additional assembly and testing equipment or facilities in a timely manner and at a reasonable cost, we may be unable to fulfill our customers' orders and may become less competitive and less profitable.

The semiconductor testing and assembly business is capital intensive and requires significant investment in expensive equipment manufactured by a limited number of suppliers. The market for semiconductor assembly and testing equipment is characterized, from time to time, by intense demand, limited supply and long delivery cycles. Our operations and expansion plans depend on our ability to obtain equipment from a limited number of suppliers in a timely and cost-effective manner. We have no binding supply agreements with any of our suppliers and we acquire our assembly and testing equipment on a purchase order basis, which exposes us to changing market conditions and other significant risks. Semiconductor assembly and testing also requires us to operate sizable facilities. If we are unable to obtain equipment or facilities in a timely manner, we may be unable to fulfill our customers' orders, which could negatively impact our financial condition and results of operations as well as our growth prospects. Currently, we do not have any long-term service agreements that require our commitment to acquire additional assembly and testing equipment or facilities. We cannot assure you, however, that such commitment will not be made in the future. See "Item 4. Information on the Company—Customers".

If we are unable to manage the expansion of our operations and resources effectively, our growth prospects may be limited and our future profitability may be reduced.

We expect to continue to expand the operations and to increase the number of employees. Rapid expansion puts a strain on our managerial, technical, financial, operational and other resources. As a result of our expansion, we will need to implement additional operational and financial controls and hire and train additional personnel. We cannot assure you that we will be able to do so effectively in the future, and our failure to do so could jeopardize our expansion plans and seriously harm our operations.

Laws of the Republic of China may be less protective of shareholder rights than laws of the United States or other jurisdictions.

Our corporate affairs are governed by our Articles of Incorporation and laws governing corporations incorporated in the Republic of China ("ROC"). The rights of our shareholders to bring shareholders' suits against us or our Board of Directors under the ROC law are more limited than those of the shareholders of U.S. corporations. For example, the ROC Company Act requires that a shareholder that continuously holds at least 1% of our issued and outstanding shares for at least 6 months may request our audit committee to institute an action against a director on the Company's behalf. In addition, the controlling shareholders of U.S. corporations owe fiduciary duties to minority shareholders, while controlling shareholders in ROC corporations do not. Therefore, our shareholders may be less able under the ROC law than they would be under the laws of the United States or other jurisdictions to protect their interests in connection with actions by our management, members of our Board of Directors or our controlling shareholder.

It may be difficult to bring and enforce lawsuits against us in the United States.

We are incorporated in the ROC and a majority of our directors and most of our officers are not residents of the United States. A substantial portion of our assets is located outside the United States. As a result, it may be difficult for our shareholders to serve notice of a lawsuit on us or our directors and officers within the United States. Because most of our assets are located outside the United States, it may be difficult for our shareholders to enforce in the United States judgments of United States courts. Any United States judgments obtained against us will not be enforced by ROC courts if any of the following situations shall apply to such final judgment:

- the court rendering the judgment does not have jurisdiction over the subject matter under the ROC law;
- the judgment was rendered by default, except where the summons or order necessary for the commencement of the action was duly served on us within the jurisdiction of the court rendering the judgment within a reasonable period of time and in accordance with the laws and regulations of such jurisdiction, or with judicial assistance of the ROC;
- the judgment or the court procedures resulting in the judgment are contrary to the public order or good morals of the ROC; or
- the judgments of ROC courts are not recognized and enforceable in the jurisdiction of the court rendering the judgment on a reciprocal basis.

Investor confidence and the market price of our common shares or ADSs may be adversely impacted if we are unable to maintain effective Internal Control over Financial Reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002.

We are required to comply with the ROC and US securities laws and regulations in connection with internal controls. As a public company in the United States, our management is required to assess the effectiveness of our internal control over financial reporting using the criteria established in Internal Control – Integrated Framework (2013) issued by Committee of Sponsoring Organization of the Treadway Commission (COSO), as required by Section 404 of the Sarbanes-Oxley Act of 2002. We carried out an evaluation, under the supervision and with the participation of management, including our President, the principal executive officer and Vice President of the Finance and Accounting Management Center, the principal financial officer of the effectiveness of the design and operation of our internal controls over financial reporting as of December 31, 2023, and concluded those internal controls over financial reporting were effective as of that date. See “Item 15. Controls and Procedures” for more information. Moreover, even if our management concludes that our internal controls over our financial reporting are effective, our independent public registered accounting firm may disagree. If our independent public registered accounting firm is not satisfied with our internal controls over our financial reporting or the level at which our controls are documented, designed, operated or reviewed, or if the independent public registered accounting firm interprets the requirements, rules or regulations differently from us, it may decline to attest our effectiveness of internal controls over financial reporting or may issue an adverse opinion in the future. Any of these possible outcomes could result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our consolidated financial statements, which ultimately could negatively impact the market prices of our common shares or ADSs.

Any environmental claims or failure to comply with any present or future environmental regulations, or any new environmental regulations, may require us to spend additional funds, may impose significant liability on us for present, past or future actions, and may dramatically increase the cost of providing our services to our customers.

We are subject to various laws and regulations relating to the use, storage, discharge and disposal of chemical by-products of, and water used in, our assembly and gold bumping processes. Although we have not suffered material environmental claims in the past, a failure or a claim that we have failed to comply with any present or future regulations could result in the assessment of damages or imposition of fines against us, suspension of production or a cessation of our operations or negative publicity. New regulations could require us to acquire costly equipment or to incur other significant expenses. Any failure on our part to control the use of, or adequately restrict the discharge of, hazardous substances could subject us to future liabilities that may materially reduce our earnings.

Fluctuations in exchange rates could result in foreign exchange losses.

Currently, we are nearly 60% of revenue denominated in US dollars. Our cost of revenue and operating expenses, on the other hand, are incurred in several currencies, including NT dollars, Japanese yen and US dollars. In addition, a substantial portion of our capital expenditures, primarily for the purchase of LCD, OLED, automotive panel and other display panel driver semiconductor, assembly and testing equipment, has been, and is expected to continue to be, denominated in Japanese yen with much of the remainder in US dollars. We also have debt denominated in NT dollars, Japanese yen, and US dollars. Fluctuations in exchange rates, primarily among the US dollar, the NT dollar and the Japanese yen, will affect our costs and operating margins in NT dollar terms. In addition, these fluctuations could result in exchange losses and increased costs in NT dollar terms. Despite selective hedging and other techniques implemented by us, fluctuations in exchange rates have affected, and may continue to affect, our financial condition and results of operations.

We may not be successful in our acquisitions, investments, joint ventures and dispositions, and may therefore be unable to implement fully our business strategy.

To implement our business strategy requires us to enter into acquisition, investment, joint venture and disposition transactions. These transactions may not be successful to maintain or grow our business. On December 21, 2023, the Company's Board of Directors approved its wholly-owned subsidiary, ChipMOS TECHNOLOGIES (BVI) LTD., ("ChipMOS BVI") to sell its entire 45.0242% equity interests in Unimos Microelectronics (Shanghai) Co., Ltd. ("Unimos Shanghai") for a total sale price of RMB 979.3 million in cash. Under the proposed agreement, ChipMOS BVI will sell its entire remaining 45.0242% equity interests in Unimos Shanghai to Suzhou Oriza PuHua ZhiXin Equity Investment Partnership (L.P.) and other local Chinese investment management companies. The equity interest transfer is expected to be completed in the first half of 2024. Please see "Item 5. Operating and Financial Review and Prospects—Recent Acquisition" for additional information.

The success of our acquisitions, investments, joint ventures and dispositions depends on a number of factors, including:

- our ability to identify suitable investment, acquisition, joint venture or disposition opportunities;
- our ability to reach an agreement for an acquisition, investment, joint venture or disposition opportunity on terms that are satisfactory to us or at all;
- the extent to which we are able to exercise control over the acquired or joint venture company;
- our ability to align the economic, business or other strategic objectives and goals of the acquired company with those of our company; and
- our ability to successfully integrate the acquired or joint venture company or business with our company.

If we are unsuccessful in our acquisitions, investments, joint ventures and dispositions, we may not be able to implement fully our business strategy to maintain or grow our business.

We rely on key personnel, and our revenue could decrease and our costs could increase if we lose their services.

We depend on the continued service of our executive officers and skilled engineering, technical and other personnel. We will also be required to hire a substantially greater number of skilled employees in connection with our expansion plans. In particular, we depend on a number of skilled employees in connection with our LCD, OLED, automotive panel and other display panel driver semiconductor assembly and testing services, and the competition for such employees in Taiwan is intense. We may not be able to either retain our present personnel or attract additional qualified personnel as and when needed. Moreover, we do not carry key person insurance for any of our executive officers nor do we have employment contracts with any of our executive officers. If we lose any of our key personnel, it could be very difficult to find and integrate replacement personnel, which could affect our ability to provide our services, resulting in reduced revenue and earnings. In addition, we may need to increase employee compensation levels in order to retain our existing officers and employees and to attract additional personnel. As of February 29, 2024, 22% of the workforce at our facilities are foreign workers employed by us under work permits that are subject to government regulations on renewal and other terms. Consequently, if the regulations in Taiwan relating to the employment of foreign workers were to become significantly more restrictive or if we are otherwise unable to attract or retain these workers at reasonable cost, we may be unable to maintain or increase our level of services and may suffer reduced revenue and earnings.

If our security measures are breached and unauthorized access is obtained to our information technology systems, we may lose proprietary data.

Our security measures could be compromised by various factors, including computer hackers, employee errors, and unfavorable actions by suppliers, resulting in unauthorized access to our or our customers' data, including our intellectual property, other confidential business information, or information technology systems.

Due to the frequent evolution of information technology and hacker techniques, we may be unable to anticipate these methods or implement adequate preventive measures. Any security vulnerability could lead to the disclosure of our trade secrets, confidential customer, supplier, or employee data. This could result in legal liability, damage to our reputation, and other harm to our business.

If our information technology systems succumb to cyberattacks by third parties, our business and operations may be severely interrupted or even shut down, and our results of operations, financial condition, prospects and reputation may also be materially and adversely affected.

Regarding the defense and strengthening of internal and external cybersecurity, we outline as follows:

Internal cybersecurity reinforcement: We've established an Information Security Management Committee dedicated to maintaining and promoting information security. Annual management review meetings are held regularly to review yearly tasks, including project execution, risk assessment, document compliance, education and training, significant information security incidents, key performance indicators in information security, information security attack prevention, internal and external concerns, disaster recovery drills, and the effectiveness report of company-wide phishing drills. Adhering to ISO 27001 principles, we implement various enhancements and improvements in information security. Additionally, we reinforce the Company's information security through recommendations from the Management Review Committee, continually introducing effective and secure information security protection equipment or mechanisms to enhance information security awareness among all employees and foster professional information security personnel.

External cybersecurity defense: We periodically replace EOS devices, hire consultants for vulnerability scanning, penetration testing, and source code detection. We implement WAF to strengthen application web security, examining internal security through external intelligence collection. In the event of a network attack, although business operations may be interrupted, we strive to ensure data security for post-attack recovery. Should there be a leakage of business secrets or customer data, our commitments to customers and other stakeholders might suffer significant damage, potentially impacting our business performance, financial condition, prospects, and reputation negatively.

Risks Relating to Countries in Which We Conduct Operations

The operations we conduct through our affiliated companies that we do not fully own may be limited by legal duties owed to other shareholders of such companies.

Certain of our operations are conducted through companies that we do not fully own. For example, since March 31, 2017, the Company has owned 45.0242% equity interests of Unimos Shanghai through its wholly-owned subsidiary ChipMOS BVI. We also conduct other activities through our affiliated entities. See also "—Risks Relating to Our Common Shares or ADSs—The Company's ability to maintain its listing and trading status of common shares on the Taiwan Stock Exchange or ADSs on the Nasdaq Stock Market ("Nasdaq") is dependent on factors outside of the Company's control and satisfaction of stock exchange requirements. The Company may not be able to overcome such factors that disrupt its trading status of common shares on the Taiwan Stock Exchange or ADSs on the Nasdaq or satisfy other eligibility requirements that may be required of it in the future" and "Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions".

In accordance with the various laws of the relevant jurisdictions in which our subsidiaries and affiliates are organized, each of our subsidiaries and affiliates and their respective directors owe various duties to their respective shareholders. As a result, the actions we wish our subsidiaries or affiliates to take could be in conflict with their or their directors' legal duties owed to their other shareholders. When those conflicts arise, our ability to cause our subsidiaries or affiliates to take the action that we desire may be limited.

Any future outbreak of health epidemics and outbreaks of contagious diseases may materially affect our operations and business.

Any future outbreak of contagious diseases, such as avian influenza virus subtypes H5N1, H9N2 and H7N9 and swine influenza virus subtypes H1N1 and H3N2, New Influenza A or more commonly known as the "bird flu" and "swine flu", Severe Acute Respiratory Syndrome ("SARS"), Middle East respiratory syndrome coronavirus ("MERS-CoV"), or COVID-19, for which there is inadequate treatment or no known cure or vaccine, may potentially result in a quarantine of infected employees and related persons, or even significant governmental measures being implemented to control the spread, including, among others, restrictions on travel, manufacturing and the movement of employees in many regions of the world. The occurrence could adversely affect our operations at one or more of our facilities or the operations of our customers or suppliers.

We cannot predict the impact that any further future outbreak of the aforementioned viruses or other diseases could have on our business and results of operations. If any of our employees is suspected of having contracted any contagious disease, we may, under certain circumstances, be required to quarantine such employees and the affected areas of our premises, or adhere to governmental measures to control the spread. As a result, we may have to suspend part or all of our operations temporarily, or may experience delays in product development, a decreased ability to support our customers, and overall lack of productivity. Our customers may also experience closures of their manufacturing facilities or inability to obtain other components, either of which could negatively impact demand for our solutions. In addition, any future outbreak may restrict the level of economic activity in affected regions, which may also adversely affect our businesses. As a result, there is no assurance that any future outbreak of contagious diseases would not have a material adverse effect on our business, financial condition and results of operations.

We face substantial political risk associated with doing business in the ROC, particularly due to the strained relations between the ROC and the PRC, which could negatively affect our business and the market price of our common shares or ADSs.

Our principal executive offices and our assembly and testing facilities are located in the ROC. As a result, our business, financial condition and results of operations and the market price of our common shares or ADSs may be affected by changes in the ROC governmental policies and the political relationship between the ROC and the PRC, as well as social instability and diplomatic and social developments in or affecting the ROC which are beyond our control. The ROC has a unique international political status. The PRC government regards Taiwan as a province and does not recognize the legitimacy of the ROC as an independent country. Although significant economic and cultural relations have been positively strengthened in recent years between the ROC and the PRC, relations have often been strained. In March 2005, the PRC government enacted the “Anti-Secession Law” codifying its policy of retaining the right to use military force to gain control over Taiwan, particularly under what it considers as highly provocative circumstances, such as a declaration of independence by Taiwan or the refusal by the ROC to accept the PRC’s stated “One China” principle.

In 2024, the pro-independence Democratic Progressive Party (“DPP”) won Taiwan’s Presidential Election. The President-Elect, Lai Ching-te, stressed that he would maintain the status quo with the PRC. However, the PRC continues to ramp up pressures through various means on the DPP administration for their refusal to accept the “One China” principle. It is uncertain how these different measures may affect our financial condition and results of operations, and there is no assurance that any future measures imposed by the PRC or ROC would not adversely affect our financial condition or results of operations.

Past developments related to the interaction between the ROC and the PRC have on occasion depressed the market prices of the securities of Taiwanese or Taiwan-related companies, including our own. We cannot assure you any contentious situations between the ROC and the PRC will resolve in maintaining the current status quo or remain peaceful. Relations between the ROC and the PRC and other factors affecting military, political or economic stability in Taiwan could have a material adverse effect on our financial condition and results of operations, as well as the market price and the liquidity of our common shares or ADSs.

The business and operations of our business associates and our own business operations are vulnerable to disruptions that may be caused by natural disasters and other events.

The frequency and severity of catastrophic events, including natural disasters and severe weather has been increasing, in part due to climate change or systemic regional geological changes that manifest in damaging earthquakes. ChipMOS has manufacturing and other operations in locations susceptible to natural disasters, such as flooding, earthquakes, tsunamis, typhoons, and droughts that may cause interruptions or shortages in the supply of utilities, such as water and electricity that could disrupt operations. In addition, ChipMOS’s suppliers and customers also have operations in such locations. We currently provide most of our testing services through our facilities in the Hsinchu Science Park and the Hsinchu Industrial Park in Taiwan, and all of our assembly services through our facility in the Southern Taiwan Science Park, which are susceptible to earthquakes, tsunamis, flooding, typhoons, and droughts from time to time that may cause shortages in electricity and water or interruptions to our operations. Significant damage or other impediments to these facilities as a result of natural disasters, industrial strikes or industrial accidents could significantly increase our operating costs.

The production facilities of many of our suppliers, customers and providers of complementary semiconductor manufacturing services, including foundries, are located in Taiwan. If our customers are adversely affected by natural disasters or other events occurring in or affecting these geographic areas, it could result in a decline in the demand for our assembly and testing services. If our suppliers and providers of complementary semiconductor manufacturing services are affected by such events, our production schedule could be halted or delayed. As a result, a major earthquake, other natural disaster, industrial strike, industrial accident or other disruptive event occurring in or affecting Taiwan could severely disrupt our normal operation of business and have a material adverse effect on our financial condition and results of operations.

ChipMOS has occasionally suffered power outages or surges in Taiwan caused by difficulties encountered by its electricity supplier, the Taiwan Power Company, or other power consumers on the same power grid, which have resulted in interruptions to our operations. Such shortages or interruptions in electricity supply could further be exacerbated by changes in the energy policy of the government which intends to make Taiwan a nuclear-free country. If we are unable to secure reliable and uninterrupted supply of electricity to power our manufacturing fabs within Taiwan, our ability to fill customers’ orders would be severely jeopardized. Also, in 2020 and 2021, Taiwan has faced one of the worst droughts in decades. Government imposes restrictions on the supply and usage of water by industrial companies like us as responses, it could disrupt our operations. We maintain a comprehensive risk management system dedicated to the safety of people, the conservation of natural resources, and the protection of property. In order to effectively handle emergencies and natural disasters, at each facility management has developed comprehensive plans and procedures that focus on risk prevention, emergency response, crisis management and business continuity. All ChipMOS manufacturing factories have been ISO 14001 certified (environmental management system) and ISO 45001 certified (occupational health and safety management system).

ChipMOS pays special attention to preparedness of emergency response to disasters, such as typhoons, floods and droughts caused by climate change, earthquakes and disruptions to water, electricity and other public utilities. We have established a company-wide taskforce dedicated to managing the risk of a water or electricity shortage that might arise due to climate change. Despite our preparedness, there is no assurance that any such natural disaster would not severely disrupt our normal operation of business and have a material adverse effect on our financial condition and results of operations.

Systemic political, economic and financial crises could negatively affect our business

In recent years, several major systemic political, economic and financial crises negatively affected global business, banking and financial sectors, including the semiconductor industry and markets.

Since 2018, there have been political and trade tensions among many of the world's major economies. These tensions have resulted in the imposition of tariff, non-tariff trade barriers and sanctions, including export control restrictions and sanctions against certain countries and individual companies. These trade barriers and other measures have particularly impacted the semiconductor industry and related markets. Prolonged or increased use of trade barriers and such measures may result in a decrease in the growth of the global economy and the semiconductor industry, causing disturbance in global markets that often result in declines in electronic products sales from which we generate our income through our products and services. Also, any increase in the use of export control restrictions and sanctions to target certain countries and entities, any expansion of the extraterritorial jurisdiction of export control laws, or complete or partial ban on semiconductor products sales to certain entities could impact not only our ability to continue supplying products to those customers, but also our customers' demand for our products, and could even lead to changes in semiconductor supply chains.

Conversely, measures adopted by an affected country to counter the impacts of another country's actions or regulations could lead to significant legal liability to multinational corporations including our own. For example, the PRC Ministry of Commerce promulgated the Provisions on the Unreliable Entity List and the Blocking Statute in September 2020 and January 2021, and in furtherance of that, the "Anti-Foreign Sanctions Law" was promulgated by the PRC government on June 10, 2021 to systematize the *ad hoc* sanctions imposed by the PRC government on foreign individuals and organizations that, among other matters, entitles Chinese entities incurring damages from a multinational's compliance with foreign laws to seek civil remedies. The imposition of trade sanctions or other regulations or the loss of "normal trade relations" status with the PRC could significantly increase our production cost and harm our business. As of the date of this annual report, our current results of operations have not been materially affected by the expanded export control regulations or the novel rules or measures adopted to counteract them. Nevertheless, depending on future developments of global trade tensions, such regulations, rules, or measures may have an adverse effect on our business and operations, and we may incur significant legal liability and financial losses as a result.

Further, changes in PRC's economic, political or social conditions or government policies could adversely impact our business and operations. Some of the governmental measures implemented by the Chinese government may help China achieve its carbon peaking and neutrality goals as well as energy and climate goals, but may have a negative effect on us or our suppliers or customers in China. For example, China has implemented the dual-control policy on energy consumption and intensity to reduce energy intensity and to limit total energy consumption and to accelerate the elimination of outdated and inefficient excess production capacity. Despite a policy tool implemented in 2016, on June 3 and August 12, 2021, the National Development and Reform Commission issued the quarterly reviews of the target achievement for the first time, with progress alerts upon provinces. On September 16, 2021, the policymaker released "The Scheme to Refine Dual-Control of Energy Intensity and Total Energy Consumption", which clarified the overall arrangement, working principles, as well as tasks and measures of the dual control system, and drew a roadmap for the development of the dual control system. Just days after that, some provinces with "progress alerts" started to employ power rationing and production curbs. From 2022, the severe situation of dual-control of energy consumption and intensity has been mitigated to some extent. For example, on February 18, 2022, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Finance, and other Departments issued the Notice on Several Policies for Promoting the Steady Growth of Industrial Economy, requiring the people's government to optimize the assessment frequency of total energy consumption control policies, to carry out overall assessment of energy intensity targets in the 14th Five-Year Plan period, and to avoid restricting enterprises' normal energy use due to the reason to achieve the targets of the energy consumption intensity. Further, on March 5, 2022, the Chinese Premier Li, Keqiang delivered the 2022 Government Work Report at the fifth session of the 13th National People's Congress, emphasizing again that the targets of the energy consumption intensity in the 14th Five-Year Plan period should be assessed as a whole with appropriate flexibility, and further proposing to promote the transformation from the dual control of energy consumption and intensity to the dual control of total carbon emissions and intensity and to accelerate the formation of an incentive and restraint mechanism for reducing pollution and carbon. As a result, the impact of the dual control of energy consumption and intensity on the economy and the normal production and operation of enterprises might be less compared to prior years. Nevertheless, under the existence of dual-control policy of energy consumption and intensity, our suppliers or customers in China may be adversely affected. Consequently, our businesses, financial condition and results of operations may be materially and adversely affected.

Any future outbreak of radiation-related disease as a result of nuclear power plant reactors damage caused by the Great East Japan Earthquake of 2011 may materially adversely affect our operations and business.

The Great East Japan Earthquake of 2011 raises tremendous concerns about the possible effects of radiation emission from the damaged nuclear power plants. Japanese official authorities are working with experts in assessing the risk and determining the best courses of actions to implement to escape harmful radiation. The potential health effects due to exposure to harmful radiation may be temporary or permanent harmful effects in nature.

Multiple radioactive gases could possibly be emitted in a situation where uranium attains a “meltdown” state, which is a severe overheating of the core of a nuclear reactor, in which the core melts and radiation and heat are caused to escape. This would occur if the containment system partially or fully fails. The particles that are released with the gases due to the meltdown would be the spewed particles of iodine-131, strontium-90 and cesium-137. These might enter into a human by being swallowed, absorbed through the skin, or inhaled. Depending on the chemical characteristics of each of these and their predilection for certain body tissues, they could cause cancers of such organs as bones, soft tissues near bones, thyroid gland, and the bone marrow (typically known as leukemia).

Acute or very high level radiation exposure can cause a person to become very ill or to die quickly. Ionizing radiation, which is defined as high-energy particles or electromagnetic waves that can break chemical bonds, damage humans by disrupting cellular function, particularly in tissues with rapid growth and turnover of cells. Intense, high level and/or excessive radiation exposure may result in acute radiation syndrome whereby harmful effects to the human body may be evidenced by skin burns, internal organ deterioration, bleeding, vomiting, bone marrow distortion and deaths. If the radiation exposure is less intense and/or more prolonged at a lower level, then the central nervous system, kidneys, thyroid gland, and liver may be affected. Cancer is the most well-known effect, and may affect virtually any significantly exposed tissue.

Certain health effects due to exposure to harmful radiation does not have adequate treatment or known cure or vaccine, consequently, may potentially result in a quarantine of infected employees and related persons, and adversely affect our operations at one or more of our facilities or the operations of our customers or suppliers. We cannot predict the probability of any future outbreak of radiation related diseases as a possible result of nuclear power plants damage caused by the Great East Japan Earthquake of 2011 or the extent of the material adverse impact that this could have on our business and results of operations.

Risks Relating to Our Common Shares or ADSs

The Company’s ability to maintain its listing and trading status of common shares on the Taiwan Stock Exchange or ADSs on the Nasdaq Stock Market is dependent on factors outside of the Company’s control and satisfaction of stock exchange requirements. The Company may not be able to overcome such factors that disrupt its trading status of common shares on the Taiwan Stock Exchange or ADSs on the Nasdaq Stock Market or satisfy other eligibility requirements that may be required of it in the future.

The Company became listed and commenced trading its common shares on the main board of Taiwan Stock Exchange (“TWSE”) on April 11, 2014 and its ADSs on the Nasdaq on November 1, 2016. For a TWSE-listed and Nasdaq-listed company to continue trading on the main board of TWSE and Nasdaq depends in part on market conditions and other factors that may not within the control of the Company. For these reasons there can be no assurance that the Company’s shares will continue to be listed or traded on the TWSE or ADSs will continue to be listed or traded on the Nasdaq.

Volatility in the price of our common shares or ADSs may result in shareholder litigation that could in turn result in substantial costs and a diversion of our management’s attention and resources.

The financial markets in the United States and other countries have experienced significant price and volume fluctuations, and market prices of technology companies have been and continue to be extremely volatile. Volatility in the price of our common shares or ADSs may be caused by factors outside of our control and may be unrelated or disproportionate to our results of operations. Shareholders of public companies such as the Company frequently institute securities class action litigations against companies following periods of volatility in the market price of public company securities including common shares and ADSs. Litigation of this kind against the Company could result in substantial costs and a diversion of our management’s attention and resources.

Certain provisions in our constitutive documents and in our severance agreements with our executive officers make the acquisition of us by another company more difficult and costly and therefore may delay, defer or prevent a change of control.

We entered into change in control severance agreements with certain management pursuant to which we agreed to pay certain severance payments if a change in control event (as defined in the change in control severance agreements) occurs and the employment of such executive officer is terminated by our company other than for cause or by such executive officer for good reasons within two years following the occurrence of the change in control event. These agreements may increase the cost of a party seeking to effect a change in control of our company.

Future sales, pledge or issuance of common shares or ADSs by us or our current shareholders could depress our share price or ADSs price and you may suffer dilution.

Sales of substantial amounts of common shares or ADSs in the public market, the perception that future sales may occur, or the pledge of a substantial portion of our common shares or ADSs could depress the prevailing market price of our common shares or ADSs. See “Item 7. Major Shareholders and Related Party Transactions—Major Shareholders” for further information about our major shareholders.

The Company was listed and commenced trading of common shares on the main board of TWSE on April 11, 2014. See “—Risks Relating to Our Common Shares or ADSs—The Company’s ability to maintain its listing and trading status of common shares on the Taiwan Stock Exchange or ADSs on the Nasdaq is dependent on factors outside of the Company’s control and satisfaction of stock exchange requirements. The Company may not be able to overcome such factors that disrupt its trading status of common shares on the Taiwan Stock Exchange or ADSs on the Nasdaq or satisfy other eligibility requirements that may be required of it in the future” for additional information on the Company’s listing on the main board of TWSE. We plan to issue, from time to time, additional shares in connection with employee compensation and to finance possible future capital expenditures, investments or acquisitions. The issuance of additional shares may have a dilutive effect on other shareholders and may cause the price of our common shares or ADSs to decrease.

Holders of Our ADSs do not have the same voting rights as holders of our common shares.

Under the ROC Company Act, except under limited circumstances, shareholders have one vote for each common share held. See “Item 10. Additional Information—Voting Rights” for a discussion of voting rights of holders of our common shares. Holders of our ADSs do not have the same voting rights as holders of our common shares. Instead, the voting rights of a holder of our ADSs are governed by the Deposit Agreement and are able to exercise voting rights on an individual basis as follows: if a holder of our ADSs outstanding at the relevant record date instructs the depository to vote in a particular manner for or against a resolution, including the election of directors, the depository will cause all the shares represented by such holder’s ADSs to be voted in that manner. If the depository does not receive timely instructions from a holder of our ADSs outstanding at the relevant record date to vote in a particular manner for or against any resolution, including the election of directors, such holders of our ADSs will be deemed to have instructed the depository or its nominee to give a discretionary proxy to a person designated by the Company to vote all the shares represented by such holder’s ADSs at the discretion of such person, which may not be in the interest of holders of our ADSs.

If a non-ROC holder of our ADSs withdraws and holds our shares, such holder of our ADSs will be required to appoint a tax guarantor, local agent and custodian in the ROC and register with the TWSE in order to buy and sell securities on the TWSE.

When a non-ROC holder of our ADSs elects to withdraw and hold our shares represented by our ADSs, such holder of our ADSs will be required to appoint an agent for filing tax returns and making tax payments in the ROC. Such agent will be required to meet the qualifications set by the ROC Ministry of Finance and, upon appointment, will become the guarantor of the withdrawing holder’s tax payment obligations. Evidence of the appointment of a tax guarantor, the approval of such appointment by the ROC tax authorities and tax clearance certificates or evidentiary documents issued by such tax guarantor may be required as conditions to such holder repatriating the profits derived from the sale of our shares. We cannot assure you that a withdrawing holder will be able to appoint, and obtain approval for, a tax guarantor in a timely manner.

In addition, under the current ROC law, such withdrawing holder is required to register with the TWSE and appoint a local agent in the ROC to, among other things, open a bank account and open a securities trading account with a local securities brokerage firm, pay taxes, remit funds and exercise such holder’s rights as a shareholder. Furthermore, such withdrawing holder must appoint a local bank or local securities firm to act as custodian for confirmation and settlement of trades, safekeeping of securities and cash proceeds and reporting and declaration of information. Without satisfying these requirements, non-ROC withdrawing holders of our ADSs would not be able to hold or otherwise subsequently sell our shares on TWSE or otherwise. Appointment of an agent or a tax guarantor might also incur additional costs.

Pursuant to Mainland investors regulations, only qualified domestic institutional investors (the “QDIIs”, each a “QDII”) or persons that have otherwise obtained the approval from the Ministry of Economic Affairs, ROC (the “MOEA”) and registered with the TWSE are permitted to withdraw and hold our shares from a depository receipt facility. In order to hold our shares, such QDIIs are required to appoint an agent and custodian as required by the Mainland investors regulations. If the aggregate amount of our shares held by any QDII or shares received by any QDII upon a single withdrawal accounts for 10.0% of our total issued and outstanding shares, such QDII must obtain the prior approval from the MOEA. We cannot assure you that such approval would be granted.

Restriction on the ability to deposit our shares into our ADR facility may adversely affect the liquidity and price of our ADSs.

The ability to deposit our shares into our ADR facility is restricted by the ROC law. Under the current ROC law, no person or entity, including you and the Company, may deposit our shares into our ADR facility without specific approval of the Financial Supervisory Commission of the ROC, or the FSC, unless:

- (1) the Company pays stock dividends on our shares;
- (2) the Company makes a free distribution of our shares;
- (3) holders of our ADSs exercise preemptive rights in the event of capital increases; or
- (4) to the extent permitted under the Deposit Agreement and the relevant custody agreement and within the amount of depositary receipts which have been withdrawn, investors purchase our shares, directly or through the depositary, on the TWSE, and deliver our shares to the custodian for deposit into our ADR facility, or our existing shareholders deliver our shares to the custodian for deposit into our ADR facility.

With respect to item (4) above, the depositary may issue our ADSs against the deposit of our shares only if the total number of our ADSs outstanding following the deposit will not exceed the number of our ADSs previously approved by the FSC, plus any our ADSs issued pursuant to the events described in items (1), (2) and (3) above.

In addition, in the case of a deposit of our shares requested under item (4) above, the depositary will refuse to accept deposit of such our shares if such deposit is not permitted under any legal, regulatory or other restrictions notified by the Company to the depositary from time to time, which restrictions may include blackout periods during which deposits may not be made, minimum and maximum amounts and frequency of deposits.

The rights of holders of our ADSs to participate in our rights offerings are limited, which could cause dilution to your holdings.

The Company may from time to time distribute rights to its shareholders, including rights to acquire its securities. Under the Deposit Agreement, the depositary will not offer holders of our ADSs those rights unless both the distribution of the rights and the underlying securities to all our ADS holders are either registered under the Securities Act or exempt from the registration under the Securities Act. Although the Company may be eligible to take advantage of certain exemptions under the Securities Act available to certain foreign issuers for rights offering, the Company can give no assurances that it will be able to establish an exemption from registration under the Securities Act, and it is under no obligation to file a registration statement for any of these rights. Accordingly, holders of our ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings.

If the depositary is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, it will allow the rights to lapse, in which case holders of our ADSs will receive no value for these rights.

Changes in exchanges controls which restrict your ability to convert proceeds received from your ownership of our ADSs may have an adverse effect on the value of your investment.

Under the current ROC law, the depositary may, even without obtaining approvals from the Central Bank of the Republic of China (Taiwan) or any other governmental authority or agency of the ROC, convert NT dollars into other currencies, including US dollars, for:

- the proceeds of the sale of common shares represented by ADSs or received as stock dividends from our shares and deposited into the depositary receipt facility; and
- any cash dividends or cash distributions received.

In addition, the depositary may also convert into NT dollars incoming payments for purchase of common shares for deposit in ADR facility against the creation of additional ADSs. However, the depositary may be required to obtain foreign exchange approval from the Central Bank of the Republic of China (Taiwan) on a payment-by-payment basis for conversion from NT dollars into foreign currencies of the proceeds from the sale of subscription rights for new common shares. We cannot assure you that any approval will be obtained in a timely manner, or at all.

Under the ROC Foreign Exchange Control Law, the Executive Yuan of the ROC government may, without prior notice but subject to subsequent legislative approval, impose foreign exchange controls in the event of, among other things, a material change in international economic conditions. We cannot assure you that foreign exchange controls or other restrictions will not be introduced in the future.

Item 4. Information on the Company

Overview of the Company

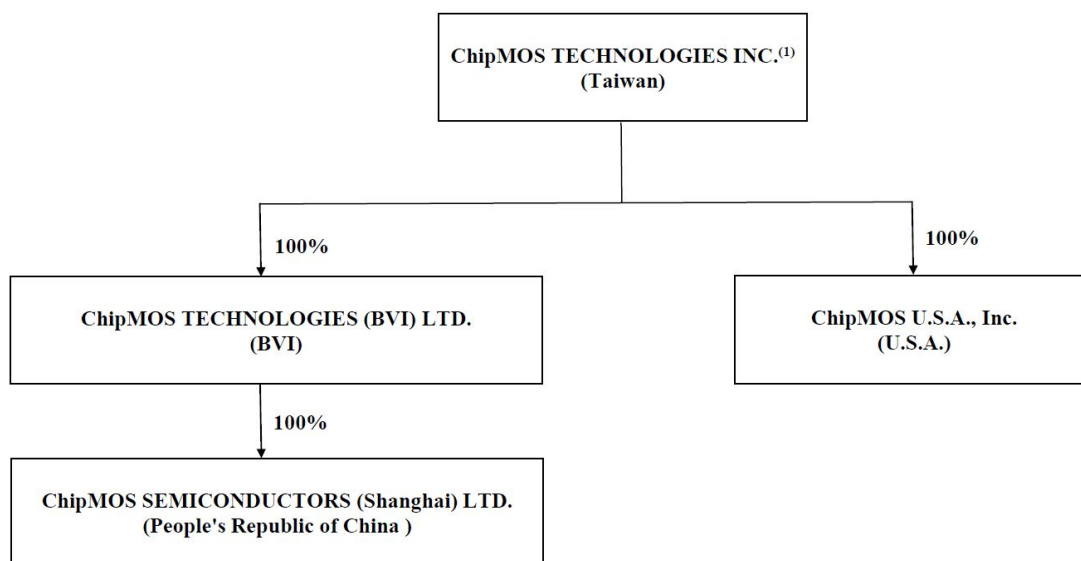
We are one of the leading independent providers of semiconductor assembly and testing services. Specifically, we are one of the leading independent providers of testing and assembly services for LCD, OLED, automotive panel and other display panel driver semiconductors and advanced memory and logic/mixed-signal products in Taiwan. The depth of our engineering expertise and the breadth of our assembly and testing technologies enable us to provide our customers with advanced and comprehensive assembly and testing services. In addition, our geographic presence in Taiwan is attractive to customers wishing to take advantage of the logistical and cost efficiencies stemming from our close proximity to foundries and producers of consumer electronic products in Taiwan. Our production facilities are located in Hsinchu and Tainan, Taiwan.

Our Structure and History

We are a company limited by shares, incorporated on July 28, 1997, under the ROC Company Act, under the name “ChipMOS TECHNOLOGIES INC.” (“ChipMOS Taiwan”), as a joint venture company between Mosel Vitelic Inc. (“Mosel”) and Siliconware Precision Industries Co., Ltd. (“Siliconware Precision”) and with the participation of other investors. Our operations consist of the assembly and testing of semiconductors as well as gold bumping and memory module manufacturing. Our principal place of business is located at No. 1, R&D Road 1, Hsinchu Science Park, Hsinchu, Taiwan, ROC and its phone number is +886-3-577-0055 and our internet website address is “www.chipmos.com”. The Company listed and commenced trading on the main board of TWSE on April 11, 2014.

According to the merger agreement, entered between the Company and ChipMOS Bermuda dated January 21, 2016 (the “Merger Agreement”), ChipMOS Bermuda merged with and into the Company, with the Company being the surviving company after the Merger. The transaction was accounted as capital reorganization within the Company and its subsidiaries (the “Group”), please see “Item 5. Operating and Financial Review and Prospects—Recent Acquisitions”. Any common shares of ChipMOS Bermuda issued and outstanding immediately prior to the effective time of the Merger was cancelled and, in exchange, each former holder of such cancelled common shares of ChipMOS Bermuda was entitled to receive, with respect to each such share (i) US\$3.71 in cash, without interest, and (ii) 0.9355 ADSs representing 18.71 shares of the Company (each ADS representing 20 new common shares, par value of NT\$10 each, to be issued by the Company) in exchange for each of ChipMOS Bermuda’s common share held (the US\$3.71 in cash and together with the ADSs, the “Merger Consideration”). The Merger was completed and effective on October 31, 2016. The Company issued 512,405,340 common shares represented by the ADSs and the ADSs were listed on the Nasdaq on November 1, 2016.

The following chart illustrates our corporate structure and our equity interest in each of our principal subsidiaries as of the date of this Annual Report on Form 20-F.



Note:

- (1) Under IFRS 10, “Consolidated Financial Statements”, we are required to consolidate the financial results of any subsidiaries in which we hold a controlling interest or voting interest in excess of 50% or we have the power to direct or cause the direction of the management and policies, notwithstanding the lack of majority ownership. Since 2020, we have consolidated the financial results of ChipMOS U.S.A., Inc. (“ChipMOS USA”), ChipMOS BVI, and ChipMOS SEMICONDUCTORS (Shanghai) LTD. (“ChipMOS Shanghai”), a wholly-owned subsidiary of ChipMOS BVI.

Agreements with Tsinghua Unigroup Ltd.

On November 30, 2016, the Equity Interest Transfer Agreements among ChipMOS BVI, a wholly-owned subsidiary of the Company, and some strategic investors which including Unigroup Guowei, a subsidiary of Tsinghua Unigroup, were executed. Pursuant to the Equity Interest Transfer Agreements, ChipMOS BVI would sell 54.98% equity interests of its wholly-owned subsidiary, Unimos Shanghai, to the strategic investors, and Unigroup Guowei would hold 48% equity interests of Unimos Shanghai, and the other strategic investors, including a limited partnership owned by Unimos Shanghai’s employees, would own approximately 6.98% equity interest of Unimos Shanghai. The transaction was completed in March 2017. Unimos Shanghai is no longer the subsidiary of the Company following the completion of equity interest transfer. Also pursuant to the agreement, ChipMOS BVI and the strategic investors agreed to further invest RMB 1,074 million into Unimos Shanghai. The further investment was completed in two tranches, one in July 2017 at RMB 687 million and one in February 2018 at RMB 387 million. On December 16, 2019, Unigroup Guowei and one of the strategic investor sold and transferred all equity interests of Unimos Shanghai to Yangtze Memory, which holds 50% equity interests of Unimos Shanghai after completed transaction. On May 11, 2020, one of the strategic investor sold and transferred all equity interests of Unimos Shanghai to Yangtze Memory Technologies Co., Ltd. (“Yangtze Memory”), which holds 50.94% equity interests of Unimos Shanghai after completed transaction. On July 24, 2023, Yangtze Memory sold and transferred all equity interests of Unimos Shanghai to Yangtze Memory Technologies Holding Co., Ltd., (“Yangtze Memory Holding”), which holds 50.94% equity interests of Unimos Shanghai after completed transaction.

Agreements with Suzhou Oriza PuHua ZhiXin Equity Investment Partnership (L.P.)

On December 21, 2023, the Company’s Board of Directors approved its wholly-owned subsidiary, ChipMOS BVI to sell its entire 45.0242% equity interests in Unimos Shanghai for a total sale price of RMB 979.3 million in cash. Under the proposed agreement, ChipMOS BVI will sell its entire remaining 45.0242% equity interests in Unimos Shanghai to Suzhou Oriza PuHua ZhiXin Equity Investment Partnership (L.P.) and other local Chinese investment management companies. The equity interest transfer is expected to be completed in the first half of 2024. For additional information on the transaction, see “Item 5. Operating and Financial Review and Prospects—Recent Acquisition”.

Our Principal Consolidated Subsidiaries

Below is a description of our principal consolidated subsidiaries:

ChipMOS TECHNOLOGIES (BVI) LTD., or formerly known as MODERN MIND TECHNOLOGY LIMITED ChipMOS BVI was incorporated in the British Virgin Islands in January 2002.

ChipMOS SEMICONDUCTORS (Shanghai) LTD. ChipMOS Shanghai was incorporated in Mainland China in March 2020, which is a wholly-owned subsidiary of ChipMOS BVI. It primarily engaged in providing marketing of semiconductors and electronic related produces, for its parent company and affiliates, throughout Mainland China.

ChipMOS U.S.A., Inc. ChipMOS USA was incorporated in the United States of America in October 1999. It is primarily engaged in providing marketing of semiconductors and electronic related produces, for its parent company and affiliates, throughout the United States of America. ChipMOS USA began generating revenue in 2001.

Industry Background

We provide a broad range of back-end assembly and testing services. Testing services include engineering test, wafer probing and final test of memory and logic/mixed-signal semiconductors. We also offer a broad selection of leadframe- and organic substrate-based package assembly services for memory and logic/mixed-signal semiconductors. In addition, we provide gold bumping, reel to reel assembly and testing services for LCD, OLED, automotive panel and other display panel driver semiconductors by employing COF and COG technologies.

Semiconductors tested and assembled by us are used in personal computers, graphics applications such as game consoles, communications equipment, mobile products, such as cellular handsets, tablets, consumer electronic products, automotive/industry and display applications such as display panels. In 2023, 20.6% of our revenue was derived from testing services for memory and logic/mixed-signal semiconductors, 21.7% from assembly services for memory and logic/mixed-signal semiconductors, 36.6% from Display panel driver semiconductor assembly and testing services and 21.1% from bumping services for semiconductors, respectively.

In addition, stable long-term demand and high margin are basic characters of automotive application. More semiconductor chips and display panel are consumed with the trend of popularization of automotive panels and Electric Vehicle (EV) could benefit our margin and increase our earnings.

Semiconductor Industry Trends

Growth in the semiconductor industry is largely driven by end-user demand for consumer electronics, communications equipment and computers, for which semiconductors are critical components. The overall semiconductor industry supply chain inventory level increases and end-demand rapidly decrease influenced by geopolitics and global inflationary pressures in the second half of 2022. These macro headwinds impacted end-demand since second half of 2022. In 2023, there are some ongoing fluctuations in our markets that impacted our end results.

Memory Semiconductor Market

The potential for memory market growth is linked to anticipated memory content increases in consumer electronics, data center, wireless base-station, PC and smartphone applications due to updated system requirements (such as 5G & wifi 6), increasing use of storage, graphics in gaming and other applications. The memory market is dominated by two segments-DRAM and flash memory. Potential growth in the DRAM and NAND Flash market is expected to be driven by continued growth in both the commodity and niche DRAM market, as well as growth opportunities in mobile DRAM as memory requirements significantly increase for mobile applications and storage requirement for data center application. Flash memory market potential growth is expected to be driven by increasing memory requirements for cellular handsets, digital cameras, digital audio/video, server, wireless base-station and other mobile applications, and new application demand of NOR flash for automotive/industry, OLED panel and touch with display driver integration (TDDI).

LCD, OLED, automotive panel and Other Display panel Driver Semiconductor Market

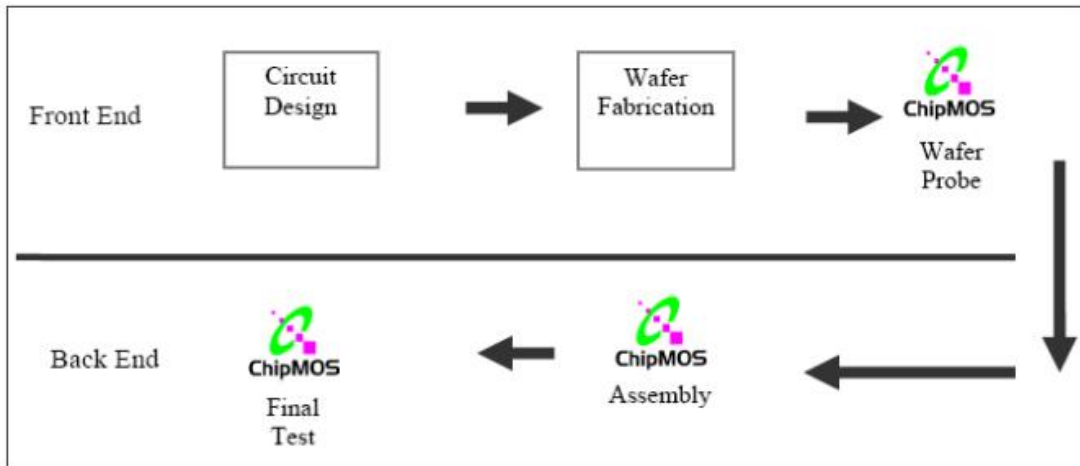
Display panels are used in applications such as desktop monitors, notebooks, tables, television sets, cellular handsets and digital cameras. The end-user demand for LCD, OLED, automotive panel and other display panel driver semiconductors tends to vary over time. The soft demand of TVs impacted our utilization level of COF assembly. Regarding the small panel application, an integrated driver IC solution, TDDI, which became main stream of smart phone panel since 2021. OLED and automotive panel DDIC growth in the second half of 2022. Also, as more and more displays are installed in cars and EV, more driver IC grew for automotive application in 2023.

Logic/Mixed-Signal Semiconductor Market

The communications market is one of the main drivers of potential growth in the semiconductor industry. Logic/mixed-signal semiconductors, which are chips with analog functionality covering more than half of the chip area, are largely used in the communications market. The increasing use of digital technology in communications equipment requires chips with both digital and analog functionality for applications such as modems, network routers, switches, cable set-top boxes and cellular handsets. As the size and cost of cellular handsets and other communications-related devices have decreased, components have increased in complexity. Logic/mixed-signal semiconductors, such as LCD controller, power devices, fingerprint sensors and MEMS products, TV scaler and DVD controllers, are also used in consumer electronic products.

Overview of the Semiconductor Manufacturing Process

The manufacturing of semiconductors is a complex process that requires increasingly sophisticated engineering and manufacturing expertise. The manufacturing process may be broadly divided into the following stages:



Process	Description
Circuit Design	The design of a semiconductor is developed by laying out circuit patterns and interconnections.
Wafer Fabrication	Wafer fabrication begins with the generation of a photomask, a photographic negative onto which a circuit design pattern is etched or transferred by an electron beam or laser beam writer. Each completed wafer contains many fabricated chips, each known as a die.
Wafer Probe	Each individual die is then electrically tested, or probed, for defects. Dies that fail this test are discarded, or, in some cases, salvaged using laser repair.
Assembly	The assembly of semiconductors serves to protect the die, facilitates its integration into electronic systems and enables the dissipation of heat. The process begins with the dicing of the wafers into chips. Each die is affixed to a leadframe-based or organic substrate-based substrate. Then, electrical connections are formed, in many cases by connecting the terminals on the die to the inner leads of the package using fine metal wires. Finally, each chip is encapsulated for protection, usually in a molded epoxy enclosure.
Final Test	Assembled semiconductors are tested to ensure that the device meets performance specifications. Testing takes place on specialized equipment using software customized for each application. For memory semiconductors, this process also includes “burn-in” testing to screen out defective devices by applying very high temperatures and voltages onto the memory device.

Outsourcing Trends in Semiconductor Manufacturing

Historically, integrated device manufacturers (“IDMs”), designed, manufactured, tested and assembled semiconductors primarily at their own facilities. In recent years, there has been a trend in the industry to outsource various segments of stages in the manufacturing process to reduce the high fixed costs resulting from the increasingly complex manufacturing process. Virtually every significant stage of the manufacturing process can be outsourced. The independent semiconductor manufacturing services market currently consists of wafer fabrication and probing services and semiconductor assembly and testing services. Most of the world’s major IDMs now use some independent semiconductor manufacturing services to maintain a strategic mix of internal and external manufacturing capacity. Many of these IDMs are continuously significantly reducing their investments in new semiconductor assembly and testing facilities.

The availability of technologically advanced independent semiconductor manufacturing services has also enabled the growth of “fabless” semiconductor companies that focus exclusively on semiconductor design and marketing and outsource their fabrication, assembly and testing requirements to independent companies.

We believe the outsourcing of semiconductor manufacturing services, and in particular of assembly and testing services, will increase for many reasons, including the following:

Significant Capital Expenditure Requirements. Driven by increasingly sophisticated technological requirements, wafer fabrication, assembly and testing processes have become highly complex, requiring substantial investment in specialized equipment and facilities and sophisticated engineering and manufacturing expertise. In addition, product life cycles have been shortened magnifying the need to continuously upgrade or replace manufacturing, assembly and testing equipment to accommodate new products. As a result, new investments in in-house fabrication, assembly and testing facilities are becoming less desirable for IDMs because of the high investment costs, as well as difficulties in achieving sufficient economies of scale and utilization rates to be competitive with the independent service providers. On the contrary, independent foundry, assembly and testing companies are able to realize the benefits of specialization and achieve economies of scale by providing services to a large customer base across a wide range of products. This enables them to reduce costs and shorten production cycles through high capacity utilization and process expertise.

Increasing Focus on Core Competencies. As the costs of semiconductor manufacturing facilities increase, semiconductor companies are expected to further outsource their wafer fabrication, assembly and testing requirements to focus their resources on core competencies, such as semiconductor design and marketing.

Time-to-Market Pressure. Increasingly short product life cycles have amplified time-to-market pressure for semiconductor companies, leading them to rely increasingly on independent companies as a key source for effective wafer fabrication, assembly and testing services.

Semiconductor Assembly and Testing Services Industry

Growth in the semiconductor assembly and testing services industry is driven by increased outsourcing of the various stages of the semiconductor manufacturing process by IDMs and fabless semiconductor companies.

The Semiconductor Industry and Conditions of Outsourcing in Taiwan and Mainland China

Taiwan is one of the world’s leading locations for outsourced semiconductor manufacturing. The semiconductor industry supply chain in Taiwan has developed such that the various stages of the semiconductor manufacturing process have been disaggregated, thus allowing for specialization. The disaggregation of the semiconductor manufacturing process in Taiwan permits these semiconductor manufacturing service providers to focus on particular parts of the production process, develop economies of scale, maintain higher capacity utilization rates and remain flexible in responding to customer needs by lowering time-to-market pressure faced by semiconductor companies. There are several leading service providers in Taiwan, each of which offers substantial capacity, high-quality manufacturing, leading semiconductor wafer fabrication, test, assembly and process technologies, and a full range of services. These service providers have access to an educated labor pool and a large number of engineers suitable for sophisticated manufacturing industries. As a result, many of the world’s leading semiconductor companies outsource some or all of their semiconductor manufacturing needs to Taiwan’s semiconductor manufacturing service providers and take advantage of the close proximity among facilities in the supply chain. In addition, companies located in Taiwan are very active in the design and manufacture of electronic systems, which has created significant local demand for semiconductor devices.

A few years ago, Mainland China had emerged as an attractive location for outsourced semiconductor manufacturing. Companies could take advantage of strongly supports by Mainland China government to accelerate the development of the semiconductor industry and a large domestic market. These factors had driven increased relocation of much of the electronics industry manufacturing and supply chain to Mainland China. But according to the economics uncertainty caused by the trade tensions and US semiconductor restrictions, the related investment risk in China is increasing. An increasing number of global electronic systems manufacturers and contract manufacturers are relocating or have relocated production facilities away from Mainland China.

Our Strategy

Our goal is to reinforce our position as a leading independent provider of semiconductor assembly and testing services, concentrating principally on memory, logic/mixed-signal and LCD, OLED, automotive panel and other display panel driver semiconductors. The principal components of our business strategy are set forth below.

Focus on Providing Our Services to Potential Growth Segments of the Semiconductor Industry.

We intend to continue our focus on developing and providing advanced assembly and testing services for potential growth segments of the semiconductor industry, such as memory, logic/mixed-signal, MEMS, LCD, OLED, automotive panel and other display panel driver semiconductors and bumping services. We believe that our investments in equipment and research and development in some of these areas allow us to offer a service differentiated from that of our competition. In order to benefit from the expected resumption of growth in these segments, we intend to continue to invest in capacity to meet the assembly and testing requirements of these key semiconductor market segments.

Continue to Invest in the Research and Development of Advanced Assembly and Testing Technologies.

Critical to our business growth is the continuation to expand our capabilities in testing and assembly and integrate wafer bumping and assembly core technologies to provide turn-key total solution service to our customers. We typically focus on advanced technologies that consist of greater potentials to generate higher margins. For example, we conducted new product introductions and on an on-going basis continue to expand our capabilities in fine-pitch wafer bumping, multi-chip package (“MCP”) and flip chip packaging. We have also introduced low cost metal composite bump (“MCB”) products based on our proprietary Copper plating technology to service display panel market and expand offerings to other business regions. We continue to maintain close working relationships with local and overseas research institutions and universities to keep abreast with leading edge technologies and broaden the scope of applications.

In 2023, we focus our research and development efforts in the following areas:

- New Cu pillar structure of tall bump height 100um development.
- New structure of 2P2M Cu Pillar process.
- High-density (>4000 Chs) multilayer COF bonding packaging technology services.
- The next-generation Micro LED driver IC packaging process in high-resolution panels.
- High density FC assembly for high-speed chip of Server.
- High thermal conductivity compound application for UFS thermal enhancement.

In 2023, we spent approximately 5.1% of our revenue on research and development. We will continue to invest our resources to recruit and retain experienced research and development personnel. As of February 29, 2024, our research and development team comprised 698 employees.

Build on Our Strong Presence in Taiwan and Strong Industrial Position Outside Taiwan.

We intend to build on our strong presence in key centers of semiconductor and electronics manufacturing to grow our business. Currently, most of our operations are in Taiwan, one of the world’s leading locations for outsourced semiconductor manufacturing. This presence provides us with several advantages. Firstly, our proximity to other semiconductor companies is attractive to customers who wish to outsource various stages of the semiconductor manufacturing process. Secondly, our proximity to many of our suppliers, customers and the end-users of our customers’ products enables us to be involved in the early stages of the semiconductor design process, enhances our ability to quickly respond to our customers’ changing requirements and shortens our customers’ time-to-market. Thirdly, we have access to an educated labor pool and a large number of engineers who are able to work closely with our customers and other providers of semiconductor manufacturing services.

Depending on customer’s demands, market conditions and other relevant considerations, we may from time to time look into other opportunities to expand our operations outside of Taiwan.

Expand Our Offering of Vertically Integrated Services.

We believe that one of our competitive strengths is our ability to provide vertically integrated services to our customers. Vertically integrated services consist of the integrated testing, assembly and direct shipment of semiconductors to end-users designated by our customers. Providing vertically integrated services enables us to shorten lead times for our customers. As time-to-market and cost increasingly become sources of competitive advantage for our customers, they increasingly value our ability to provide them with comprehensive back-end services.

We are able to offer vertically integrated services for a broad range of products, including memory, logic/mixed-signal and LCD, OLED, automotive panel and other display panel driver semiconductors. These services offerings include complementary technologies, products and services as well as additional capacity. We believe that these will continue to enhance our own development and expansion efforts into new and potential growth markets. We intend to establish new alliances with leading companies and, if suitable opportunities arise, engage in merger and acquisition activities that will further expand the services we can provide.

Focus on Increasing Sales through Long-Term Agreements with Key Customers as well as Business with Smaller Customers.

From time to time, we strategically agree to commit a portion of our assembly and testing capacity to certain of our customers. We intend to continue focus on increasing sales to key customers through long-term capacity agreements. The customers with which we entered long-term agreements include a reputable memory customer based in the U.S. See “—Customers” below for a more detailed discussion of these long-term agreements.

Global market and economic conditions have been unprecedented and challenging with tight credit conditions and recession in most major economies since 2008. In the fourth quarter of 2021, a long term 3-year capacity secure agreement with our customer about high end wafer test for OLED and other display panel driver demand was settled to reduce our investment risk. We also resumed our focus on our business with smaller customers or customers who do not place orders on a regular basis. We believe that the dual focused strategy will assist us to be better prepared for the current economic volatility and ensure maximum utilization rate of our capacity and help us to develop closer relationships with all types of our customers.

Principal Products and Services

The following table presents, for the periods shown, revenue by service segment as a percentage of our revenue.

	Year ended December 31,		
	2021	2022	2023
Testing	21.5%	22.3%	20.6%
Assembly	29.1%	28.5%	21.7%
Display panel driver semiconductor assembly and testing	30.0%	31.0%	36.6%
Bumping	19.4%	18.2%	21.1%
Total revenue	100.0%	100.0%	100.0%

Memory and Logic/Mixed-Signal Semiconductors

Testing

We provide testing services for memory and logic/mixed-signal semiconductors:

Memory. We provide testing services for huge amount of varieties of memory semiconductors, such as SRAM, DRAM and Flash memory. To speed up the time-consuming process of memory product testing, we provide parallel test, which includes the completion of a tested wafer in one touchdown (up to 3,000 plus DUTs testing simultaneously). Wafer type includes Aluminum PAD, RDL PAD, Cu Pillar, WLCSP and prober test temperature between -55°~150° and provide 30MHz ~ 143 MHz test speed for DRAM product, 50MHz ~ 400 MHz test speed for FLASH product. The memory semiconductors we tested were applying primarily in desktop computers, laptop, tablet computers, handheld consumer electronic, devices and wireless communication devices.

Logic/Mixed-Signal. We conduct tests on a wide variety of logic/mixed-signal semiconductors, with lead counts ranging from the single digits to over 1024 and data rate of up to 16Gbps. The semiconductors we test include high-end audio/video codec, networking/communications, MCU, LCD related, MEMS related, DDR related and automotive electronics used for home entertainment/media center, personal computer applications, network/communication, mobile smart devices and cars. We also test a variety of application specific integrated circuits (“ASICs”), for applications such as FHD/UHD/8K LCD TV with AI functions, Smartphone, Tablet PC and Cars etc.

The following is a description of our pre-assembly testing services:

Engineering Testing. We provide engineering testing services, including software program development, electrical design validation, reliability and failure analysis.

- *Software Program Development* Design and test engineers develop a customized software program and related hardware to test semiconductors on advanced test equipment. A customized software program is required to test the conformity of each particular semiconductor to its particular function and specification.

- *Electrical Design Validation.* A prototype of the designed semiconductor is submitted to electrical tests using advanced test equipment, customized software programs and related hardware. These tests assess whether the test result of the prototype semiconductor complies with the designed requirements using a variety of different operating specifications, including functionality, frequency, voltage, current, timing and temperature range.
- *Reliability Analysis.* Reliability analysis is designed to assess the long-term reliability of the semiconductor and its suitability of use for its intended applications. Reliability testing may include operating-life evaluation, during which the semiconductor is subjected to high temperature and voltage tests.
- *Failure Analysis.* If the prototype semiconductor does not perform to specifications during either the electrical validation or reliability analysis process, failure analysis is performed to determine the reasons for the failure. As part of this analysis, the prototype semiconductor may be subjected to a variety of tests, including electron beam probing and electrical testing.

Wafer Probing. Wafer probing is a processing stage proceeding to the assembly of semiconductors and which involves visual inspection and electrical testing to ensure the processed wafers meets our customers' specifications. Tests are conducted using specialized equipment with software customized for each application in different temperature conditions ranging from -55 degrees Celsius to 150 degrees Celsius. Wafer probing employs sophisticated design and manufacturing technologies to connect the terminals of each chip for testing. Defect chips are marked on the surface or memorized in an electronic file, known as a mapping file, to the following facilitate subsequent process.

Laser Repairing. This is a unique process in testing operation for special SOC memory products. In laser repairing, specific poly or metal fuses are blown after wafer probing to enable a spare row or column of a memory unit in SOC the replacement of the defective memory cell.

After assembly, we perform the following testing services:

Burn-In Testing. This process screens out unreliable products using high temperature, high voltage and prolonged stresses environment to ensure that finished products will survive a long period of end-user service. This process is used only for memory products. This process needs customized Burn-In board.

Top Marking. By using laser marker, the marking content were according to our customers' specification, including the logo, part number, date code and lot number.

Final Testing. Assembled semiconductors are tested to ensure that the devices meet performance specifications. Tests are conducted using specialized equipment with software customized for each application in different temperature conditions ranging from -55 degrees Celsius to 125 degrees Celsius.

Final Inspection and Packing. Final inspection involves visual or auto-inspection of the devices to check any bent leads, ball damage, inaccurate markings or other package defects. Packing involves dry packing, package-in-tray, package-in-tube and tape and reel. According to package level, Dry packing involves heating semiconductors in a tray at 125 degrees Celsius for about four to six hours to remove the moisture before the semiconductors are vacuum-sealed in an aluminum bag. Package-in-tube involves packing the semiconductors in anti-static tubes for shipment. Tape and reel pack involves transferring semiconductors from a tray or tube onto an anti-static embossed tape and rolling the tape onto a reel for shipment to customers.

Assembly

Our assembly services generally involve the following steps:

<i>Wafer Lapping</i>	The wafers are ground to their required thickness.
<i>Die Saw</i>	Wafers are cut into individual dies, or chips, in preparation for the die-attach process.
<i>Die Attach</i>	Each individual die is attached to the leadframe or organic substrate.
<i>Wire Bonding</i>	Using gold or silver wires, to connect the I/O pads on the die to the inner lead of leadframe or substrate.
<i>Flip Chip Bonding</i>	Using solder bumps or Cu pillar bumps on die, to connect the leadframe or substrate pad via soldering reflow.
<i>Molding</i>	The die and wires are encapsulated to provide physical support and protection.
<i>Marking</i>	Each individual package is marked to provide product identification.

<i>Dejunking and Trimming</i>	Mold flash is removed from between the lead shoulders through dejunking, and the dambar is cut during the trimming process.
<i>Electrical Plating</i>	A solderable coating is added to the package leads to prevent oxidization and to keep solder wettability of the package leads.
<i>Ball Mount and Reflow</i>	Each electrode pad of the substrate is first printed with flux, after which solder balls are mounted, heated and attached to the electrode pad of the substrate through a reflow oven.
<i>Forming/Singulation</i>	Forming involves the proper configuration of the device packages leads, and singulation separates the packages from each other.

We offer a broad range of package formats designed to provide our customers with a broad array of assembly services. The assembly services we offer customers are leadframe-based packages, which include thin small outline packages, and organic substrate-based packages, including fine-pitch BGA.

The differentiating characteristics of these packages include:

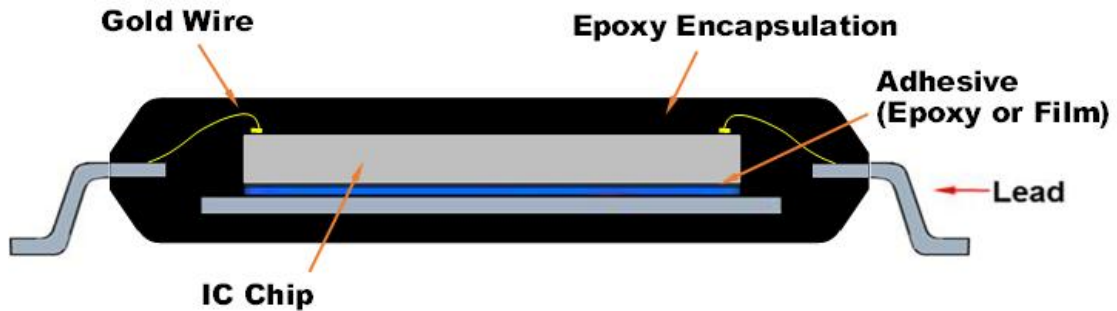
- the size of the package;
- the number of electrical connections which the package can support;
- the electrical performance and requirements of the package; and
- the heat dissipation requirements of the package.

As new applications for semiconductor devices require smaller components, the size of packages has also decreased. In leading-edge packages, the size of the package is reduced to just slightly larger than the size of the individual chip itself in a process known as chip scale packaging.

As semiconductor devices increase in complexity, the number of electrical connections required also increases. Leadframe-based products have electrical connections from the semiconductor device to the electronic product through leads on the perimeter of the package. Organic substrate-based products have solder balls on the bottom of the package, which create the electrical connections with the product and can support large numbers of electrical connections.

Leadframe-Based Packages. These are generally considered the most widely used package category. Each package consists of a semiconductor chip encapsulated in a plastic molding compound with metal leads on the perimeter. This design has evolved from a design plugging the leads into holes on the circuit board to a design soldering the leads to the surface of the circuit board.

The following diagram presents the basic components of a standard leadframe-based package for memory semiconductors:



To address the market for miniaturization of portable electronic products, we are currently developing and will continue to develop increasingly smaller versions of leadframe-based packages to keep pace with continually shrinking semiconductor device sizes. Our advanced leadframe-based packages generally are thinner and smaller, have more leads and have advanced thermal and electrical characteristics when compared to traditional packages. As a result of our continual product development, we offer leadframe-based packages with a wide range of lead counts and sizes to satisfy our customers' requirements.

The following table presents our principal leadframe-based packages, including the number of leads in each package, commonly known as lead-count, a description of each package and the end-user applications of each package.

Package	Lead-count	Description	End-User Applications
Thin Small Outline Package I (TSOP I)	48-56	Designed for high volume production of low lead-count memory devices, including flash memory, SRAM and MROM	Notebooks, personal computers, still and video cameras and standard connections for peripherals for computers
Thin Small Outline Package II (TSOP II)	44-86	Designed for memory devices, including flash memory, SRAM, SDRAM and DDR DRAM	Disk drives, recordable optical disk drives, audio and video products, consumer electronics, communication products
Quad Flat No Lead (QFN)	8-132	Thermal enhanced quad flat no lead package providing small footprint (chip scale), light weight with good thermal and electrical performance	Wireless communication products, notebooks, PDAs, consumer electronics
Low-Profile Quad Flat Package (LQFP)	48	Low-profile and light weight package designed for ASICs, digital signal processors, microprocessors/controllers, graphics processors, gate arrays, SSRAM, SDRAM, personal computer chipsets and mixed-signal devices	Wireless communication products, notebooks, digital cameras, cordless/radio frequency devices
Small Outline Package (SOP)	8	Designed for low lead-count memory and logic semiconductors, including SRAM and micro-controller units	Personal computers, consumer electronics, audio and video products, communication products
Multi-Chip Package (TSOP)	44-86	Our patented design for memory devices, including flash memory, SRAM, DRAM, SDRAM and DDR DRAM	Notebooks, personal computers, disk drives, audio and video products, consumer products, communication products
Flip Chip Quad Flat No Lead (FCQFN)	6-35	Thermal enhanced quad flat no lead package providing small footprint (chip scale), light weight with good thermal and electrical performance Flip chip process is designed for better electrical performance compared to wire bonding process	Wireless communication products, notebooks, PDAs, consumer electronics

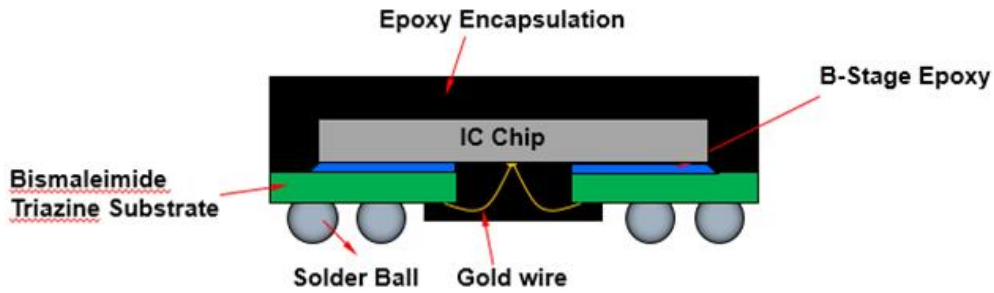
Organic Substrate-based Packages. As the number of leads surrounding a traditional leadframe-based package increases, the leads must be placed closer together to reduce the size of the package. The close proximity of one lead to another can create electrical shorting problems and requires the development of increasingly sophisticated and expensive techniques to accommodate the high number of leads on the circuit boards.

The BGA format solves this problem by effectively creating external terminals on the bottom of the package in the form of small bumps or balls. These balls are evenly distributed across the entire bottom surface of the package, allowing greater pitch between the individual terminals. The ball grid array configuration enables high-pin count devices to be manufactured less expensively with less delicate handling at installation.

Our organic substrate-based packages employ a fine-pitch BGA design, which uses a plastic or tape laminate rather than a leadframe and places the electrical connections, or leads, on the bottom of the package rather than around the perimeter. The fine-pitch BGA format was developed to address the need for the smaller footprints required by advanced memory devices. Benefits of ball grid array assembly over leadframe-based assembly include:

- smaller size;
- smaller footprint on a printed circuit board;
- better electrical signal integrity; and
- easier attachment to a printed circuit board.

The following diagram presents the basic component parts of a fine-pitch BGA package:

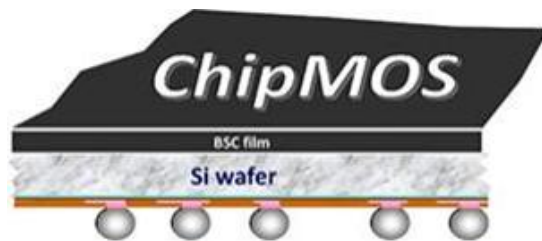


The following table presents the ball-count, description and end-user applications of organic substrate-based packages we currently assemble:

Package	Connections	Description	End-User Applications
Mini BGA	24-400	Low-cost and space-saving assembly designed for low input/output count, suitable for semiconductors that require a smaller package size than standard BGA	Memory, analog, flash memory, ASICs, radio frequency devices, personal digital assistants, cellular handsets, communication products, notebooks, wireless systems
Fine-Pitch BGA	54-126	Our patented design for DRAM products that require high performance and chip scale package (CSP)	Notebooks, cellular handsets, global positioning systems, personal digital assistants, wireless systems
Very Thin Fine-Pitch BGA	48-176	Similar structure of Mini BGA package with thinner and finer ball pitch that is designed for use in a wide variety of applications requiring small size, high reliability and low unit cost	Handheld devices, notebooks, disk drives, wireless and mobile communication products
Land Grid Array (LGA)	8-52	Thinner and lighter assembly designed essential to standard BGA without solder balls, suitable for applications that require high electrical performance	Disk drives, memory controllers, wireless, mobile communication products
Multi-Chip BGA	48-153	Designed for assembly of two or more memory chips (to increase memory density) or combinations of memory and logic chips in one BGA package	Notebooks, digital cameras, personal digital assistants, global positioning systems, sub-notebooks, board processors, wireless systems
Stacked-Chip BGA	24-345	Designed for assembly of two or more memory chips or logic and memory chips in one CSP, reducing the space required for memory chips	Cellular handsets, digital cameras, personal digital assistants, wireless systems, notebooks, global positioning systems
FC Chip-scale Package (FC CSP)	16-872	Better IC protection and solder joint reliability compared to direct chip attach (DCA) and chip on board (COB)	Memory, logic, microprocessor, application processor (AP), baseband (BB), solid state device, radio frequency (RF)
Multi-Chip Hybrid Package (FC+WB)	153-345	Designed for assembly of two or more memory chips or combinations of memory and logic chips in one BGA package with both of flip chip and wire bonding	Embedded Multi Media Card (eMMC), Universal Flash Storage (UFS), and BGA SSD

Package	Connections	Description	End-User Applications
Chip on Wafer (CoW)	5-30	Integrated two different functional chips to a closer form into a compact package. Low-cost solution compared to through-silicon via (TSV)	Integrated MEMS
Land Grid Array (LGA) for FPS (Finger Print Sensor)	20-52	Very thin clearance (50um) between chip & compound hard color coating with scratch resistance for protection and appearance matching of mobile devices	Security protection for mobile devices, home, notebooks, etc.
Wafer Level Chip Scale Package (WLCSP)	6-125	WLCSP package size is almost the same as die size. Simple assembly process flow, low cost. Small package suitable to apply on hand-held 3C electronic products	Electronic Compass, audio converter, nor flash product, power control, sensor magnetometer, MEMS magnetometer, CMOS Image Sensor controller, Laser diode driver, power manager IC (PMIC)

Wafer Level CSP



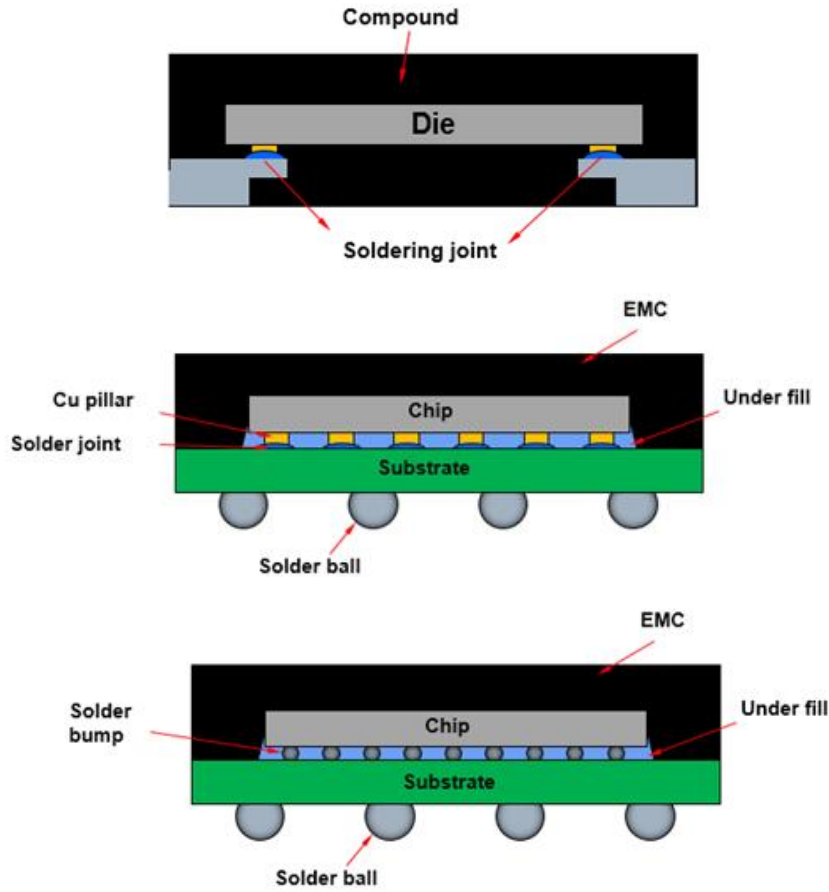
Wafer-level CSP (WLCSP) is the technology of packaging an integrated circuit at wafer level. WLCSP is essentially a true chip scale package (CSP) technology, since the resulting package is practically of the same size as the die. WLCSP has the ability to enable true integration of wafer fab, packaging, test, and burn-in at wafer level in order to streamline the manufacturing process undergone by a device start from silicon wafer to customer shipment.

Most other kinds of packaging do wafer dicing first, and then puts the individual die in a plastic package and attaches the solder bumps. WLCSP involves the RDL, wafer solder bumping, while still in the wafer, and then wafer dicing. Benefits of WLCSP compare to general CSP package assembly include:

- ultimate smaller package size;
- smaller footprint on a printed circuit board;
- very short circuit connection; and
- cost effective packaging solution for small ICs.

Package	Connections	Description	End-User Applications
WLCSP	4-96	Very small package size (identical to die size), suitable for the low pin count and require the small package size application	Memory, ASICs, PMIC, MEMS devices, controllers, for mobile phones, tablets, ultra book computers and wearable products

FC CSP



FC Chip Scale Package (FC CSP) construction utilizes the flip chip bumping (with solder bump or Cu pillar bump) interconnection technology to replace the standard wire-bond interconnect. It allows for a smaller form factor due to wire loop reduction and area array bumping. FC CSP includes the substrate or leadframe type solution making an attractive option for advanced CSP application when electrical performance is a critical factor.

- Excellent electrical performance, very low interconnect parasitics and inductance compare to wirebond type.
- High electrical current endurance (Cu pillar bump), ideal for high power and high speed logic solution.
- High electrical performance (Cu pillar bump), ideal for lower return loss and higher insertion loss.
- Reduce Bump Pitch and die size (Cu pillar bump vs. solder bump), ideal for increasing gross die/wafer.
- Smaller package form factor by reducing the wire loop height and wire span compared to conventional wirebond package.

Package	Connections	Description	End-User Applications
FC CSP	8-1288	Superior electrical performance, smaller form factor	Power devices, RF, High speed Logic devices, wireless, memory or portable applications

Display Driver Semiconductors and Gold MCB Bumping

We also offer assembly and testing services for display driver semiconductors. We employ COF and COG technologies for testing and assembling display driver semiconductors. In addition, we offer gold bumping and metal composite bump services to our customers.

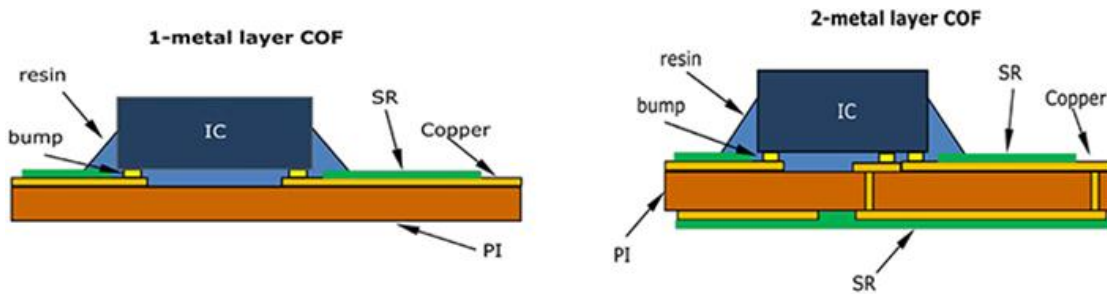
Note: Copper pillar service only for Max size: 9.8mmx8.2mm & pillar Account: 3401

Chip-on-Film (COF) Technology

COF technology provides several additional advantages. For example, COF is able to meet the size, weight and higher resolution requirements in electronic products, such as display panels. This is because of its structural design, including an adhesive-free two-layer tape that is highly flexible, bending strength and its capacity to receive finer patterning pitch.

COF package has been using for large-size and high-resolution panel display, especially on TFT-LCD and OLED TV set and NB as well. In recent years, there has been an observable trend with which the average inner lead pitch of COF package went down to 23um with more than 80% of market demand. High thermal dissipation packaging technology is available for mass production. And dual IC with high thermal dissipation COF packaging technology is ready for 8K TV market. 18um/16um inner lead pitch 2-metal layer COF package is in development for coming AR/VR gear requirement. And we can test display driver semiconductors with frequency up to 6.5Gbps to fulfill high speed data rate requirement. For automotive application, low temperature COF package testing technology is developed.

The following diagram presents the basic components of 1-metal layer COF and 2-metal layer COF:



The COF process involves the following steps:

<i>Chip Probing</i>	Screen out the defect chips which fail to meet the device spec.
<i>Wafer Lapping/Polish</i>	Wafers are grounded or with polish to their required thickness.
<i>Laser Marking</i>	A laser mark is applied on IC backside in wafer form to provide product traceability.
<i>Laser Grooving</i>	Application in wafer within Low-K material to reduce chipping of chips during dicing process.
<i>Die Saw</i>	Wafers are cut into individual dies, or chips, in preparation for inner lead bonding process.
<i>Inner Lead Bonding</i>	An inner lead bonding machine connects the chip to the printed circuit tape.
<i>Potting</i>	An underfill process to fill resin to protect the inner lead and chip.
<i>Potting Cure</i>	The potting cure process matures the resin used during the potting oven with high temperatures.
<i>Marking</i>	A laser marker is used to provide product identification.
<i>Final Testing</i>	To verify device spec. within electrical testing after assembly process.
<i>Taping</i>	To attach heat sink/spreader or stiffener material onto COF package.
<i>Inspection and Packing</i>	Each individual die with tape is visually or auto inspected for defects. The dies are packed within a reel into an aluminum bag after completion of the inspection process.

Chip-on-Glass (COG) Technology

COG technology is an electronic assembly technology that is used in assembling display driver semiconductors including TV/monitor, mobile and wearable products. Compared to the traditional bonding process for COF, the new COG technology requires lower bonding temperature. In addition, the COG technology reduces assembly cost as it does not use tapes for interconnection between the LCD, OLED panel and the printed circuit board. The major application of COG products is on TFT-LCD and AMOLED display of smart phone and automotive market, it integrates source, gate driver of display driver IC (DDIC) and touch or timing Controller IC into one chip, so the output channel is higher than COF products. For the market trend of thinner smartphone, 150um in IC thickness is released for mass production and much thinner IC thickness is in development.

The COG assembly process involves the following steps:

<i>Chip Probing</i>	To screen out the defect chips which fail to meet the device spec.
<i>Wafer Lapping/Polish</i>	Wafers are ground or with polished to their required thickness.
<i>Laser Marking</i>	A laser mark is applied on IC backside in wafer form to provide product traceability.
<i>Laser Grooving</i>	Application in wafer within Low-K material to reduce chipping of chips during dicing process.
<i>Die Saw</i>	Wafers are cut into individual dies, or chips, in preparation for the pick and place process.
<i>Auto Optical Inspection</i>	Process of wafer inspection is detecting defect to separate chips at pick and place station.
<i>Pick and Place</i>	Each individual die is picked and placed into a chip tray.
<i>Inspection and Packing</i>	Each individual die in a tray is visually or auto-inspected for defects. The dies are packed within a tray into an aluminum bag after completion of the inspection process.

Bumping

We also offer bumping services to our customers.

Based on the major product portfolio (judged by internal metal composition), we provide:

- Gold Family (Au bump, Au metal composite bump and Au RDL)

Gold bumping technology, which is in high demand for LCD driver ICs. In 2021, we increased gold bumping wafer shipments resulting from demand for of high refresh rate panel, 5G mobile, gaming monitor, 8K display and automotive infotainment applications. In 2022, ChipMOS also developed VR/AR wearable devices for some new application opportunities, including metaverse. Meanwhile, medical, automotive and integration TDDI products are still our main business goal. In 2023, gold bumping development momentum will be emphasized on new products from OLED display penetration rate of smartphone, another focused business is that automotive category products continue to expand. In 2024, Display driver ICs conventional gold plating technology is matured and face severe competitiveness pressure from competitors. The major cost among all process is gold, extremely high cost structure ratio and gold price is no sign to downward trend. It's good opportunity to deploy Ag-Alloys bumps technology. We aim to introduce silver bump to the market.

- RDL technology

As high speed, high performance and high accuracy requirement, many electronic devices need the capability of transferring higher current. By using Re-distribution layer (RDL) technology which can relocate to the PKG wire bonding position where necessary. ChipMOS can provide several electroplating metal thickness based on customer design request, including 2P1M, 2P2M and 3P2M structures. The min. Line/space of RDL could be 5/5um that makes integration of MCP and SIP achievable. For electric property requirement, thicker thickness structure is also available, that enables total thickness to 25um. In 2024, we will deliver new Silver-Alloys electroplating RDL technology which transmits signals and performs better electrical property. We aim to replace conventional Cu/Ni/Au process with several advantages due to Silver is characterized with highly conductive, stretchable properties. Main advantages: The highest electrical conductivity, the highest thermal conductivity and proven good solderability/metal connector in semiconductor field.

- Cu/Solder Family (WLCSP, Lead free solder plating and Cu Pillar)

We believe that consumer electronics are driving the application growth of these processes. From small wearable gadgets, NOR flash applications, power devices to emerging AIoT/AI development are all included. We expanded our bumping factory line capacity toward the consumer market and we expect this to continue to deliver good performance. Through 12" WLCSP process for NOR flash to provide a thinner and smallest chip size for TWS (True Wireless Stereo) application is a success case recently. Now, Copper pillar and flip chip solution is another packaging solution for this application. Fine pitch Copper pillar is an effective way to increase interconnection densities. The typical Copper pillar height is 50~70 um, further development is micro bump, which advances Copper pillar pitch and size to 45/25 um. Copper pillar size and height. Copper pillar also offers advantages with respect to better electrical and thermal conductivity, as well as increasing electromigration resistance and current carrying capability. We are developing taller bump height up to 110um for power devices and adding it into mass production portfolio in the third quarter of 2023. In 2024, the structure portfolio will involve 3P3M WLCSP, 1P2M metal first, 1P2M PI first with followed 2 layer metals. As for new material, we deliver new solder ball SACQ and high curable polymer HD4100 development for new WLCSP projects. Also implement HD4100 to NPI for many clients assignment. In WLCSP backend, we take efforts to non-backside coating requirement for customer to cost reduction.

Other Services

Drop Shipment

We offer drop shipment of semiconductors directly to end-users designated by our customers. We provide drop shipment services, including assembly in customer-approved and branded boxes, to a majority of our assembly and testing customers. Since drop shipment eliminates the additional step of inspection by the customer prior to shipment to end-users, quality of service is a key to successful drop shipment service. We believe that our ability to successfully execute our full range of services, including drop shipment services, is an important factor in maintaining existing customers as well as attracting new customers.

Software Development, Conversion and Optimization Program

We work closely with our customers to provide sophisticated software engineering services, including test program development, conversion and optimization, and related hardware design. Generally, testing requires customized testing software and related hardware to be developed for each particular product. Software is often initially provided by the customer and then converted by us at our facilities for use on one or more of our testing machines and contains varying functionality depending on the specified testing procedures. Once a conversion test program has been developed, we perform correlation and trial tests on the semiconductors.

Customer feedback on the test results enables us to adjust the conversion test programs prior to actual testing. We also typically assist our customers in collecting and analyzing the test results and recommends engineering solutions to improve their design and production process.

Customers

We believe that the following factors have been, and will continue to be, important factors in attracting and retaining customers:

- our advanced assembly and testing technologies;
- our strong capabilities in testing and assembling DDIC/TDDI and other display panel driver semiconductors;
- our focus on high-density memory products and logic/mixed-signal communications products; and
- our reputation for high quality and reliable customer-focused services.

The number of our customers as of February 28 of 2022, 2023 and February 29, 2024, respectively, was 72, 73 and 67. Our top 15 customers in terms of revenue in 2023 were (in alphabetical order):

Asahi Kasei Microdevices Corporation
 Chipone Technology (Beijing) Co., Ltd.
 Cypress Semiconductor Corporation
 Elite Semiconductor Microelectronics Technology Inc.
 GigaDevice Semiconductor (HK) Limited
 Himax Technologies, Inc.
 ILLI Technology Corporation
 Integrated Circuit Solution Inc.
 Macronix International Co., Ltd.
 Micron Technology, Inc.
 Novatek Microelectronics Corp.
 OmniVision Touch and Display Technologies Pte. Ltd.
 Phison Electronics Corp.
 Raydium Semiconductor Corporation
 Winbond Electronics Corporation

In 2021, our top three customers accounted for approximately 21%, 10% and 9% of our revenue, respectively. In 2022, our top three customers accounted for approximately 20%, 10% and 9% of our revenue, respectively. In 2023, our top three customers accounted for approximately 25%, 13% and 9% of our revenue, respectively.

The majorities of our customers purchase our services through purchase orders and provide us three-month non-binding rolling forecasts on a monthly basis. The price for our services is typically agreed upon at the time when a purchase order is placed.

The following table sets forth, for the periods indicated, the percentage breakdown of our revenue, categorized by geographic region based on the jurisdiction in which each customer is headquartered.

	Year ended December 31,		
	2021	2022	2023
Taiwan	79%	79%	81%
Japan	6%	9%	6%
PRC	7%	8%	8%
Singapore	6%	2%	3%
Others	2%	2%	2%
Total	100%	100%	100%

Qualification and Correlation by Customers

Our customers generally require that our facilities undergo a stringent “qualification” process during which the customer evaluates our operations, production processes and product reliability, including engineering, delivery control and testing capabilities. The qualification process typically takes up to eight weeks, or longer, depending on the requirements of the customer. For test qualification, after we have been qualified by a customer and before the customer delivers semiconductors to us for testing in volume, a process known as “correlation” is undertaken. During the correlation process, the customer provides us with test criteria; information regarding process flow and sample semiconductors to be tested and either provides us with the test program or requests that we develop a new or conversion program. In some cases, the customer also provides us with a data log of results of any testing of the semiconductor that the customer may have conducted previously. The correlation process typically takes up to two weeks, but can take longer depending on the requirements of the customer.

Sales and Marketing

We maintain sales and marketing offices in Taiwan, the United States and Mainland China. Our sales and marketing strategy is to focus on memory semiconductors in Taiwan, Japan, Singapore, Korea and the United States, logic/mixed-signal semiconductors in Taiwan, Japan and the United States, LCD, OLED, automotive panel and other display panel driver semiconductors in Japan, Korea, Taiwan, Hong Kong and Mainland China. As of February 29, 2024, our sales and marketing efforts were primarily carried out by teams of sales professionals, application engineers and technicians, totaling 32 staff members. Each of these teams focuses on specific customers and/or geographic regions. As part of our emphasis on customer service, these teams:

- actively participate in the design process at the customers’ facilities;

- resolve customer assembly and testing issues; and
- promote timely and individualized resolutions to customers' issues.

We conduct marketing research through our in-house customer service personnel and through our relationships with our customers and suppliers to keep abreast of market trends and developments. Furthermore, we do product and system bench marking analysis to understand the application and assembly technology evolution, such as analysis on mobile handsets and Tablet, PC, wearable products. In addition, we regularly collect data from different segments of the semiconductor industry and, when possible, we work closely with our customers to design and develop assembly and testing services for their new products. Sale will cowork with internal technology expert to work closely with our customers as project kick off. We provide full turnkey service (from design-in stage/design for bumping and assembly/design for testing services) to achieve design for mass production for new products. These “co-development” or “sponsorship” projects can be critical when customers seek large-scale, early market entry with a significant new product.

Research and Development

To maintain our competitive edge for continued business growth, we continue our focus of our investment in new technology research and development. In 2021, 2022 and 2023, we spent approximately NT\$1,139 million, or 4.2%, NT\$1,159 million, or 4.9% and NT\$1,093 million (US\$36 million), or 5.1%, respectively, of our revenue on research and development.

Our research and development efforts have been focused primarily on new technology instruction, improving efficiency and production yields of our testing, assembly and bumping services. From time to time, we jointly develop new technologies with local and international equipment and material manufacturing company to enhance the competitiveness. In testing area, our research and development efforts focused particularly on high speed probing, fine pitch probing capability and wafer level burn-in technology. Our projects include:

- Ramped up high frequency testing capability of LCD, OLED, automotive panel and other display panel driver semiconductors;
- Developing full temperature range (-40°C~125°C) of FT testing for automotive products;
- Built up 12” fine pitch COF assembly capability for less than 18um inner lead pitch products;
- Developing more flexible COF tape assembly for full-screen display application;
- Developing “wafer level probing on copper pillar bump for 300mm wafers”; and
- Developing centralized server test control system.

In assembly and bumping areas, our research and development efforts were directed to:

- Au height reduction, as part of cost reduction drive, 10um bump height COF package and 8um bump height COG package was released for production;
- Wafer-level chip scale packaging and 3P2M Cu RDL processes;
- Fine-pitch Cu RDL process for WLCSP and RDL products;
- Flip-chip CSP for DRAM and mixed-signal application;
- 3P/3M Cu pillar bumping for 300mm wafers high pin count products;
- Fine pitch copper pillar process for micro bump structure;
- Thicker Cu/Ni/Au RDL and 100um tall Cu pillar for PMIC application;
- Developing fine pitch Cu RDL line width and space with 4um/4um for advanced re-distribution layer device design requirement;
- Shrink ball size with ball mount technology and combine thinner wafer grind thickness to achieve thin WLCSP requirement;
- Dual/Multi-chip assembly and module of flash products for SSD and eMMC applications;
- Hybrid package by integration of wire binding & flip-chip process with passive components to offer total solution for UFS device;
- DBG/SDBG implementation to enhance the capability of ultra-thin wafer lapping and dicing capabilities for stacked-die chip scale package;
- Advanced thin core/core-free, flex substrate solutions for thin and flip chip packages;
- 2-metal layers COF assembly and COF SMT capabilities;

- Qualified thermally enhanced COF and MCB COF and released for manufacturing;
- Double-sided Heat Sink/ High conductivity material development is applied in thermal packaging services for high-resolution panels;
- Source & Gate ICs integrated technology development is used in product applications with narrow border panels;
- Develop new 2P2M RDL structure to use pure Cu RDL for fine pitch complex circuit and Improved Cu RDL undercut instead of Cu-Ni-Au composite structure;
- Develop Ultra Fine Pitch (UFP) COF assembly and testing technology;
- Implement new thermal conductive resin with higher conductivity for COF package;
- Enhance Pb free ball level capability (temperature cycle > 1000 cycles); and
- High Frequency & Low loss Product Substrate design for FCCSP.

For new product and product enhancement work in 2017, our work concentrates on three key development programs: 3D WLCSP, biometric sensor package solutions, and flip chip technology. In the bumping area, we completed customer qualification of 300mm wafer Au bumping process in 2012 and started volume production in the fourth quarter of 2012. Development of Cu plating enables the entry of WLCSP, RDL and flip chip market and Cu RDL applied on DRAM wafer for SiP product is qualified in 2016. Turnkey services of WLCSP and flip chip QFN have been implemented for mass production in 2013 based on the successful technology developments. In 2012, we also initiated both 200mm and 300mm Cu pillar bumping engineering work and, related packaging technologies are being developed for mixed-signal and memory products in 2013. It is also qualified on power management IC product in 2016. According wearable device trend, we miniature fine-pitch Cu RDL process for WLCSP and RDL products, we shrink ball size with ball mount technology and combine thinner wafer grinded thickness to achieve thin WLCSP structure in 2020 which used in Auto Focus, OIS (Optical Image Stabilization) system and Hall motor sensor. By integrating WLCSP bumping, copper pillar bumping and flip chip assembly capability, an integrated WLCSP (CoW or 3D WLCSP) is developing in 2015, and qualified the structure and process verification in 2016. We adopt FC Chip Scale Package to implement in USB4/DP2.0 Re-Driver, PCIe 5.0 Re-Driver Product in 2021. Meanwhile, fingerprint sensor (FPS) packaging solution by LGA was also developed for smartphone demand in 2015. More and more integrated function of DDIC, TDDI and FPS, is requested for smartphone application, therefore 2-metal layers COF solution and COF SMT are developed to provide the package solution since 2019. Moreover, the improved OLED panel yield rate has also increased its adoption in smartphones, leading to diverse applications such as in-display fingerprint sensors.

Since 2013, in-process engineering advancement allowed us to extend our wirebond technology to service MEMS products. To further achieve cost reduction, alloy wire and 0.6 mil Au wirebond processes were also developed. In 2018, we continued to work on the expansion of multi-chip NAND packages offerings, and 12" fine pitch COF assembly capability. Capability of handling miniature molded packages has been extended to 1x1 mm size and various improvements will also be made in production equipment to enhance throughput and efficiency. In 2019, we launched SDBG technology to implement multi-chip assembly and module of flash products for NAND Flash applications for SSD and eMMC applications.

As of February 29, 2024 we employed 698 employees in our research and development activities. In addition, other management and operational personnel are also involved in research and development activities but are not separately identified as research and development professionals.

We maintain laboratory facilities capable for materials and electrical characterizations to support production and new product development. Computer simulation is used to validate both mechanical and electrical models in comparison to measurement results. Enhancement of Shadow Moiré and Micro Moiré equipment was carried out to support MCP and flip chip package warpage and residue stress characterization. We also setup up mold flow simulation capability to predict assembly risk. In Advanced Packaging Lab, rheology measurement capability and high frequency electric simulation capability were established, aimed at expanding capability for material selection and inspection to support flip chip introduction and various resin characterizations. For customer application request, we enhance our thermal simulation capability in 2022. An analytical laboratory has been built out in our bumping line providing timely support to manufacturing operations.

Quality Control

We believe that our reputation for high quality and reliable services have been an important factor in attracting and retaining leading international semiconductor companies as customers for our assembly and testing services. We are committed to delivering semiconductors that meet or exceed our customers' specifications on time and at a competitive cost. We maintain quality control staff at each of our facilities.

As of February 29, 2024, we employed 51 personnel for our quality control activities. Our quality control staff typically includes engineers, technicians and other employees who monitor assembly and test processes in order to ensure high quality. We employ quality control procedures in the following critical areas:

- sales quality assurance: following market trends to anticipate customers' future needs;
- design quality assurance: when developing new testing and assembly processes;
- supplier quality assurance: consulting with our long-term suppliers;
- manufacturing quality assurance: through a comprehensive monitoring program during mass production; and
- service quality assurance: quickly and effectively responding to customers' claims after completion of sale.

All of our facilities have obtained ISO 26262 road vehicles-functional safety system certification in December 2019 and obtained IATF 16949 quality system certification in December 2017. In addition, our facilities in Hsinchu and Tainan have been ISO 9002 certified in September 1997 and December 1998, respectively, and recertified with ISO 9001 for substantial revision since 2015.

IATF 16949 certification system seeks to integrate quality management standards into the operation of a company and emphasizes the supervision and measurement of process and performance. An ISO 9001 certification is required by many countries for sales of industrial products.

In addition to the quality management system, we also earned the 1998 QC Group Award from The Chinese Society of Quality, which is equivalent to the similar award from the American Society of Quality and certified ISO17025 in 2000. In 2003, ChipMOS passed SONY Green Partner (Tier 2) certification through its ProMOS channel, and in 2009, ChipMOS obtained SONY Green Partner (Tier 1) certification due to its direct business relationship with SONY. The Sony certificates will continue to be maintained uninterrupted until now. Our laboratories have also been awarded Chinese National Laboratory accreditation under the categories of reliability test, electricity and temperature calibration.

Our assembly and testing operations are carried out in clean rooms where air purity, temperature and humidity are controlled. To ensure the stability and integrity of our operations, we maintain clean rooms at our facilities that meet U.S. federal 209E class 100, 1,000, 10,000 and 100,000 standards. A class 1,000 clean room means a room containing less than 1,000 particles of contaminants per cubic foot.

We have established manufacturing quality control systems which are designed to maintain reliability and high production yields at our facilities. We employ the most advanced equipment for manufacturing quality and reliability control, including:

- Temperature cycling tester (TCT), thermal shock tester (TST) and pressure cook tester (PCT), and highly accelerated temperature/humidity stress tester (HAST) for reliability analyses;
- Scanning acoustic tomography (SAT) and scanning electronic microscope (SEM) for physical failure analysis;
- Semi-Auto prober, curve tracer and DC tester station for electrical failure analysis;
- Atomic absorption spectrometer (AA), inductively coupled plasma optical emission spectrometer (ICP-OES) and automatic potentiometric titrator (AP), UV-Visible Spectrophotometer (UV-VIS), Cyclic Voltammetric Stripping (CVS) and Ultra Performance Liquid Chromatography (UPLC) for chemical analysis

In addition, to enhance our performance and our research and development capabilities, we also installed a series of high-cost equipment, such as temperature humidity bias testers, low temperature storage-life testers and highly accelerated stress testers. We believe that many of our competitors do not own this equipment.

As a result of our ongoing focus on quality, in 2023, we achieved monthly assembly yields of an average of 99.93% for our memory and logic/mixed-signal assembly packages, 99.98% for our COF packages, 99.96% for our COG packages and 99.96% for our bumping products (including gold bump, RDL and WLCSP). The assembly yield, which is the industry standard for measuring production yield, is equal to the number of integrated circuit packages that are shipped back to customers divided by the number of individual integrated circuits that are attached to lead frames or organic substrate.

Raw Materials

Semiconductor testing requires minimal raw materials. Substantially all of the raw materials used in our memory and logic/mixed-signal semiconductor assembly processes are interconnect materials such as leadframes, organic substrates, gold wire and molding compound. Raw materials used in the LCD, OLED, automotive panel and other display panel driver semiconductor assembly and testing process include gold, carrier tape, resin, spacer tape, plastic reel, aluminum bags, and inner and outer boxes. Cost of raw materials represented 20%, 19% and 19% of our revenue in 2021, 2022 and 2023, respectively.

We do not maintain large inventories of leadframes, organic substrates, gold wire or molding compound, but generally maintain sufficient stock of each principal raw material for approximately two to three month's production based on blanket orders and rolling forecasts of near-term requirements received from customers. Shortages in the supply of materials experienced by the semiconductor industry have in the past resulted in price adjustments. Our principal raw material supplies have not been impacted by the subcontractor production line shut down caused by COVID-19. See "Item 3. Key Information—Risk Factors—Risks Relating to Our Business—If we are unable to obtain raw materials and other necessary inputs from our suppliers in a timely and cost-effective manner, our production schedules would be delayed and we may lose customers and growth opportunities and become less profitable" for a discussion of the risks associated with our raw materials purchasing methods. For example, with the exception of aluminum bags and inner and outer boxes, which we acquire from local sources, the raw materials used in our COF process and for modules are obtained from a limited number of Japanese suppliers.

Competition

The independent assembly and testing markets are very competitive. Our competitors include large IDMs with in-house testing and assembly capabilities and other independent semiconductor assembly and testing companies, especially those offering vertically integrated assembly and testing services, such as Advanced Semiconductor Engineering Inc., Amkor Technology, Inc., Chipbond Technology Corporation, King Yuan Electronics Co., Ltd., Powertech Technology Inc., Jiangsu Changjiang Electronics Technology Co., Ltd. and United Test and Assembly Center Ltd. We believe that the principal measures of competitiveness in the independent semiconductor testing industry are:

- engineering capability of software development;
- quality of service;
- flexibility;
- capacity;
- production cycle time; and
- price.

In assembly services, we compete primarily on the basis of:

- production yield;
- production cycle time;
- process technology, including our COF technology for LCD, OLED, automotive panel and other display panel driver semiconductor assembly services;
- quality of service;
- capacity;
- location; and
- price.

IDMs that use our services continually evaluate our performance against their own in-house assembly and testing capabilities. These IDMs may have access to more advanced technologies and greater financial and other resources than we do. We believe, however, that we can offer greater efficiency and lower costs while maintaining an equivalent or higher level of quality for three reasons:

- firstly, we offer a broader and more complex range of services as compared to the IDMs, which tend to focus their resources on improving their front-end operations;
- secondly, we generally have lower unit costs because of our higher utilization rates and thus enabling us to operate at a more cost-effective structure compared to the IDMs; and
- finally, we offer a wider range of services in terms of complexity and technology.

Intellectual Property

As of February 29, 2024, we held 296 patents in Taiwan, 94 patents in the United States, 160 patents in Mainland China, 1 patent in the United Kingdom and 2 patents in Korea and Japan, respectively, relating to various semiconductor assembly and testing technologies. These patents will expire at various dates through to 2042. As of February 29, 2024, we also had a total of 28 pending patent applications in Taiwan, and 73 in Mainland China. In addition, we have registered "ChipMOS" and its logo as trademarks in Taiwan, the United States, Mainland China, Singapore, Hong Kong, Korea, Japan, the United Kingdom and the European Community.

We expect to continue to file patent applications where appropriate to protect our proprietary technologies. We may need to enforce our patents or other intellectual property rights or to defend ourselves against claimed infringement of the rights of others through litigation, which could result in substantial costs and a diversion of our resources. See “Item 3. Key Information—Risk Factors—Risks Relating to Our Business—Disputes over intellectual property rights could be costly, deprive us of technologies necessary for us to stay competitive, render us unable to provide some of our services and reduce our opportunities to generate revenue”.

Government Regulations

As discussed above under “—Intellectual Property”, governmental regulation of our intellectual property may materially affect our business. The failure to protect our property rights would deprive us of our ability to stay competitive in the semiconductor industry. Our intellectual property rights are protected by the relevant patent and intellectual property agencies of the European Community, the United Kingdom, the United States, Mainland China, Singapore, Hong Kong, Korea, Japan and Taiwan.

Environmental and Climate Change Matters

Semiconductor testing does not generate significant pollutants. The semiconductor assembly and gold bumping process generate stationary acid, alkali and VOC pollutions, principally at the plating and etching stages. Water waste is produced when silicon wafers are ground thinner, diced into chips with the aid of diamond saws and cleaned with running water. In addition, excess materials, either on leadframes or molding process, are removed from assembled semiconductors in the trimming and de-junking processes, respectively. We have various treatment equipment for wastewater and air pollutants at our assembly and bumping facilities. Since 2001, we have adopted certain environmental friendly production management systems, and have implemented certain measures intended to bring our all processes in compliance with the Restriction of Hazardous Substances Directive/EC issued by the European Union and our customers. We believe that we have adequate and effective environmental protection measures that are consistent with semiconductor industry practices in Taiwan. In addition, we believe we are in compliance in all material respects with current environmental laws and regulations applicable to our operations and facilities.

All of our facilities in Taiwan have been certified as meeting the ISO 14001 environmental standards of the International Organization for Standardization, and all of our facilities in Taiwan have been certified as meeting the ISO 45001 standards of the International Organization for Standardization. Our facilities at Hsinchu Science Park, Chupei, Hukou, Hsinchu Industrial Park and Southern Taiwan Science Park have won numerous awards including “Green Factory Label” from 2013 to 2023, “Enterprises Environmental Protection Gold Grade Award” in 2018 and 2019, “Occupational Safety and Health Excellent Award” in 2016, 2017, 2021, 2022 and 2023, “Green Building Label” in 2014 and 2017 up to now. We are also certified the “Health Promotion Awards” from 2012 to 2024. We continue to encourage our employees to participate in community environmental campaigns and better environmental friendly practices.

We will continue to enhance related management to reduce industrial waste, save energy and control pollution. For products in conformity with Green Product Requirement, the Company obtained Green Partner certification from Sony Corporation of Japan. Furthermore, we passed QC 080000 certification and “Greenhouse Gas Verification Statement” (“ISO 14064-1”) from 2013 until now. We further confirmed many products’ CFP “Carbon Footprint Verification Statement” (“ISO 14067”) and WFN “Water Footprint Verification Statement” (“ISO 14046”). At the same time, Tainan and Hsinchu plants passed the certification of energy management system (“ISO 50001”) in 2014 and 2017 up to now. For materials management, we passed the “Material Flow Cost Accounting (MFCA, ISO 14051)” to reduce the loss. Our policy is to pay attention to the environment issues by standardizing on green, environmental friendly products, cleaner process and enhance supplier chain management to meet ChipMOS’ Corporate Social Responsibilities.

As an enterprise, ChipMOS understands the importance of carrying out environmental protection in action. By referencing the Task Force on Climate-related Financial Disclosures (“TCFD”) framework developed by the Financial Stability Board (“FSB”) and began in 2021, we have identified the management needed over risks and opportunities associated with climate change, and further attained a comprehensive overview on the effects of climate change.

Besides depleting the Earth of her resources, energy consumption also generates carbon dioxide, leading to greenhouse effects. Hence, effective energy use will help to mitigate impacts on the environment. Due to the nature of the technology industry, ChipMOS is classified as one of the major electricity consumers per regulations from the Energy Administration, MOEA. Upholding our principle of treasuring energy consumption, we began to systematically initiate energy conservation actions in 2012. We continue to introduce various energy efficient technologies and facilities, and on top of Tainan fab’s voluntary introduction of ISO 50001 Energy Management System in 2014, Hsinchu fab also achieved the ISO 50001 Energy Management System certification in 2017. We actively promoted the use of renewable energy sources in 2020 and built solar power generation facilities to continuously increase the consumption ratio of renewable energies.

Environmental, Social and Governance (“ESG”) Initiatives and Sustainable Development Goals (“SDGs”) Linkings

ChipMOS adheres to the mission of “Acting with Integrity, Strengthening Environmental Protection, and Care for the Disadvantaged” and has formulated the “Sustainable Development Principles” and “Corporate Sustainability Policy”, which are adopted by the Board of Directors as the highest principle for the Company to promote sustainable development.

ChipMOS ESG Committee is the highest sustainability management organization within the organization. The Chairman & President serves as the Chairperson and the lead executive, and regularly report to the Board of Directors on the status and results of sustainability project implementations. According to the professional division of labor and the sustainability issues, the ESG Committee is divided into three groups: “Corporate Governance”, “Environmental Protection” and “Social and Employee Care”. The top managers of each unit are the main members, responsible for coordinating and promoting sustainability development goals. The ESG Committee meets regularly every year to jointly review the promotion of goals and discuss sustainability related plans.

ChipMOS formulates sustainability vision by integrating sustainability policy, organizational vision, and core missions, and inspects the vision’s link to the United Nations’ SDGs. In accordance with the Company’s ESG development direction and ChipMOS Material Topics, ChipMOS focuses on 10 major SDGs (SDG 3, SDG 4, SDG 6, SDG 7, SDG 8, SDG 11, SDG 12, SDG 13, SDG 16, SDG 17) to respond and set measurable and timely internal management objectives.

We have launched sustainable actions for all aspects during our business management, including: continuing to enhance corporate governance, complying with ethical management and being committed to the R&D and innovation of core technologies to realize our commitment and responsibilities to employees; and actively invest in green production to reduce harmful effects on the environment during production processes and continuing to enhance resource utilization efficiency to protect the environment. Internally, we persist in the protection and care for employees’ health and welfare while striving in employee development and assisting in their career development. Externally, we are deeply engaged in environmental sustainability and social welfare.

Green Production and Green Manufacturing

Global warming and climate change have become phenomenon that enterprises around the world need to address. ChipMOS continues to follow the Paris Agreement and strives to increase the use of renewable energy and improve the efficiency of energy use on the basis of strengthening adaptation to climate change, so as to reducing greenhouse gases and controlling global temperature rise, on top of enhancing adaptability to climate change. ChipMOS is committed to building solar power generation system up to 10% of the contracted power generation in 2024, planning various energy saving goals and achieve a company-wide energy saving rate more than 1%, and implementing products’ Carbon and Water Footprint and Material Flow Cost Accounting and more. Through reducing consumption and carbon emissions, we hope to reduce the impacts on the environment. At the same time, we also continue to educate employees to enhance their awareness for environmental protection. These efforts have also been extended to our suppliers and stakeholders as we hope to work collectively to become a low-carbon, energy-saving, and green enterprise.

Employee Value and Talent Developing

We are committed to equality and strive to provide equal employment opportunities. We protect the rights of our workers and respect every employee, and we have created a positive and friendly workplace environment. ChipMOS has set up comprehensive talent development framework and system and invested sufficient resources toward the training for Leadership, Technology, General Management, Quality, and for Newcomer Orientation. At the same time, talent development strategies have also been formulated to achieve talent development goals.

Long-Term Customer Partnerships

ChipMOS promises that products and services delivered to customers can meet their needs, are competitive, and are served on a timely basis. Upholding the principle of customer service, we provide comprehensive products and services from a customer oriented perspective with the aim of becoming their trusted, long-term partners.

Social Inclusion and Local Community Partnership

With the two major visions, namely “Environmental Sustainability” and “Public Welfare Practice”, ChipMOS has developed four major development aspects, including “Environment-Friendly”, “Community Feedback”, “Care for the disadvantaged” and “Talent Cultivation”, linking the 17 UN SDGs, while focusing on three SDGs (SDG 3, SDG 4 and SDG 11).

Environmental Sustainability

Various plans are conducted based on the two major aspects, “environmental friendliness” and “community feedback”. For the implementation strategy, we start from the Company internally and work with the community. Other than taking care of the surrounding

environment, we also use our social influence to work with the employees to love the Earth with diverse approaches. It is expected to take practical actions for fighting against climate change and global warming together.

Fulfillment of public welfare

ChipMOS insists to the philosophy of “taking from the society and using it for the society”, by connecting various internal and external resources, the prioritized focus are “cares for the disadvantaged” and “cultivation of young talents” for the public welfare practice, with active collaborations with local communities, schools and social welfare organizations. It is hoped to exert the full forces as a corporate, and invite ChipMOS employees to jointly support the public welfare activities, and extend the influence of public welfare to all corners of Taiwanese society through more diverse methods, for achieving common prosperity of the society, and implementing the spirit of corporate social citizen.

Corporate Governance

ChipMOS has established the corporate governance structure and formulated good governance system, abides by legal regulations and ethical management to ensure the Company’s robust operations and growth in line with its Articles of Incorporation, Corporate Governance Best Practice Principles and applicable laws and regulations. We strengthen supervision and management over the Company’s operations through the Board of Directors and are committed to protecting the rights and interests of shareholders and all other stakeholders. We actively communicate and interact with stakeholders, continue to enhance information transparency and fulfill sustainable development, which are also the key developments promoted by corporate governance.

We will continue to strengthen corporate governance management, including protecting shareholders’ rights and interests, strengthening the Board of Directors’ operations, strengthening risk management in internal control, enhancing information transparency, and fulfilling corporate social responsibility. These practices will help us to actively enhance the standard of corporate governance and the stakeholders’ understanding of our policy implementations and their results.

For further information on our ESG initiatives and SDGs linking, please see our annual Sustainability Reports, which are available on our website at <https://www.chipmos.com/english/csr/report.aspx>. The information contained on our website is not incorporated herein by reference and does not constitute part of this annual report.

Insurance

We maintain insurance policies on our buildings, equipment and inventories. These insurance policies cover property damages due to all risks, including but not limited to, fire, lightning and earthquakes. The maximum coverage of property insurance for the Company is approximately NT\$128,389 million.

Insurance coverage on facilities under construction is maintained by us and our contractors, who are obligated to procure necessary insurance policies and bear the relevant expenses of which we are the beneficiary. We also maintain insurance on the wafers delivered to us while these wafers are in our possession and during transportation from suppliers to us and from us to our customers.

Employees

See “Item 6. Directors, Senior Management and Employees—Employees” for certain information relating to our employees.

Taxation

See “Item 5. Operating and Financial Review and Prospects—Taxation” for certain information regarding the effect of ROC tax regulations on our operations.

Facilities

We provide testing services through our facilities in Taiwan at following locations: Chupei, the Hsinchu Industrial Park, the Hsinchu Science Park, and the Southern Taiwan Science Park. We provide assembly services through our facility at the Southern Taiwan Science Park. We own the land for our Hsinchu Industrial Park testing facility and Chupei facility and we lease two parcels of land for our Hsinchu Science Park testing facility with lease expiration in year 2027 and 2034, respectively, and two parcels of land for our Southern Taiwan Science Park facility with lease expiration in year 2024 and 2032.

The following table shows the location, primary use and size of each of our facilities, and the principal equipment installed at each facility, as of February 29, 2024.

Location of Facility	Primary Use	Floor Area (m2)	Principal Equipment
Chupei, Hsinchu	Testing/Gold Bumping	38,166	10 steppers 19 sputters 331 testers
Hsinchu Industrial Park	Testing	25,864	112 testers 27 burn-in ovens
Hsinchu Science Park	Testing	31,168	188 testers 53 burn-in ovens
Southern Taiwan Science Park	Assembly/Testing	173,129	948 wire bonders 113 inner-lead bonders 691 testers

Equipment

Testing of Memory and Logic/Mixed-Signal Semiconductors

Test equipment is the most capital-intensive component of the memory and logic/mixed-signal semiconductors test business. Upon the acquisition of new test equipment, we install, configure, calibrate and perform burn-in diagnostic tests on the equipment. We also establish parameters for the test equipment based on anticipated requirements of existing and potential customers and considerations relating to market trends. As of February 29, 2024, we operated 631 testers for testing memory and logic/mixed-signal semiconductors. We generally seek to purchase testers with similar functionality that are able to test a variety of different semiconductors. We purchase testers from international manufacturers Advantest Corporation.

In general, particular semiconductors can be tested using a limited number of specially designed testers. As part of the qualification process, customers will specify the machines on which their semiconductors may be tested. We often develop test program conversion tools that enable us to test semiconductors on multiple equipment platforms. This portability among testers enables us to allocate semiconductor testing across our available testing capacity and thereby improve capacity utilization rates. If a customer requires the testing of a semiconductor that is not yet fully developed, the customer consigns its testing software programs to us to test specific functions. If a customer specifies test equipment that is not widely applicable to other semiconductors we test, we require the customer to furnish the equipment on a consignment basis.

We will continue to acquire additional test equipment in the future to the extent market conditions, cash generated from operations, the availability of financing and other factors make it desirable to do so. Some of the equipment and related spare parts that we require have been in short supply in recent years. Moreover, the equipment is only available from a limited number of vendors or is manufactured in relatively limited quantities and may have lead time from order to delivery in excess of six months.

Assembly of Memory and Logic/Mixed-Signal Semiconductors

The number of wire bonders at a given facility is commonly used as a measure of the assembly capacity of the facility. Typically, wire bonders may be used, with minor modifications, for the assembly of different products. We purchase wire bonders principally from Shinkawa Co., Ltd. and Kulicke & Soffa Industries Inc. As of February 29, 2024, we operated 948 wire bonders. In addition to wire bonders, we maintain a variety of other types of assembly equipment, such as wafer grinders, wafer mounters, wafer saws, stealth dicing, die separator, die bonders, automated molding machines, laser markers, solder platers, pad printers, dejunkers, trimmers, formers, substrate saws and lead scanners.

Gold Bumping, Assembly and Testing of LCD, OLED, automotive panel and Other Display Panel Driver Semiconductors

We acquired TCP-related equipment from Sharp to begin our TCP-related services. We subsequently purchased additional TCP-related testers from Advantest Corporation and assembly equipment from Shibaura Mechatronics Corp. As of February 29, 2024, we operated 10 steppers and 19 sputters for gold bumping, 113 inner-lead bonders for assembly and 691 testers for LCD, OLED, automotive

panel and other display panel driver semiconductors. We are currently in the process of purchasing additional test equipment. The test equipment can be used for the COF and COG processes, while the inner-lead bonders are only used in the COF processes. The same types of wafer grinding, auto wafer mount and die saw equipment is used for the COF and COG processes. In addition, auto inspection machines and manual work are used in the COG process, which is more labor-intensive than the COF processes.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

This discussion and analysis should be read in conjunction with our consolidated financial statements and related notes contained in this Annual Report on Form 20-F.

Overview

We are a company limited by shares, incorporated in ROC on July 28, 1997. We provide a broad range of back-end assembly and testing services. Testing services include wafer probing and final testing of memory and logic/mixed-signal semiconductors. We also offer a broad selection of leadframe and organic substrate-based package assembly services for memory and logic/mixed-signal semiconductors. Our advanced leadframe-based packages include thin small outline packages, or TSOPs, and our advanced organic substrate-based packages include fine-pitch ball grid array, or fine-pitch BGA, packages. We also offer WLCSP products and turn-key flip chip assembly and testing services using variety of leadframe and organic substrate carriers. In addition, we provide gold bumping, reel to reel assembly and testing services for LCD, OLED, automotive panel and other display panel driver semiconductors by employing COF and COG technologies. Our copper bumping technology supports non-driver type of products, such as RDL, copper pillar, WLCSP etc. In 2023, our consolidated revenue was NT\$21,356 million (US\$698 million) and our profit for the year attributable to equity holders of the Company was NT\$1,968 million (US\$64 million).

The Company listed and commenced trading on the main board of TWSE on April 11, 2014. See “Item 3. Key Information—Risk Factors—Risks Relating to Our Common Shares or ADSs—The Company’s ability to maintain its listing and trading status of common shares on the Taiwan Stock Exchange or ADSs on the Nasdaq is dependent on factors outside of the Company’s control and satisfaction of stock exchange requirements. The Company may not be able to overcome such factors that disrupt its trading status of common shares on the Taiwan Stock Exchange or ADSs on the Nasdaq or satisfy other eligibility requirements that may be required of it in the future” for additional information.

On January 21, 2016, ChipMOS Bermuda and the Company entered into the Merger Agreement, pursuant to which ChipMOS Bermuda merged with and into the Company, with the latter being the surviving company after the Merger. Upon completion of the Merger, the Company and its subsidiaries owned continued to conduct the business that they conducted in substantially the same manner. For additional information regarding the Merger see “Item 4. Information on the Company”.

On November 30, 2016, the Company and Unigroup Guowei executed the Equity Interest Transfer Agreement. Under the agreement, ChipMOS BVI, a wholly-owned subsidiary of the Company, would sell 54.98% of the equity interests of its wholly-owned subsidiary, Unimos Shanghai, to strategic investors, including Unigroup Guowei, a subsidiary of Tsinghua Unigroup, which will hold 48% equity interests of Unimos Shanghai, and the other strategic investors, including a limited partnership owned by Unimos Shanghai’s employees, will own 6.98% equity interest of Unimos Shanghai. In March 2017, ChipMOS BVI completed the sale of 54.98% equity interests of Unimos Shanghai to Unigroup Guowei and other strategic investors. Unimos Shanghai was no longer the subsidiary of ChipMOS BVI. On June 30, 2017, we completed the first stage capital injection of Unimos Shanghai, and on January 19, 2018, completed the second stage capital injection of Unimos Shanghai. On December 16, 2019, Unigroup Guowei and one of the strategic investor sold and transferred all equity interests of Unimos Shanghai to Yangtze Memory, which holds 50% equity interests of Unimos Shanghai after the transaction completed. On May 11, 2020, one of the strategic investor sold and transferred all equity interests of Unimos Shanghai to Yangtze Memory, which holds 50.94% equity interests of Unimos Shanghai after completed transaction. On July 24, 2023, Yangtze Memory sold and transferred all equity interests of Unimos Shanghai to Yangtze Memory Holding, which holds 50.94% equity interests of Unimos Shanghai after completed transaction. See “Item 4. Information on the Company—Our Structure and History” for more details.

We conduct testing operations in our facilities at the Hsinchu Science Park, the Hsinchu Industrial Park and Chupei, gold bumping and wafer testing in our facility at Chupei, and assembly and testing operations in our facility at the Southern Taiwan Science Park. We also conduct operations in Mainland China through Unimos Shanghai, operates an assembly and testing facility at the Qingpu Industrial Zone in Shanghai. On December 21, 2023, we entered into an agreement to sell the entire remaining 45.0242% equity interests in Unimos Shanghai to the local Chinese investment management companies. The equity interest transfer is expected to be completed in the first half of 2024.

The following key trends are important to understand our business:

Capital Intensive Nature of Our Business. Our operations, in particular our testing operations, are characterized by relatively high fixed costs. We expect to continue to incur substantial depreciation and other expenses as a result of our previous acquisitions of assembly and testing equipment and facilities. Our profitability depends on part not only on absolute pricing levels for our services, but also on capacity utilization rates for our assembly and testing equipment. In particular, increases or decreases in our capacity utilization rates could significantly affect our gross margins since the unit cost of assembly and testing services generally decreases as fixed costs are allocated over a larger number of units.

The current generation of advanced testers typically cost between US\$0.7 million and US\$1.1 million each, while die bonders used in assembly typically cost approximately US\$270 thousand each wire bonders in assembly cost approximately US\$82 thousand each and package saw in assembly cost approximately US\$750 thousand each and WB plating cost approximately US\$4.5 million each. We begin depreciating our equipment when it is placed into commercial operation. There may be a time lag between the time when our equipment is placed into commercial operation and when it achieves high levels of utilization. In periods of depressed semiconductor industry conditions, we may experience lower than expected demand from our customers and a sharp decline in the average selling prices of our assembly and testing services, resulting in an increase in depreciation expenses relative to revenue. In particular, the capacity utilization rates for our Display panel driver semiconductors assembly and testing equipment may be severely adversely affected during a semiconductor industry downturn as a result of the decrease in outsourcing demand from integrated device manufacturers, or IDMs, which typically maintain larger in-house testing capacity than in-house assembly capacity.

Highly Cyclical Nature of the Semiconductor Industry. The worldwide semiconductor industry has experienced peaks and troughs over the last decade. Due to COVID-19, work-from-home and study-from-home demand had explosive growth, semiconductor face a strong demand for two years. However, the semiconductor supply chain inventory level increases and end-demand rapidly decrease influenced by geopolitics and global inflationary pressures. Demand soft caused customers' inventory adjustments and macro weakness. These macro headwinds impacted the worldwide semiconductor demand and lifted the inventory level, causing memory and panel demand soft and marketing price down since the second half of 2022 till the first half of 2023. It was getting stable by the end of 2023.

Declining Average Selling Prices of Our Assembly and Testing Services. The semiconductor industry is characterized by a general decrease in prices for products and services over the course of their product and technology life cycles. The rate of decline is particularly steep during periods of intense competition and adverse market conditions.

To enhance the competitiveness and increase the revenue, we will continue to seek to:

- improve production efficiency and attain high capacity utilization rates;
- concentrate on testing of potentially high-demand, high-growth semiconductors;
- develop new assembly technologies; and
- implement new technologies and platforms to shift into potentially higher margin services.

Market Conditions for the End-User Applications for Semiconductors. Market conditions in the semiconductor industry, to a large degree, track those for their end-user applications. Any deterioration in the market conditions for the end-user applications of semiconductors that we test and assemble may reduce demand for our services and, in turn, materially adversely affect our financial condition and results of operations. Our revenue is largely attributable to fees from testing and assembling semiconductors including DDIC and non-DDIC electronic components, for use in smart mobile devices, automotive and industrial market. Continuous pricing pressure on our assembly and testing services would negatively affect our earnings.

Change in Product Mix. We intend to continue focusing on testing and assembling more semiconductors that have the potential to provide higher margins, which includes OLED, TDDI and automotive application, and developing and offering new technologies in testing and assembly services, including flip chip packaging solution, in order to mitigate the effects of declining average selling prices for our services on our ability to attain profitability.

Recent Acquisition

On February 23, 2023, the Board of Directors of the Company adopted a resolution to acquire 1,000 thousand shares of Daypower Energy Co., Ltd. ("Daypower Energy") in the amount of NT\$12.5 million, representing 10% of shareholding. The Company holds one seat in Daypower Energy's Board of Directors.

On December 21, 2023, the Board of Directors of the Company has approved the proposed RMB 979.3 million sale of the equity interests in Unimos Shanghai by the Company's wholly-owned subsidiary, ChipMOS BVI, which is included as Exhibit 4.24. Under the proposed agreement, ChipMOS BVI will sell its entire remaining 45.0242% equity interests in Unimos Shanghai to Suzhou Oriza PuHua ZhiXin Equity Investment Partnership (L.P.) and other local Chinese investment management companies. Total consideration under the proposed all-cash sale of RMB 979.3 million will be paid to ChipMOS BVI in two installments, with the second installment to be paid six months after the first installment. As of December 31, 2023, the equity transfer was not completed, and therefore, the assets and the equity related to Unimos Shanghai have been reclassified to non-current assets held for sale according to IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations".

Revenue

We conduct our business according to the following main business segments: (1) testing services for memory and logic/mixed-signal semiconductors; (2) assembly services for memory and logic/mixed-signal semiconductors; (3) LCD, OLED, automotive panel and other display panel driver semiconductor assembly and testing services; and (4) bumping services for memory, logic/mixed-signal and LCD, OLED, automotive panel and other display panel driver semiconductors. The following table sets forth, for the periods indicated, our consolidated revenue for each segment.

	Year ended December 31,			
	2021	2022	2023	2023
	NT\$	NT\$	NT\$	US\$
	(in millions)			
Testing	\$ 5,899.6	\$ 5,244.0	\$ 4,394.7	\$ 143.5
Assembly	7,963.7	6,705.9	4,629.4	151.2
Display panel driver semiconductor assembly and testing	8,211.1	7,288.7	7,821.7	255.5
Bumping	5,325.6	4,278.5	4,510.4	147.3
Total	<u>\$ 27,400.0</u>	<u>\$ 23,517.1</u>	<u>\$ 21,356.2</u>	<u>\$ 697.5</u>

Our revenue consists primarily of service fees for testing and assembling semiconductors, and to a lesser extent, fees from equipment rentals to semiconductor manufacturers for engineering testing, less allowances for product returns. We offer assembly and testing services for memory and logic/mixed-signal semiconductors, assembly and testing services for LCD, OLED, automotive panel and other display panel driver semiconductors and bumping services.

Most of our customers do not place purchase orders far in advance and our contracts with customers generally do not require minimum purchases of our products or services. Our customers' purchase orders have varied significantly from period to period because demand for their products is often volatile. We have strategically entered into long-term capacity agreements with some of our customers. Under certain of those long-term agreements, we have agreed to reserve capacity for our customers and our customers have agreed to place orders in the amount of the reserved capacity (which is subject in certain cases to reduction by the customers). As part of our strategy, we intend to continue enter into additional long-term capacity agreements as well as focus on our business with smaller customers or customers who do not place orders on a regular basis. We believe that the dual focused strategy would assist us to be better prepared for the current economic volatility and ensure maximum utilization rate of our capacity and help us to develop closer relationships with all types of our customers. Depending on customer demands, market conditions and other considerations, we remain to be focused on expansion of our operations with possible future long-term capacity agreements.

Our financial condition and results of operations have also been, and are likely to continue to be, affected by price pressures on our service fees, which tend to decline in tandem with the declining average selling prices of the products we test and assemble over the course of their product and technology life cycles. In order to maintain our margins, it is necessary to offset the fee erosion by continually improving our production efficiency and maintaining high capacity utilization rates. We also plan to continue to develop and implement new technologies and expand our services into potentially higher-margin segments. These efforts require significant upfront investment in advance of incremental revenue, which could impact our margins.

Pricing

We price our testing fees primarily based on the cost of testing the products to our customers' specifications, including the costs of the required material and components, the depreciation expenses relating to the equipment involved and our overhead expenses, and with reference to prevailing market prices. Accordingly, the testing fee for a particular product would principally depend on the time taken to perform the tests, the complexity of the product and the testing process, and the cost of the equipment used to perform the test. For example, testing fees for memory semiconductors are significantly higher than those for other products because of the longer time required and the need for burn-in testing. In addition, TDDI as a multi-functional product which is DDIC with touch function, its testing process required longer testing time than traditional DDIC, thus the testing cost also will be higher than DDIC product.

We price our assembly services on a per unit basis, taking into account the complexity of the package, our costs, including the costs of the required material and components, the depreciation expenses relating to the equipment involved and our overhead expenses, prevailing market conditions, the order size, the strength and history of our relationship with the customer and our capacity utilization.

We price our assembly and testing services for DDIC/TDDI and other display panel driver semiconductors and bumping services on the basis of our costs, including the costs of the required material and components, the depreciation expenses relating to the equipment involved and our overhead expenses, and the price for comparable services.

Revenue Recognition

We generally recognize our revenue from services for assembly and testing services based on the progress towards completion of performance obligation during the service period. The progress towards completion on assembly services is measured by the actual input costs relative to estimate total expected input costs. The progress towards completion on testing services is measured by the actual incurred testing volume. We provide assembly and testing services based on customer's specification, thus, the input costs incurred to assembly and testing volume completed in testing services are not linear over the duration of these services.

Geography and Currency

The majority of our revenue is generated from customers headquartered in Taiwan, which represented 79%, 79% and 81% of our revenue in 2021, 2022 and 2023, respectively. We also generate revenue from customers in Singapore, Japan and other countries. As we generate most of our revenue from Taiwanese customers using our Taiwanese operations, and since most of our labor and overhead costs are denominated in NT dollars, we consider the NT dollar to be our functional currency.

See Note 41 to our consolidated financial statements contained in this Annual Report on Form 20-F and "Item 11. Quantitative and Qualitative Disclosure about Market Risk—Market Risks—Foreign Currency Exchange Rate Risks" for certain information on our exchange rate risks.

Cost of Revenue and Gross Profit

Our cost of revenue consists primarily of the following: depreciation expenses, raw material costs, and labor and overhead expenses, which primarily include expendable equipment, utilities expenses and inventory supplies. Our operations, in particular our testing, are characterized by relatively high fixed costs. We expect to continue to incur substantial depreciation and other expenses as a result of our previous and future acquisitions of assembly and testing equipment and facilities. As of February 29, 2024, we had 1,322 testers, 80 burn-in ovens, 948 wire bonders, 113 inner-lead bonders, 10 steppers and 19 sputters. We use inner-lead bonders for the assembly of LCD, OLED, automotive panel and other display panel driver semiconductors using COF technology, and wire bonders for TSOP, BGA, and some other package assembly technologies.

Our profitability depends in part not only on absolute pricing levels for our services, but also on our capacity utilization rates. Due to the weakness of macro-economic environment, softness in market demand and customer adjustment of inventory level, the utilization rate of our production lines has decreased since second half of 2022. Our average capacity utilization rate for testing of memory and logic/mixed-signal semiconductors was 83% in 2021, 66% in 2022 and 58% in 2023. Our average capacity utilization rate for assembly of memory and logic/mixed-signal semiconductors was 85% in 2021, 62% in 2022 and 46% in 2023. Our average capacity utilization rate for Display panel driver semiconductor assembly and testing was 80% in 2021, 67% in 2022 and 69% in 2023. In addition, our average capacity utilization rate for bumping was 85% in 2021, 63% in 2022 and 58% in 2023.

For each period of time selected, we derived the capacity utilization rate for our testing operations by dividing the total number of hours of actual use of our facilities' testing equipment units by the maximum number of hours that these equipment units were capable of being used. The testing capacity utilization rate generally increases in correlation to increases in the total volume of our customer orders, and generally decreases in correlation to decreases in the total volume of our customer orders.

For each period of time selected, we derived the capacity utilization rate for our assembly operations by dividing the total number of units actually produced by our assembly facilities by the maximum number of units that these facilities are capable of producing. The assembly capacity utilization rate generally increases in correlation to increases in the total volume of our customer orders, and generally decreases in correlation to decreases in the total volume of our customer orders.

Our gross revenue is generally the product of the progress towards completion multiplied by the average selling price per deliverable unit from our assembly or testing services, as the case may be. As a result, in a period where the average selling prices for our services do not fluctuate significantly, increases or decreases in our capacity utilization rates generally correlate to increases or decreases in our gross revenue. Periods with significant increases in the average selling prices for our services reduce the negative impact on our gross revenue from any decreases in our capacity utilization rates. Similarly, periods with significant decreases in the average selling prices for our services reduce the positive impact on our gross revenue from any increases in our capacity utilization rates.

The Company has significant fixed costs in operating our assembly and testing facilities. For this reason, decreases in our cost of goods sold during a period generally occur at a slower rate than decreases, during the same period, in our gross revenue due to lower capacity utilization rates, lower average selling prices for our services, or both. Also, as a result, our gross margin and profitability generally decrease in correlation to decreases in our capacity utilization rates, decreases in our average selling prices for our services, or both. Similarly, our gross margin and profitability generally increase in correlation to increases in our capacity utilization rates, increases in our average selling prices for our services, or both. Due to the cyclical nature of the semiconductor industry, customer orders may change significantly, causing fluctuation in our capacity utilization rate and average selling prices for our service.

Most of our labor and overhead costs are denominated in NT dollars. However, we also incur costs of revenues and operating expenses associated with assembly and testing services in several other currencies, including Japanese yen, US dollars and RMB. In addition, a substantial portion of our capital expenditures, primarily for the purchase of assembly and testing equipment, has been, and is expected to continue to be, denominated in Japanese yen with much of the remainder denominated in US dollars.

The following table sets forth, for the periods indicated, our gross profit and our gross profit margin as a percentage of revenue.

	Year ended December 31,			
	2021	2022	2023	2023
	NT\$	NT\$	NT\$	US\$
	(in millions)			
Gross profit (loss):				
Testing	\$ 2,188.0	\$ 1,637.2	\$ 873.3	\$ 28.5
Assembly	1,370.1	467.4	(671.5)	(21.9)
Display panel driver semiconductor assembly and testing	2,725.9	2,136.9	2,446.4	79.9
Bumping	970.0	670.6	901.2	29.4
Total	\$ 7,254.0	\$ 4,912.1	\$ 3,549.4	\$ 115.9
Gross profit (loss) margin:				
Testing	37.1%	31.2%	19.9%	19.9%
Assembly	17.2%	7.0%	-14.5%	-14.5%
Display panel driver semiconductor assembly and testing	33.2%	29.3%	31.3%	31.3%
Bumping	18.2%	15.7%	20.0%	20.0%
Overall	26.5%	20.9%	16.6%	16.6%

Operating Expenses

Sales and Marketing

Sales and marketing expenses consist primarily of shipping and handling expenses incurred in delivering products to our customers' designated locations and other marketing expenses, salaries and related expenses for sales and marketing personnel, depreciation expenses and entertainment fees.

General and Administrative

General and administrative expenses consist of salaries and related expenses for executive, finance and accounting, and management information systems personnel, professional service fees, depreciation expenses, tax and duty fee, property insurance fees and other corporate expenses. We expect general and administrative expenses to increase in absolute terms as we add personnel and incur additional expenses related to the growth of our business and operations.

Research and Development

Research and development expenses consist primarily of personnel expenses, depreciation, maintenance and repair expenses, facilities expenses, utilities expenses and other consulting fees and certification fees paid to third parties. Research and development expenses are recognized as they are incurred. We currently expect that research and development expenses will increase in the future as we continue to explore new technologies and service offerings. We also expect to hire additional employees in our research and development department.

Other Income (Expenses), Net

Our other income principally consists of gain on disposal of scrapped materials, gain on disposal of property, plant and equipment and gain on disposal of items purchased on behalf of others.

Our other expenses principally consist of impairment loss on property, plant and equipment.

Other Income

Our other income principally consists of rental income, grant income and dividend income.

Other Gains and Losses

Our other gains principally consist of foreign exchange gains, gain on valuation of financial assets at fair value through profit or loss, reimbursement of ADSs service charge and compensation income.

Our other losses principally consist of foreign exchange losses and loss on valuation of financial assets at fair value through profit or loss.

Profit for the Year Attributable to Equity Holders of the Company

Our profit for the year attributable to equity holders of the Company were NT\$4,937 million, NT\$3,440 million and NT\$1,968 million (US\$64 million) in 2021, 2022 and 2023, respectively. We believe our future results will be dependent upon the overall economic conditions in the markets we serve, the competitive environment in which we operate, and our ability to successfully implement our strategy, among other things. For additional information on factors that will affect our future performance, see “Item 3. Key Information—Risk Factors”.

Results of Operations

The following table sets forth, for the periods indicated, financial data from our consolidated statements of comprehensive income.

	Year ended December 31,							
	2021		2022		2023			
	NT\$	Percentage	NT\$	Percentage	NT\$	US\$	Percentage	
	(in millions, except percentage)							
Revenue	\$ 27,400.0	100.0%	\$ 23,517.1	100.0%	\$ 21,356.2	\$ 697.5	100.0%	
Cost of revenue	(20,146.0)	(73.5)%	(18,605.0)	(79.1)%	(17,806.8)	(581.6)	(83.4)%	
Gross profit	7,254.0	26.5%	4,912.1	20.9%	3,549.4	115.9	16.6%	
Operating expenses	(1,817.2)	(6.7)%	(1,825.3)	(7.8)%	(1,726.9)	(56.4)	(8.1)%	
Other income (expenses), net	125.6	0.5%	129.9	0.6%	85.9	2.8	0.4%	
Operating profit	5,562.4	20.3%	3,216.7	13.7%	1,908.4	62.3	8.9%	
Non-operating income (expenses), net	473.2	1.7%	811.2	3.4%	359.8	11.8	1.7%	
Profit before income tax	6,035.6	22.0%	4,027.9	17.1%	2,268.2	74.1	10.6%	
Income tax expense	(1,098.3)	(4.0)%	(588.2)	(2.5)%	(300.6)	(9.8)	(1.4)%	
Profit for the year	\$ 4,937.3	18.0%	\$ 3,439.7	14.6%	\$ 1,967.6	\$ 64.3	9.2%	
Total comprehensive income for the year	\$ 5,021.5	18.3%	\$ 3,624.0	15.4%	\$ 1,796.6	\$ 58.7	8.4%	

The following table sets forth, for the periods indicated, earnings per common share and ADS.

	Year ended December 31,			
	2021	2022	2023	2023
	NTS	NTS	NTS	US\$
Earnings per share—basic	\$ 6.79	\$ 4.73	\$ 2.71	\$ 0.09
Earnings per share—diluted	6.65	4.63	2.68	0.09
Earnings per equivalent ADS—basic	135.78	94.60	54.11	1.77
Earnings per equivalent ADS—diluted	132.93	92.63	53.54	1.75
Weighted average number of shares outstanding (in million shares):				
Basic	727.2	727.2	727.2	727.2
Diluted	742.9	742.6	734.9	734.9

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue. Our revenue decreased by NT\$2,161 million, or 9%, to NT\$21,356 million (US\$698 million) in 2023 from NT\$23,517 million in 2022.

Revenue from testing services decreased by NT\$849 million, or 16%, to NT\$4,395 million (US\$144 million) in 2023 from NT\$5,244 million in 2022, principally due to the decreased customer demand. The sales quantity decreased around 7% compared to 2022.

Revenue from assembly services decreased by NT\$2,077 million, or 31%, to NT\$4,629 million (US\$151 million) in 2023 from NT\$6,706 million in 2022, primarily as a result of the decreased customer demand. The sales quantity decreased around 30% compared to 2022.

Revenue from Display panel driver semiconductor assembly and testing services increased by NT\$533 million, or 7%, to NT\$7,822 million (US\$256 million) in 2023 from NT\$7,289 million in 2022. This increase was principally as a result of an increase in customer demand. The sales quantity increased around 6% compared to 2022.

Revenue from bumping services increased by NT\$232 million, or 5%, to NT\$4,510 million (US\$147 million) in 2023 from NT\$4,278 million in 2022. This increase was principally due to the increased average selling price.

The decrease in segment revenue of testing services and assembly service was principally due to the softness in broader market demand, including smart phones, TVs, PC/servers and other consumer products, and customer inventory level adjustments, led to the lower utilization rate of our production lines. However, in 2023, automotive panel and OLED demand is stable compared to other products.

Cost of Revenue and Gross Profit. Cost of revenue decreased by NT\$798 million, or 4%, to NT\$17,807 million (US\$582 million) in 2023 from NT\$18,605 million in 2022, primarily due to the decrease of direct material expense and direct labor expense of NT\$521 million (US\$17 million) and NT\$298 million (US\$10 million), respectively. The decrease in cost of revenue was primary due to softness in market demand and decreased sales volume, which impacted our related costs.

Our gross profit decreased to NT\$3,549 million (US\$116 million) in 2023 from NT\$4,912 million in 2022. Our gross margin was 16.6% in 2023, compared to 20.9% in 2022.

Our gross profit margin for testing services decreased to 19.9% in 2023 from 31.2% in 2022, primarily due to the decrease in revenue resulted from the decreased customer demand.

Our gross profit margin for assembly services decreased to -14.5% in 2023 from 7.0% in 2022, primarily due to the decrease in revenue resulted from the decreased customer demand. We had added capacity from 2021 to the first half of 2022, however, the demand of memory assembly services was decreased from the second half of 2022 till the first half of 2023. It caused the lower utilization rates of assembly and led a higher depreciation from NT\$695 million in 2022 to NT\$722 million (US\$24 million) in 2023.

Our gross profit margin for Display panel driver semiconductor assembly and testing services increased to 31.3% in 2023 from 29.3% in 2022, primarily due to the increase in revenue resulted from the increased customer demand.

Our gross profit margin for bumping services increased to 20.0% in 2023 from 15.7% in 2022, primarily due to the increase in revenue resulted from the increased average selling price.

Our profitability depends in part not only on absolute pricing levels for our services, but also on the utilization rates for our assembly and testing equipment. Because our operations are characterized by a high proportion of fixed costs, if the customer demand decreased, it also caused the lower utilization rate of our production lines. The decrease in segment gross profit of testing services and assembly services was due to the lower utilization rate of our production lines. Our average capacity utilization rate for testing of memory and logic/mixed-signal semiconductors was 66% in 2022 and 58% in 2023. Our average capacity utilization rate for assembly of memory and logic/mixed-signal semiconductors was 62% in 2022 and 46% in 2023. Our average capacity utilization rate for DDIC assembly and testing was 67% in 2022 and 69% in 2023. In addition, our average capacity utilization rate for bumping was 63% in 2022 and 58% in 2023.

See “— Cost of Revenue and Gross Profit” for more information concerning our assembly and testing capacity utilization rates and the impact on our revenue, gross profit and profitability from any increases or decreases in our capacity utilization rate.

	Year ended December 31,			
	2021	2022	2023	2023
	NT\$	NT\$	NT\$	US\$
	(in millions)			
Sales and marketing expenses	\$ 73.9	\$ 128.0	\$ 135.7	\$ 4.4
General and administrative expenses	604.1	538.7	497.7	16.3
Research and development expenses	1,139.2	1,158.6	1,093.5	35.7
Total operating expenses	\$ 1,817.2	\$ 1,825.3	\$ 1,726.9	\$ 56.4

Sales and Marketing Expenses. Sales and marketing expenses increased by NT\$8 million, or 6%, to NT\$136 million (US\$5 million) in 2023 from NT\$128 million in 2022, primarily due to the increase of employee benefit expenses, entertainment expenses, travel expenses and rental expenses. As a result of easing COVID-19 related restrictions, entertainment expenses and travel expenses were increased compared to 2022.

General and Administrative Expenses. General and administrative expenses decreased by NT\$41 million, or 8%, to NT\$498 million (US\$16 million) in 2023 from NT\$539 million in 2022, primarily due to the decrease of employee benefit expenses, facilities expenses and partially offset by the increase of the maintenance and repair expenses and professional service expenses.

Research and Development Expenses. Research and development expenses decreased by NT\$65 million, or 6%, to NT\$1,093 million (US\$36 million) in 2023 from NT\$1,158 million in 2022, primarily due to the decrease of employee benefit expenses, expendable equipment expenses and partially offset by the increase of maintenance and repair expense and depreciation expense.

Other Income (Expenses), Net. Other operating income, net decreased by NT\$44 million, or 34%, to NT\$86 million (US\$3 million) in 2023 from NT\$130 million in 2022, primarily due to the decrease of gain on disposal of property, plant and equipment and partially offset by the increase of gain on disposal of scrapped material in 2023.

	Year ended December 31,			
	2021	2022	2023	2023
	NT\$	NT\$	NT\$	US\$
	(in millions)			
Interest income	\$ 10.0	\$ 57.2	\$ 193.2	\$ 6.3
Other income	34.5	67.0	77.6	2.6
Other gains and losses	(65.8)	386.6	135.5	4.4
Financial costs	(131.2)	(153.3)	(266.4)	(8.7)
Share of profit of associates and joint ventures accounted for using equity method	625.7	453.7	219.9	7.2
Total non-operating income (expenses), net	\$ 473.2	\$ 811.2	\$ 359.8	\$ 11.8

Non-Operating Income (Expenses), Net Non-operating income, net decreased by NT\$451 million, or 56%, to NT\$360 million (US\$12 million) in 2023 from NT\$811 million in 2022, primarily due to the decrease of the foreign exchange gains of NT\$370 million (US\$12 million) and share of profit of associates and joint ventures accounted for using equity method of NT\$234 million (US\$8 million) which is primarily due to the investment in Unimos Shanghai and partially offset by the increase of interest income of NT\$136 million (US\$4 million) due to the increase of the time deposits.

Profit before Income Tax. As a result of the foregoing, profit before income tax decreased by 44% to NT\$2,268 million (US\$74 million) in 2023 from NT\$4,028 million in 2022.

Income Tax Expense. We had an income tax expense of NT\$300 million (US\$10 million) in 2023 compared to income tax expense of NT\$588 million for 2022, primarily due to the decrease of the profit before income tax in 2023.

Profit for the Year Attributable to Equity Holders of the Company. As a result of the foregoing operations, the profit for the year attributable to the Company was NT\$1,968 million (US\$64 million) in 2023, compared to NT\$3,440 million in 2022.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

For a detailed description of the comparison of our operating results for the year ended December 31, 2022 to the year ended December 31, 2021, please refer to “Item 5. Operating and Financial Review and Prospects—Results of Operations—Year Ended December 31, 2022 Compared to Year Ended December 31, 2021” of our annual report on Form 20-F filed with the Securities and Exchange Commission on April 13, 2023.

Impact of Foreign Currency Fluctuations and Governmental or Political Factors

For a discussion of the impact of foreign currency fluctuations and governmental economics, fiscal, monetary or political policies or factors that may directly or indirect impact us, see “Item 3. Key Information—Risks Factors—Risks Relating to Our Business—Fluctuations in exchange rates could result in foreign exchange losses” and “Item 3. Key Information—Risks Factors—Risks Relating to Countries in Which We Conduct Operations.

Liquidity and Capital Resources

Since our inception, we have funded our operations and growth primarily through the issuance of equity, a mixture of short- and long-term bank loans and cash flow from operations. As of December 31, 2023, our primary sources of liquidity were cash and cash equivalents of NT\$12,354 million (US\$403 million), short-term bank loans of NT\$6,424 million (US\$210 million) available to us in undrawn facilities, which have expired or will expire from March 2024 to December 2024, and long-term bank loans of NT\$7,233 million (US\$236 million) available to us in undrawn facilities, which will expire in July 2025. We have taken the following steps to meet our liquidity, capital spending and other capital needs.

In May 2018, the Company obtained a syndicated loan facility from banks in Taiwan in the amount of NT\$12 billion for a term of five years, which was used to repay the existing debt of financial institutions and broaden the Company’s working capital. The syndicated loan was fully repaid in advance in March 2022.

On January 1, 2019, MOEA implemented the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan and companies are subsidized with preferential interest loans for qualified investment projects. The Company has obtained the qualification from the MOEA, and signed loan agreements with financial institutions during January 2020 to September 2022 with the line of credit amounted to NT\$23.73 billion (US\$775 million) and terms from seven to ten years. As of the issue date of this report, the Company has used NT\$16,495 million (US\$539 million) of the credit line. See “Item 3. Key Information—Risk Factors—Risks Relating to Our Business—Our significant amount of indebtedness and interest expense will limit our cash flow and could adversely affect our operations” for additional information.

The following table summarizes our contractual obligations and commitments as of December 31, 2023, or the periods indicated:

Contractual Obligations	Payments Due by Period				
	Total	Within	1 to 3 years	3 to 5 years	Over
	NT\$	1 year	NT\$	NT\$	5 years
		NT\$	NT\$	NT\$	NT\$
		(in millions)			
Long-term bank loans ⁽¹⁾	\$ 15,581	\$ 2,470	\$ 7,507	\$ 4,273	\$ 1,331
Lease liabilities ⁽¹⁾	1,258	268	250	58	682
Capital commitments	21	—	—	—	21
Total contractual cash obligations	\$ 16,860	\$ 2,738	\$ 7,757	\$ 4,331	\$ 2,034

Note:

(1) Includes interest payments. Assumes level of relevant interest rates remains at December 31, 2023, level throughout all relevant periods.

In addition to the commitments set forth in the contractual obligations table above, we have certain outstanding purchase orders relating to the procurement of raw materials for which there are no definite delivery dates or deadlines.

The following table sets forth capital expenditures, depreciation and amortization and our cash flows with respect to operating activities, investing activities, financing activities and the effect of exchange rate changes on cash for the periods indicated.

	Year ended December 31,			
	2021	2022	2023	2023
	NTS	NTS	NTS	US\$
	(in millions)			
Capital expenditures	\$ 6,552.7	\$ 4,918.5	\$ 3,228.5	\$ 105.4
Depreciation and amortization	4,634.1	4,751.9	4,779.3	156.1
Net cash generated from (used in):				
Operating activities	\$ 7,319.7	\$ 8,616.4	\$ 6,607.5	\$ 215.8
Investing activities	(6,015.4)	(5,061.9)	(3,090.2)	(100.9)
Financing activities	494.4	416.9	(1,059.1)	(34.6)
Effect of exchange rate changes	(6.2)	19.0	(0.8)	—
Net increase in cash and cash equivalents	<u>\$ 1,792.5</u>	<u>\$ 3,990.4</u>	<u>\$ 2,457.4</u>	<u>\$ 80.3</u>

Net Cash Generated from Operating Activities

Net cash generated from operating activities amounted to NT\$6,607 million (US\$216 million) in 2023, primarily as a result of (i) profit before income tax of NT\$2,268 million (US\$74 million), (ii) our non-cash depreciation in the amount of NT\$4,779 million (US\$156 million), and (iii) the changes in accounts and notes receivable and inventories of NT\$303 million (US\$10 million). Net cash generated from operating activities amounted to NT\$8,616 million in 2022, primarily as a result of (i) profit before income tax of NT\$4,028 million, (ii) our non-cash depreciation in the amount of NT\$4,752 million, partially offset by the non-cash share of profit of associates and joint ventures accounted for using equity method of NT\$454 million, (iii) the changes in accounts and notes receivable and accounts and notes payable of NT\$1,511 million and (iv) income tax paid of NT\$1,355 million. The decrease in net cash generated from operating activities in 2023 compared to 2022 was primarily due to the decrease in profit before income tax and the cash outflows from changes in accounts and notes receivables. The accounts and notes receivable were higher compared to prior year due to year-end revenue growth and customer payment schedule. Cash inflows were impacted by the decrease of share of profit of associates and joint ventures accounted for using equity method, inventories and income tax paid and increase of accounts and notes payable. Changes in inventories and accounts and notes payables were due to softness in market demand and resulted in lower purchase in 2022. The decrease in income tax paid compared to prior year was due to lower net profit in 2022.

Net Cash Used in Investing Activities

Net cash used in investing activities amounted to NT\$3,090 million (US\$101 million) in 2023, primarily due to net payment for property, plant and equipment of NT\$2,990 million (US\$98 million). Net cash used in investing activities amounted to NT\$5,062 million in 2022, primarily due to net payment for property, plant and equipment of NT\$4,622 million and increase in other non-current assets of NT\$401 million.

Net Cash Generated from (Used in) Financing Activities

Net cash used in financing activities amounted to NT\$1,059 million (US\$35 million) in 2023. This amount comprises net proceeds from long-term bank loans and lease liabilities in the amount of NT\$614 million (US\$20 million) and the distribution of cash dividends in the amount of NT\$1,673 million (US\$55 million). Net cash generated from financing activities amounted to NT\$417 million in 2022. This amount comprises net proceeds from short-term, long-term bank loans and lease liabilities in the amount of NT\$3,544 million and the distribution of cash dividends in the amount of NT\$3,127 million.

For a detailed description of the comparison of our cash flows for the year ended December 31, 2022 to the year ended December 31, 2021, please refer to “Item 5. Operating and Financial Review and Prospects —Liquidity and Capital Resources” of our annual report on Form 20-F filed with the Securities and Exchange Commission on April 13, 2023.

Loans

As of December 31, 2023, we had long-term bank loans of NT\$14,912 million (US\$487 million) (including current portions of such long-term bank loans of NT\$2,264 million (US\$74 million)). As of December 31, 2023, NT\$11,271 million (US\$368 million) of our long-term bank loans were collateralized by land, buildings and equipment. Our long-term bank loans were floating rate loans with a rate between 1.2% to 1.75% as of December 31, 2023. Government granted bank loan is repayable monthly from March 2023 to October 2032.

We had entered into the following syndicated loan and long-term loans facilities:

- On May 15, 2018, we obtained a syndicated loan from banks in Taiwan in the amount of NT\$12 billion with a term of five years. This loan facility is secured by existing land and buildings and equipment. This loan facility fully repaid in March 2022.
- On January 1, 2019, MOEA implemented the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan and companies are subsidized with preferential interest loans for qualified investment projects. The Company has obtained the qualification from the MOEA, and signed loan agreements with financial institutions during January 2020 to September 2022 with the line of credit amounted to NT\$23.73 billion (US\$775 million) and terms from seven to ten years. As of the issue date of this report, the Company has used the credit line of the aforementioned project loans for amount of NT\$16,495 million (US\$539 million).

Our 2018 syndicated loan agreement contains covenants that, if violated, could result in the obligations under these agreements becoming due prior to the originally scheduled maturity dates. These covenants include financial covenants that require us to:

- maintain current assets to current liabilities ratio above 1:1;
- maintain total indebtedness to shareholders' equity (excluding intangible assets) ratio below 1.5:1; and
- maintain the profit before interest, taxes, depreciation and amortization to gross interest expense ratio above 2.5:1.

We were in compliance with these financial covenants ratio requirements for 2018 to 2022.

In addition, a substantial portion of our short-term and long-term borrowings may be subject to repayment upon a material deterioration of our financial condition, results of operations or our ability to perform under the loan agreements.

Set forth below are the maturities of our long-term bank loans outstanding as of December 31, 2023:

	As of	
	December 31, 2023	
	NT\$	US\$
	(in millions)	
During 2024	\$ 2,264	\$ 74
During 2025	3,314	108
During 2026	3,877	127
During 2027	2,417	79
During 2028 and onwards	3,040	99
	<u>\$ 14,912</u>	<u>\$ 487</u>

As of December 31, 2023, certain of our property, plant and equipment and non-current financial assets at amortized cost with an aggregate net book value of NT\$13,928 million (US\$455 million) and NT\$37 million (US\$1 million), respectively, were pledged as collateral mainly for long-term bank loans and leases.

As of December 31, 2023, we had no short-term loans outstanding.

We believe our current cash and cash equivalents, cash flows from operations and available credit facilities will be sufficient to meet our capital spending, commitments and other capital needs through the one year after the issuance date of financial statements. There can be no assurance regarding these matters, however, considering prevailing global economic conditions which continue to have a negative impact on our ability to accurately forecast our revenues, results of operations and cash position. See "Item 3. Key Information—Risk Factors—Risks Relating to Our Business—Our significant amount of indebtedness and interest expense will limit our cash flow and could adversely affect our operations".

Research and development, patents and licenses

See the discussion under "Item 4. Information on the Company—Research and Development".

Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2023 to December 31, 2023 that are reasonably likely to have a material effect on our operating revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

Off-Balance Sheet Arrangements

As of December 31, 2023, we had no off-balance sheet arrangements.

Taxation

The Company is entitled to tax incentives generally available to Taiwan companies under the ROC Statute for Industrial Innovation, a profit-seeking enterprise may deduct up to (i) 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred; or (ii) 10% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred or the following two years. However, the deduction may not exceed 30% of the income tax payable for that fiscal year. In 2021, 2022 and 2023, tax credits resulted in tax savings for the Company of approximately NT\$9 million, NT\$12 million and NT\$12 million (US\$392 thousand), respectively.

For the purpose of optimizing industrial structure, the Executive Yuan of the ROC government encourages domestic companies to make multiple innovations along with the applications of the smart technology. Companies may deduct to the income tax payable for the current year up to 5% of the annual spending or the income tax payable for the three years from current year up to 3% of the annual spending. However, the deduction may not exceed 30% of the income tax payable for that fiscal year. Companies are eligible for the investment credit under the preceding paragraph and other types of investment credit in a year, the total amount creditable in that year shall not exceed 50% of the income tax payable for the current year, unless the current year is the final year for using such credit and no cap is imposed on the creditable amount for that year according to other laws. In 2023, tax credits resulted in tax savings for the Company of approximately NT\$38 million (US\$1 million).

Companies are encouraged to use their earnings to make substantial investment or upgrade production technology or the quality of products or services, if companies use a certain amount of their undistributed earnings to construct or purchase buildings, software or hardware equipment, or technology for use in production or operation as needed for operation of its business or ancillary business within three years from the year after such earnings are derived, such investment amounts may be deducted from the undistributed earnings in calculation of the current year's undistributed earnings.

The ROC government enacted the alternative minimum tax ("AMT") Act that became effective on January 1, 2006. The AMT imposed under the AMT Act is a supplemental tax which is payable if the income tax payable pursuant to the ROC Income Tax Act is below the minimum amount prescribed under the AMT Act. The taxable income for calculating the AMT includes most income that is exempted from income tax under various legislations, such as tax holidays and investment tax credits. The AMT rate for business entities is 12%. However, the AMT Act grandfathered certain tax exemptions and tax credits granted prior to the enactment of the AMT. In 2021, 2022 and 2023, AMT Act had no effects on the tax expenses of the Company since the income tax payable is above the minimum amount prescribed under the AMT Act.

Item 6. Directors, Senior Management and Employees

Directors and Senior Management

According to our Articles of Incorporation, the number of directors must not be less than nine and must not be greater than eleven. Further, among the directors, there shall be three to five independent directors, provided that the number of independent directors shall not be less than one-fifth of the total number of directors. Our Board of Directors currently comprises of nine directors who were elected by our shareholders. Of our current nine directors, five are independent directors. The chairman of our board is appointed among the members of our board. The term of office for directors is three years.

Pursuant to ROC Securities and Exchange Act, we are required to establish an audit committee and a compensation committee. The audit committee should be composed of all of our independent directors but not less than three, of which at least one member should have accounting or related financial management expertise. The compensation committee must be composed of qualified independent members as defined under local law. The Company has established its audit committee, compensation committee and nomination committee.

Pursuant to the ROC Company Act, a person may serve as our director in his or her personal capacity or as the representative of another legal entity. A director who serves as the representative of a legal entity may be removed or replaced at any time at the discretion of that legal entity, and the replacement director may serve the remainder of the term of office of the replaced director. Since July 12, 2021, of our current nine directors, two directors are representatives of Siliconware Precision which is our largest shareholder.

The following table sets out the names of our directors and executive officers, their positions with our company and their ages as of February 29, 2024. The business address for our directors and executive officers is No. 1, R&D Road 1, Hsinchu Science Park, Hsinchu, Taiwan, ROC.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Term Expires</u>
Shih-Jye Cheng	65	Chairman and Director / President	2024
Kun-Yi Chien	68	Director (representative, Siliconware Precision)	2024
David Chang	54	Director (representative, Siliconware Precision)	2024
Silvia Su	53	Director / Vice President, Finance and Accounting Management Center / Corporate Governance Officer	2024
Chin-Shyh Ou	66	Independent Director	2024
Kuei-Ann Wen	63	Independent Director	2024
Hui-Fen Chan	55	Independent Director	2024
Yeong-Her Wang	67	Independent Director	2024
Hong-Tzer Yang	63	Independent Director	2024
Vincent Hsu	55	Executive Vice President	—
D.Y. Tsai	53	Executive Vice President	—

Shih-Jye Cheng has served as a director and president of the Company since July 1997 and the chairman of the Company since June 2003. He is the sibling of president of ChipMOS USA. He also has been the director of ChipMOS USA since its inception. He has been the representative and director of Hao Hsiang Investment Co., Ltd. and Hao Yen Investment Co., Ltd. since April 2018 and January 2020, respectively. He was the chairman of ThaiLin from December 2002 to June 2013, the chairman of CHANTEK ELECTRONIC CO., LTD. from 2002 to November 2005, the chairman of ChipMOS Logic TECHNOLOGIES INC. from January 2004 to November 2005, the chairman of Unimos Shanghai from 2002 to June 2005, the vice chairman of Unimos Shanghai from February 2017 to November 2022 and the chairman of Advanced Micro Chip Technology Co., Ltd. from February 2003 to April 2004. He was a division head of the back-end operation of Mosel from 1992 to 1997. Mr. Cheng has a master's degree in business administration from Saginaw Valley State University.

Kun-Yi Chien has served as one of our directors since July 2021. He serves as the director of Siliconware Precision since April 2018. He also serves as the chief administration officer and senior vice president of Siliconware Precision. He has been the director of Yann Yuan Investment Co., Ltd. since October 2019. He served as the deputy director of Dah Shan Electric Wire & Cable Corp. from April 1983 to June 1989. He graduated from Tunghai University with an EMBA.

David Chang has served as one of our directors since October 2022. He has served as a vice president in Siliconware Precision since June 2020. He served as the senior director of Europe & Asia district sales division of Siliconware Precision from April 2010 to June 2020 and the deputy director of global marketing division of United Microelectronics Corporation from June 2000 to April 2010. He graduated from National Chiao-Tung University with a master's degree in Electronics.

Silvia Su has served as one of our directors since July 2021. She has served as the vice president of finance and accounting management center of the Company since July 2018 and as the corporate governance officer since March 2021. She has been the director of ChipMOS BVI since February 2018 and the chairman and director of ChipMOS USA since August 2022 and July 2013. She also has been the supervisor of ChipMOS Shanghai since March 2020 and the supervisor of Unimos Shanghai since October 2017. Ms. Su has been the representative and director of Tsai Fu Investment Co., Ltd. since February 2020. She joined the Group from 2000. She was the director of finance division of ThaiLin from June 2013 till ThaiLin was merged with and into the Company in June 2015. She holds a bachelor's degree in Accounting from National Chengchi University and a master's degree in Business Administration from the University of Leeds.

Chin-Shyh Ou has served as one of our directors since June 2007. Mr. Ou has been the independent director, audit committee member and compensation committee member of Tsang Yow Industrial Co., Ltd. since June 2018. In 1998, he joined National Chung Cheng University as a professor of the Department of Accounting and Information Technology. He has been an honorary professor of the Department of Accounting and Information Technology at National Chung Cheng University since February 2018. Mr. Ou earned a Ph.D. degree in Business Administration (Accounting) from the University of Minnesota, USA. Mr. Ou holds several professional licenses and qualifications, including U.S. Certified Public Accountant and Certified Internal Auditor and Taiwan Certified Public Accountant.

Kuei-Ann Wen has served as one of our directors since June 2015. Ms. Wen has been the professor of Institute of Electronics, the chief executive officer of Social Responsibility Development Office, the professor of International College of Semiconductor Technology and the deputy director of Center for Healthy Longevity and Aging Sciences at National Yang Ming Chiao Tung University since February 2002, August 2012, August 2016 and February 2022, respectively. She also has served as the independent director, audit committee member and compensation committee member of Xintec Inc. since June 2016. Ms. Wen was the associate dean of Office of Research and Development at National Chiao Tung University from 2011 to 2016 and she also was the associate dean of College of Electrical and Computer Engineering at National Chiao Tung University. She holds a Ph.D. degree from Electrical Engineering at National Cheng Kung University.

Hui-Fen Chan has served as one of our directors since July 2021. She has been the independent director, audit committee member and compensation committee member of ITEQ Corporation since June 2009. She has been the independent director of FORMOSA I WIND POWER CO., LTD. and the director of Uniconn Interconnections Technology Co., Ltd. since February 2020 and June 2023, respectively. She also has been the independent director, audit committee member and compensation committee member of Taiwan Mask Corp., since May 2022, May 2022 and August 2022, respectively. She has been the attorney of R&S Intel. Attorneys at Law since February 2024. She was the general counsel of Altek Corporation from April 2010 to July 2018, the compensation committee member and M&A committee member of MAG.LAYERS Scientific-Technics Co., Ltd. from June 2015 to June 2018 and the independent director, audit committee member and compensation committee chairman of STARK Technology Inc. from June 2016 to May 2022, and the director of Raku Co., Ltd. from June 2020 to August 2022. She was the general counsel of Siliconware Precision from March 2006 to March 2010. She was the partner of Hong-Li Attorneys-at-Law from April 1994 to June 2004 and the associate attorney of Lee & Li Attorneys-at-Law from April 1992 to March 1994. Ms. Chan has a LL.B. degree from National Taiwan University and a LL.M. degree from Boston University School of Law. She was admitted to practice law in Taiwan and New York, USA.

Yeong-Her Wang has served as one of our directors since July 2021. He served as the independent director and audit committee member of the Company from June 2007 to June 2013. He was the independent director, audit committee member and nomination committee chairman of ChipMOS Bermuda, since July 2004, December 2004 and May 2004, respectively, until ChipMOS Bermuda was merged with and into the Company. He has been a professor of the Department of Electrical Engineering and Institute of Microelectronics of National Cheng Kung University since August 1992, the chairman of Foundation of NCKU Tainan Alumni Association since January 2014, and the director of TSMC-NCKU Joint R&D Center since July 2020. He has been the independent director, audit committee member and compensation committee member of Unictron Technologies Corp. since October 2020. He served as the president of National Applied Research Laboratories from October 2016 to May 2020. He was the director of Alumni Association Center, associate dean of the College of Engineering and the chairman of the Department of Electrical Engineering of National Cheng Kung University from February 2005 to January 2007, October 1999 to July 2003 and August 1995 to July 1996, respectively. He was the independent director, audit committee member and compensation committee member of Darfon Electronics Corp. and Giga Solution Tech Co. from May 2006 to June 2015 and September 2007 to November 2016, respectively. Mr. Wang holds Ph.D., master's and bachelor's degrees from National Cheng Kung University.

Hong-Tzer Yang has served as one of our directors since July 2021. He has been the professor of the Department of Electrical Engineering, the deputy director of Research Center for Energy Technology and Strategy, and the director of Research Center for Energy Technology for Sustainability at National Cheng Kung University, since July 2007, February 2013, and August 2014, respectively. He also has been the independent director, audit committee member, compensation committee member, and corporate governance committee member of Padauk Technology Co., Ltd., since July 2021, July 2021, June 2021, and November 2021, respectively. He has been the director of AeroVision Avionics Inc. since July 2021. He also has been the independent director, audit committee member, risk management committee member, corporate governance and sustainable development committee member, merger and acquisition special committee member, and ESG execution committee member of Chailease Holding Company Limited, since May 2023, May 2023, May 2023, May 2023, June 2023 and July 2023, respectively. He was the professor of the Department of Electrical Engineering at Chung Yuan Christian University from August 2000 to July 2007. He also was the independent director, audit committee member, and compensation committee member of Spirox Corporation from June 2002 to June 2012 and from June 2015 to August 2017, June 2015 to August 2017, and June 2015 to August 2017, respectively. He was the director of Taiwan Electric Research & Testing Center from March 2021 to December 2023. He has a Ph.D. degree from Electrical Engineering at National Tsing Hua University in Taiwan.

Vincent Hsu has served as the executive vice president since July 2020. He has been our vice president of LCDD production group of the Company since March 2012. He has been the director of JMC since October 2014. He served in Philips Electronic Building Elements (Taiwan) Ltd and National Cheng Kung University. He received a master's degree in Electrical Engineering from National Sun Yat-sen University in Taiwan.

D.Y. Tsai has served as the executive vice president since July 2020. He has been our vice president of Q.R.A. center of the Company from June 2014 to June 2020. He served as the head of Q.R.A. center of the Company since 2009. He has been the chairman and president of ChipMOS Shanghai since March 2020 and the chairman of ChipMOS BVI since August 2022. He also has served as the representative and director of Yung Hsiang Investment Co., Ltd. since February 2020. He served in Gloria Material Technology Corp. and Philips Electronic Building Elements (Taiwan) Ltd. Mr. Tsai holds a master degree from the Resources Engineering of National Cheng Kung University in Taiwan.

Board Diversity

The table below provides certain information regarding the diversity of our Board of Directors.

Board Diversity Matrix (As of February 29, 2024)				
Country of Principal Executive Offices	Taiwan, R.O.C.			
Foreign Private Issuer	Yes			
Disclosure Prohibited under Home Country Law	No			
Total Number of Directors	9			
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	3	6	0	0
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction	0			
LGBTQ+	0			
Did Not Disclose Demographic Background	0			

Compensation

The aggregate compensation paid in 2023 to our directors and our executive officers, including cash and accrued pension payable upon retirement, was approximately NT\$101 million (US\$3 million).

Share Ownership

The following table sets forth certain information as of April 1, 2024, our most recent record date, with respect to our common shares owned by our directors and executive officers.

Name	Number of Common Shares Held	Percentage of Shares Issued
Shih-Jye Cheng	6,150,161	0.85 %
Kun-Yi Chien (representative, Siliconware Precision)	78,910,390	10.85 %
David Chang (representative, Siliconware Precision)	78,910,390	10.85 %
Silvia Su	340,101	0.05 %
Chin-Shyh Ou	—	—
Kuei-Ann Wen	—	—
Hui-Fen Chan	—	—
Yeong-Her Wang	—	—
Hong-Tzer Yang	—	—
Vincent Hsu	220,130	0.03 %
D.Y. Tsai	262,572	0.04 %

Compensation Committee

We do not provide our directors with any benefits upon termination of employment. Our compensation committee currently consists of Mr. Yeong-Her Wang, Mr. Chin-Shyh Ou and Ms. Kuei-Ann Wen, all of whom are independent directors. This committee reviews and recommends to our Board of Directors the compensation of all our directors and officers. The compensation committee is required to meet at least twice a year.

Audit Committee

The audit committee currently consists of Mr. Chin-Shyh Ou, Ms. Kuei-Ann Wen, Ms. Hui-Fen Chan, Mr. Yeong-Her Wang, and Mr. Hong-Tzer Yang, all of whom are independent directors. Mr. Chin-Shyh Ou serves as a financial expert to the audit committee. Our audit committee charter was adopted on June 28, 2007. The audit committee is required to meet at least once quarterly. Our audit committee charter grants the audit committee the authority to conduct any investigation which it deems appropriate to fulfill its responsibilities. It has direct access to all our books, records, facilities, and personnel, as well as our registered public accountants. It has the authority to, among other things, appoint, terminate and approve all fees to be paid to our registered public accountants. The audit committee also has the authority to engage special legal, accounting, or other consultants it deems necessary in the performance of its duties. Beginning on January 1, 2007, the audit committee also assumed the responsibilities of supervisors pursuant to the ROC Securities and Exchange Act.

Nomination Committee

The Board of Directors established a nomination committee and the nomination committee charter was adopted on November 2, 2023. The nomination committee consists of Mr. Yeong-Her Wang, Ms. Hui-Fen Chan, and Mr. Hong-Tzer Yang all of whom are independent directors. The objectives of our nomination committee include: (i) to laying down the standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. of members of the board, and finding, reviewing, and nominating candidates for directors based on such standards, (ii) to establishing and developing the organizational structure of the board and each functional committee, and (iii) to establishing and reviewing on the succession plans of directors.

Employees

The following table sets forth, as of the dates indicated, the number of our full-time employees serving in the functions indicated:

Function	As of December 31,			As of
	2021	2022	2023	February 29, 2024
General operations	2,995	2,761	2,801	2,819
Quality control	55	50	45	51
Engineering	1,436	1,425	1,480	1,488
Research and development	680	677	704	698
Sales, administration and finance	132	145	142	141
Others	230	232	224	223
Total	5,528	5,290	5,396	5,420

The following table sets forth, as of the dates indicated, a breakdown of the number of our full-time employees by geographic location:

Location	As of December 31,			As of
	2021	2022	2023	February 29, 2024
Hsinchu Production Group	2,158	2,082	2,028	2,034
Southern Taiwan Production Group	3,363	3,201	3,361	3,379
Shanghai	3	3	3	3
United States	4	4	4	4
Total	5,528	5,290	5,396	5,420

Our employees are not covered by any collective bargaining agreements. We have not experienced any strikes or work stoppages by our employees and believe that our relationship with our employees is good.

Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable. At no time during or after the last completed fiscal year were we required to prepare an accounting restatement that required recovery of erroneously awarded compensation pursuant to our Incentive-Based Compensation Recovery Policy.

Item 7. Major Shareholders and Related Party Transactions

Major Shareholders

The following table and information set out certain information known to us concerning the record ownership of our shares as of March 28, 2022, April 1, 2023 and April 1, 2024 (our most recent record date) (1) beneficially owned five percent or more of our common shares as of such record date and (2) our directors and executive officers as a group.

Name of Beneficial Owners	March 28, 2022		April 1, 2023		April 1, 2024 ⁽¹⁾	
	Numbers of Shares Owned	Percentage of Shares Owned	Numbers of Shares Owned	Percentage of Shares Owned	Numbers of Shares Owned	Percentage of Shares Owned
Depository ⁽²⁾	88,642,054	12.19%	87,425,054	12.02%	87,129,434	11.98%
Siliconware Precision Industries Co., Ltd.	78,910,390	10.85%	78,910,390	10.85%	78,910,390	10.85%
Yann Yuan Investment Co., Ltd.	41,200,000	5.67%	41,200,000	5.67%	41,200,000	5.67%
Directors and executive officers, as a group ⁽³⁾	85,883,354 ⁽⁴⁾	11.82% ⁽⁴⁾	85,883,354	11.82%	85,883,354	11.82%

Notes:

- (1) Our most recent record date.
- (2) As record owner of our ADSs. With effect from October 31, 2016, Citibank, N.A. acts as the Depository.
- (3) Calculated as the sum of: (a) with respect to directors and executive officers who are serving in their personal capacity, the number of shares held by such directors and executive officers and (b) with respect to directors who are serving in the capacity as legal representatives, the number of shares owned by such institutional or corporate shareholder for which director is a legal representative.
- (4) As of March 31, 2022.

Except for holders of our ADSs, none of our major shareholders have different voting rights from those of other shareholders.

As of February 29, 2024, a total of 727,240,126 common shares were outstanding. With certain limited exceptions, holders of common shares that are not ROC persons are required to hold their common shares through their custodians in the ROC. As of February 29, 2024, 85,853,414 common shares were registered in the name of a nominee of Citibank, N.A., the Depository under our ADSs Deposit Agreement. Citibank, N.A., has advised us that, as of February 29, 2024, 4,292,670 ADSs, representing 85,853,414 common shares, were held of record by Cede & Co. and 29 other registered shareholders domiciled in and outside of the United States. We have no further information as to common shares held, or beneficially owned, by US persons.

Related Party Transactions

Unimos Microelectronics (Shanghai) Co., Ltd.

We conducted our PRC operations through Unimos Shanghai, the 45.0242%-owned affiliate of ChipMOS BVI, our controlled subsidiary. On December 21, 2023, the Board of Directors of the Company has approved the proposed RMB 979.3 million sale of the equity interests in Unimos Shanghai by ChipMOS BVI. Under the proposed agreement, ChipMOS BVI will sell its entire remaining 45.0242% equity interests in Unimos Shanghai to Suzhou Oriza PuHua ZhiXin Equity Investment Partnership (L.P.) and other local Chinese investment management companies. Total consideration under the proposed all-cash sale of RMB 979.3 million will be paid to ChipMOS BVI in two installments, with the second installment to be paid six months after the first installment. As of December 31, 2023, the equity transfer was not completed, and therefore, the assets and the equity related to Unimos Shanghai have been reclassified to non-current assets held for sale according to IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations". See Note 14 to our consolidated financial statements contained in this Annual Report on Form 20-F.

Item 8. Financial Information

Consolidated Financial Statements and Other Financial Information

Please see "Item 18. Financial Statements" and pages F-1 through F-57.

Legal Proceedings

We were not involved in any material litigation in 2023 and are not currently involved in any material litigation.

Dividends and Dividend Policy

The following table sets forth the distribution per share paid during each of the years indicated in respect of common shares outstanding on the record date eligible to the payment of those distributions. During 2021, 2022 and 2023, we paid cash distributions in the amounts of NT\$2.20, NT\$4.30 and NT\$2.30 (US\$0.08), respectively.

	Cash Distributions per Share	Stock Dividends per Share	Total Shares Issued as Stock Dividends	Outstanding Common Shares at Year End
	(NT\$)	(NT\$)		
2021	2.20	—	—	727,240,126
2022	4.30	—	—	727,240,126
2023	2.30	—	—	727,240,126

Under the Company's Articles of Incorporation, a proposal on the distribution of dividends shall be submitted by the Board of Directors annually to the shareholders' meeting, and be based on factors such as past years' profit, the current and future investment environment, the Company's capital needs, competition in the domestic and foreign markets, and budgets, with an aim to pursuing shareholders' interests and balancing the dividend distribution and the long-term financial plan of the Company. The distribution of profits of the Company can be made in the form of cash dividends or stock dividends, provided that the cash dividend shall account for at least 10% of the total profit distributed as dividends in the given year.

Item 9. The Offer and Listing

Listing

The principal trading market for our common shares is the TWSE. Our common shares have been listed on the TWSE under the symbol "8150" since April 11, 2014, and the ADSs have been listed on the Nasdaq under the symbol "IMOS" since November 1, 2016. The outstanding ADSs are identified by the CUSIP number 16965P202.

Item 10. Additional Information

The following information relates to our shares, including summaries of certain provisions of the Company's Articles of Incorporation, the ROC Company Act, and Securities and Exchange Act.

General

The authorized share capital of the Company will be as provided in its Articles of Incorporation, of which such number of shares as to be determined will be issued.

Dividends

Except under limited circumstances, the Company will not permitted to distribute dividends or make other distributions to shareholders in any given year in which it did not record net income or retained earnings (excluding reserves). The ROC Company Act also requires that 10% of annual net income (less prior years' losses, if any, and applicable income taxes) be set aside as a legal reserve until the accumulated legal reserve equals the paid-in capital of the Company. In addition, the Articles of Incorporation of the Company provides that before a dividend is paid out of the Company's annual net income:

- up to 0.5% of the Company's annual profits (less prior years' accumulated losses, if any) should be paid to the directors of the Company as compensation; and
- 10% of the annual profits (less prior years' accumulated losses, if any) should be paid to the employees of the Company. The employee compensation may be paid in shares or in cash as determined by a majority of directors in attendance at a meeting attended by over two-thirds of the Board of Directors and such resolution shall be reported to the shareholders' meeting. Such employees include those of the Company's subsidiaries.

At the annual shareholders' meeting, the board of the Company will submit to the shareholders for their approval any proposal for the distribution of dividends or the making of any other distribution to shareholders from the Company's net income (less prior years' losses and legal and special reserves plus the accumulated undistributed profit at the beginning of the preceding fiscal year and the adjusted undistributed profit of the given fiscal year) for the preceding fiscal year. All the outstanding and fully paid shares of the Company as of the relevant record date are entitled to share equally in any dividend or other distribution so approved. Dividends may be distributed in cash, in the form of common shares or a combination of the two, as determined by the shareholders at the meeting. The Articles of Incorporation of the Company provides that cash dividend distribution should not be lower than 10% of the total dividend amount.

The Company will also be permitted to make distributions to its shareholders in cash or in the form of common shares from reserves if it has no accumulated loss. However, the distribution payable out of the Company's legal reserve can only come from the amount exceeding 25% of the total paid-in capital.

Changes in Share Capital

Under the ROC Company Act, any change in the authorized share capital of a company limited by shares requires an amendment to its Articles of Incorporation, which in turn requires approvals each at the meeting of the Board of Directors and shareholders' meeting. In the case of a public company such as the Company, it must also make an effective registration with the FSC and an amendment to the corporate registration with the Hsinchu Science Park Bureau of the Ministry of Science and Technology. Authorized but unissued common shares may be issued, subject to the applicable ROC law, upon terms as the board of the Company may determine. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources" for additional information.

Preemptive Rights

Under the ROC Company Act, when an ROC company issues new shares for cash, existing shareholders who are listed on the shareholders' register as of the record date have preemptive rights to subscribe for the new issue in proportion to their existing shareholdings, while a company's employees, whether or not they are shareholders of the Company, have rights to subscribe for 10% to 15% of the new issue. Any new shares that remain unsubscribed at the expiration of the subscription period may be freely offered, subject to compliance with the applicable ROC law.

In addition, in accordance with the ROC Securities and Exchange Act, a public company that intends to offer new shares for cash must offer to the public at least 10% of the shares to be sold, except under certain circumstances or when exempted by the FSC. This percentage can be increased by a resolution passed at a shareholders' meeting, which would diminish the number of new shares subject to the preemptive rights of existing shareholders.

These preemptive rights provisions do not apply to offerings of new shares through a private placement approved at a shareholders' meeting.

Shareholders' Meeting

The Company will be required to hold an annual shareholders' meeting within six months following the end of each fiscal year. These meetings are generally held in Hsinchu, Taiwan. Any shareholder who holds 1% or more of the Company's issued and outstanding shares may submit one proposal, in writing or by electronic means designated by the Company, for discussion at the annual shareholders' meeting. Extraordinary shareholders' meetings may be convened by resolution of the Board of Directors or by the Board of Directors upon the written request of any shareholder or shareholders who have held 3% or more of the issued and outstanding shares for a period of one year or longer. Any one or more shareholders who have held in aggregate more than half of the issued and outstanding shares for at least three consecutive months may convene an extraordinary shareholders' meeting. Shareholders' meetings may also be convened by a member of the audit committee (i.e., an independent director). Notice in writing of shareholders' meetings, stating the place, time and purpose, must be dispatched to each shareholder at least 30 days, in the case of annual shareholders' meetings, and 15 days, in the case of extraordinary meetings, before the date set for each meeting. A majority of the holders of all issued and outstanding common shares present at a shareholders' meeting constitutes a quorum for meetings of shareholders. If a company adopts a nomination procedure for election of directors in its Articles of Incorporation, shareholders representing 1% or more of the total issued shares of such company may submit a candidate list in writing to the Company along with relevant information and supporting documents in accordance with the requirements under the ROC Company Act. Under the Company's Articles of Incorporation, the Company adopted such nomination procedures for election of all directors.

Voting Rights

Under the ROC Company Act, except under limited circumstances, shareholders have one vote for each common share held. Under the ROC Company Act, the directors are elected at a shareholders' meeting through cumulative voting.

In general, a resolution can be approved by the holders of at least a majority of our shares represented at a shareholders' meeting at which the holders of a majority of all issued and outstanding common shares are present. Under the ROC Company Act, the approval by at least a majority of our shares represented at a shareholders' meeting in which a quorum of at least two-thirds of all issued and outstanding common shares are represented is required for major corporate actions, including:

- amendment to the Articles of Incorporation, including increase of authorized share capital and any changes of the rights of different classes of shares;
- execution, amendment or termination of any contract through which the Company leases its entire business to others, or the Company appoints others to operate its business or the Company operates its business with others on a continuous basis;
- transfer of entire business or assets or a substantial part of its business or assets;
- acquisition of the entire business or assets of any other company, which would have a significant impact on the Company's operations;
- distribution of any stock dividend;
- dissolution, merger or spin-off of the Company;
- issuance of restricted shares to employees; and
- removal of the directors.

However, in the case of a public company such as the Company, there is one exception if the total number of shares represented by the shareholders present at a shareholders' meeting is not sufficient to meet the above criteria (referred to the holders of at least two-thirds of all issued and outstanding common shares presented at the meeting), the resolution may be adopted by the holders of at least two-thirds of the shares represented at a shareholders' meeting at which the holders of at least a majority of all issued and outstanding common shares are present.

A shareholder may be represented at an annual general or extraordinary meeting by proxy if a valid proxy form is delivered to the Company five days before the commencement of the annual general or extraordinary shareholders' meeting. Shareholders may exercise their voting rights by way of a written ballot or by way of electronic transmission if the voting decision is delivered to us two days before the commencement of the annual general or extraordinary shareholders' meeting.

Any shareholder who has a personal interest in a matter to be discussed at shareholders' meeting of the Company, the outcome of which may impair interests of the Company, shall not vote or exercise voting rights on behalf of another shareholder on such matter.

Holders of the Company's ADSs do not have the same voting rights as holders of our common shares. Instead, the voting rights of holders of the Company's ADSs are governed by and described in the Deposit Agreement.

Other Rights of Shareholders

Under the ROC Company Act, dissenting shareholders are entitled to appraisal rights in certain major corporate actions such as a proposed amalgamation by the Company. If agreement with the Company cannot be reached, dissenting shareholders may seek a court order for the Company to redeem all of their shares. Shareholders may exercise their appraisal rights by serving written notice on the Company prior to or at the related shareholders' meeting and/or by raising and registering an objection at the shareholders' meeting. In addition to appraisal rights, shareholders have the right to sue for the annulment of any resolution approved at a shareholders' meeting where the procedures were legally defective within 30 days after the date of the shareholders' meeting. One or more shareholders who have held 1% or more of the issued and outstanding shares of a company for a period of six months or longer may require an independent director to bring a derivative action on behalf of the Company against a director as a result of the director's unlawful actions or failure to act.

One or more shareholders who have held 3% or more of the issued and outstanding shares may institute an action with a court to remove a director who has materially violated the applicable laws or the Articles of Incorporation of the Company or has materially damaged the interests of the Company if a resolution for removal on such grounds has first been voted on and rejected by the shareholders and such suit is filed within thirty days of such shareholders' vote.

One or more shareholders who have held 1% or more of the issued and outstanding shares for six months or longer may request a court to appoint an inspector to examine the books, accounts and financial conditions of the Company. The court may, if it deems necessary based on the inspector's report, order the independent director to convene the shareholders' meeting.

Rights of Holders of Deposited Securities

The voting rights of a holder of the Company ADSs as to the Company shares represented by those the Company ADSs are governed by the Deposit Agreement. Holders of ADSs will be able to exercise voting rights on an individual basis as follows: if a holder of the Company ADSs outstanding at the relevant record date instructs the depository to vote in a particular manner for or against a resolution, including the election of directors, the depository will cause all the Company shares represented by such holder's ADSs to be voted in that manner. If the depository does not receive timely instructions from a holder of the Company ADSs outstanding at the relevant record date to vote in a particular manner for or against any resolution, including the election of directors, such holders of the Company ADSs will be deemed to have instructed the depository or its nominee to give a discretionary proxy to a person designated by the Company to vote all the Company shares represented by such holder's ADSs at the discretion of such person, which may not be in the interest of holders of the Company ADSs.

Register of Shareholders and Record Dates

The Company's share registrar, KGI Securities Co., Ltd., maintains the Company's register of shareholders. Under the ROC Company Act and the Articles of Incorporation of the Company, the Company may, by giving advance public notice, set a record date and close the register of shareholders for a specified period in order for it to determine the shareholders or pledgees that are entitled to rights pertaining to the Company shares. The specified period required is as follows:

- annual general meeting—60 days;
- extraordinary shareholders' meeting—30 days; and
- relevant record date for distribution of dividends, bonuses or other interests —5 days.

Annual Financial Statements

At least ten days before the annual general meeting, the Company's annual financial statements, which are prepared in conformity with Taiwan IFRS, must be available at the Company's principal executive office in Hsinchu, Taiwan for inspection by the shareholders. According to the regulations of the FSC, we are required to publish our annual and quarterly financial statements on a consolidated basis. In addition, the ROC Securities and Exchange Act requests a public company, such as us, publicly announces its audited annual financial report within three months after the close of each fiscal year.

Transfer of the Shares

The transfer of the shares in registered form is effected by endorsement and delivery of the related share certificates but, in order to assert shareholders' rights against the Company, the transferee must have his name and address registered on the Company's register of shareholders. Shareholders are required to file their respective specimen seals, also known as chops, with the Company. Chops are official stamps widely used in Taiwan by individuals and other entities to authenticate the execution of official and commercial documents. The settlement of trading in the shares is normally carried out on the book-entry system maintained by the Taiwan Depository & Clearing Corporation.

Acquisition of the Shares by us

Under the ROC Securities and Exchange Act, the Company may purchase the shares as treasury stock under limited circumstances, including:

- to transfer shares to the Company's employees;
- to deliver shares upon the conversion or exercise of bonds with warrants, preferred shares with warrants, convertible bonds, convertible preferred shares or warrants issued by the Company; or
- to maintain the Company's credit and its shareholders' equity, provided that the shares so purchased shall be cancelled.

The Company may purchase the shares on the TWSE or by means of a public tender offer. These transactions require the approval of a majority of the board of the Company at a meeting in which at least two-thirds of the directors are in attendance. The total amount of the Company shares purchased for treasury stock may not exceed 10% of the total issued shares. In addition, the total cost of the purchased shares shall not exceed the aggregate amount of the retained earnings, any premium from share issuances and the realized portion of the Company's capital reserve. The shares purchased by the Company pursuant to the first two items above will be transferred to the intended transferees within five years of the purchase; otherwise the shares will be cancelled. For the shares to be cancelled under the third item above, the Company is required to complete an amendment registration for the cancellation within six months of the purchase.

The Company may not pledge or hypothecate any of its shares purchased by it. In addition, it may not exercise any shareholders' right attaching to such shares. In the event that the Company purchases its shares on the TWSE, its affiliates, directors, managers, shareholders holding more than 10% of the total issued shares and their respective spouses and minor children and/or nominees are prohibited from selling any shares of the Company during the period in which the Company is purchasing its shares.

Pursuant to the ROC Company Act, an entity in which the Company directly or indirectly owns more than 50% of the voting shares or paid-in capital, which is referred to as a controlled entity, may not purchase the shares of the Company. Also, if the Company and a controlled entity jointly own, directly or indirectly, more than 50% of the voting shares or paid-in capital of another entity, which is referred to as a third entity, the third entity may not purchase shares in either the Company or a controlled entity.

Liquidation Rights

In the event of the liquidation of the Company, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed pro rata to the shareholders in accordance with the relevant provisions of the ROC Company Act.

Transfer Restriction

Substantial Shareholders

The ROC Securities and Exchange Act currently requires:

- each director, manager, or substantial shareholder (that is, a shareholder who holds more than 10% of shares of a company), and their respective spouses, minor children or nominees, to report any change in that person's shareholding to the issuer of the shares and the FSC; and
- each director, manager, or substantial shareholder, and their respective spouses, minor children or nominees, after acquiring the status of director, manager, or substantial shareholder for a period of six months, to report his or her intent to transfer any shares on the TWSE to the FSC at least three days before the intended transfer, unless the number of shares to be transferred does not exceed 10,000 shares.

In addition, the number of shares that can be sold or transferred on the TWSE by any person subject to the restrictions described above on any given day may not exceed the greater of:

- 0.2% of the outstanding shares of the Company in the case of a company with no more than 30 million outstanding shares; or 0.2% of 30 million shares plus 0.1% of the outstanding shares exceeding 30 million shares in the case of a company with more than 30 million outstanding shares; and
- 5% of the average trading volume (number of shares) on the TWSE for the ten consecutive trading days preceding the reporting day on which the director, manager or substantial shareholder reports the intended share transfer to the FSC.

These restrictions do not apply to sales or transfers of the Company's ADSs.

Material Contracts

We have entered into the following contracts that are effective or within the two years preceding the date of this Annual Report on Form 20-F that are or may be material:

- On November 30, 2016, ChipMOS BVI, Unigroup Guowei and the Company entered into the Equity Interest Transfer Agreement, pursuant to which Unigroup Guowei will purchase 48% equity interests of Unimos Shanghai.
- On November 30, 2016, ChipMOS BVI and Gongqingcheng Changhou Investment Management Ltd. ("Gongqingcheng Changhou") entered into the Equity Interest Transfer Agreement, pursuant to which Gongqingcheng Changhou will purchase 2% equity interests of Unimos Shanghai.
- On November 30, 2016, ChipMOS BVI and Accretech (China) Co., Ltd. ("Accretech (China)") entered into the Equity Interest Transfer Agreement, pursuant to which Accretech (China) will purchase 1.4162% equity interests of Unimos Shanghai.
- On November 30, 2016, ChipMOS BVI and Chao-Jung Tsai entered into the Equity Interest Transfer Agreement, pursuant to which Chao-Jung Tsai will purchase 1.3443% equity interests of Unimos Shanghai.
- On November 30, 2016, ChipMOS BVI and Shanghai Zuzhu Business Consulting Partnership (Limited Partnership) ("Shanghai Zuzhu") entered into the Equity Interest Transfer Agreement, pursuant to which Shanghai Zuzhu will purchase 0.9401% equity interests of Unimos Shanghai.
- On November 30, 2016, ChipMOS BVI and Shih-Jye Cheng entered into the Equity Interest Transfer Agreement, pursuant to which Shih-Jye Cheng will purchase 1.1202% equity interests of Unimos Shanghai.

- On November 30, 2016, ChipMOS BVI and Shou-Kang Chen entered into the Equity Interest Transfer Agreement, pursuant to which Shou-Kang Chen will purchase 0.1240% equity interests of Unimos Shanghai.
- On November 30, 2016, ChipMOS BVI and David W. Wang entered into the Equity Interest Transfer Agreement, pursuant to which David W. Wang will purchase 0.0310% equity interests of Unimos Shanghai.
- On November 30, 2016, ChipMOS BVI, Unigroup Guowei, Gongqingcheng Changhou, Accretech (China), Chao-Jung Tsai, Shanghai Zuzhu, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang entered into the Agreement for Sino-Foreign Equity Joint Venture, pursuant to which the parties agreed to operate Unimos Shanghai's business together.
- On April 10, 2017, ChipMOS BVI, Unigroup Guowei, Gongqingcheng Changhou Hong Xin Investment Management Partnership (Limited Partnership) ("Gongqingcheng Changhou Hongxin"), Accretech (China), Chao-Jung Tsai, Shanghai Zuzhu, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang entered into the Amendment of Agreement for Sino-Foreign Equity Joint Venture, pursuant to which the Gongqingcheng Changhou transfer the interest to Gongqingcheng Changhou Hong Xin.
- On November 28, 2017, ChipMOS BVI, Unigroup Guowei, Gongqingcheng Changhou Hong Xin, Accretech (China), Chao-Jung Tsai, Shanghai Zuzhu, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang entered into the Amendment of Agreement for Sino-Foreign Equity Joint Venture, pursuant to which the extension of the paid in capital.
- On August 1, 2018, ChipMOS BVI, Unigroup Guowei, Gongqingcheng Changhou Hong Xin, Accretech (China), Chao-Jung Tsai, Shanghai Zuzhu, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang entered into the Amendment of Agreement for Sino-Foreign Equity Joint Venture, pursuant to which ChipMOS TECHNOLOGIES (Shanghai) LTD., was renamed to Unimos Shanghai.
- On December 29, 2018, ChipMOS BVI, Beijing Unis Memory Technology Co., Ltd. ("Beijing Ziguang Storage") Gongqingcheng Changhou Hong Xin, Accretech (China), Chao-Jung Tsai, Shanghai Zuzhu, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang entered into the Amendment of Agreement for Sino-Foreign Equity Joint Venture, pursuant to which the Unigroup Guowei will transfer the 48.0% equity interests of Unimos Shanghai to Beijing Ziguang Storage.
- On February 1, 2019, ChipMOS BVI, Beijing Ziguang Storage, Gongqingcheng Changhou Hong Xin, Accretech (China), Chao-Jung Tsai, Shanghai Zuzhu, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang entered into the Amendment of Agreement for Sino-Foreign Equity Joint Venture, pursuant to which the Gongqingcheng Changhou Hong Xin will transfer the 2% equity interests of Unimos Shanghai to Beijing Ziguang Storage.
- On June 18, 2019, ChipMOS BVI, Beijing Ziguang Storage, Unigroup Guowei, Accretech (China), Chao-Jung Tsai, Shanghai Zuzhu, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang entered into the Amendment of Agreement for Sino-Foreign Equity Joint Venture, pursuant to which Beijing Ziguang Storage cancelled the signed "Equity Interest Transfer Agreement" between Unigroup Guowei. Unigroup Guowei thus has restored to hold 48% of the equity of Unimos Shanghai.
- On August 8, 2019, ChipMOS BVI, Beijing Ziguang Storage, Unigroup Guowei, Accretech (China), Chao-Jung Tsai, Shanghai Zuzhu, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang entered into the Amendment of Agreement for Sino-Foreign Equity Joint Venture, pursuant to which Unimos Shanghai was required consolidate the 4th, 5th, and 6th amendments to file the transfer.
- On December 16, 2019, ChipMOS BVI, Yangtze Memory, Accretech (China), Chao-Jung Tsai, Shanghai Zuzhu, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang entered into the Amended and Restated Agreement for Sino-Foreign Equity Joint Venture, pursuant to which Beijing Ziguang Storage and Unigroup Guowei sold and transferred all of the equity interests in Unimos Shanghai to Yangtze Memory.
- On December 23, 2019, the Company entered into a Supplement Agreement to 2018 Syndicated Loan Agreement with Taiwan Cooperative Bank Co., Ltd., Bank of Taiwan Co., Ltd., Land Bank of Taiwan Co., Ltd., Taishin International Bank Co., Ltd., Hun Nan Commercial Bank Co., Ltd., Chang Hwa Commercial Bank Co., Ltd. and Yuanta Commercial Bank Co., Ltd. The clauses regarding the creation of encumbrance over the Collateral was amended to apply for other facilities in accordance with the Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan – Guidelines for Policy Oriented Special Loans stipulated by the National Development Fund of the Executive Yuan.
- On May 11, 2020, ChipMOS BVI, Yangtze Memory, Accretech (China), Chao-Jung Tsai, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang entered into the Amended and Restated Agreement for Sino-Foreign Equity Joint Venture, pursuant to which Shanghai Zuzhu sold and transferred all of the equity interests in Unimos Shanghai to Yangtze Memory.
- On December 15, 2022, ChipMOS BVI, Yangtze Memory, Accretech (China), Chao-Jung Tsai, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang entered into the Amended and Restated Agreement for Sino-Foreign Equity Joint Venture, pursuant to which Unimos Shanghai in Chinese was renamed. (Its English name was same as before)

- On July 24, 2023, ChipMOS BVI, Yangtze Memory Holding, Accretech (China), Chao-Jung Tsai, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang entered into the Amended and Restated Agreement for Sino-Foreign Equity Joint Venture, pursuant to which Yangtze Memory sold and transferred all of the equity interests in Unimos Shanghai to Yangtze Memory Holding.
- On December 21, 2023, ChipMOS BVI, Suzhou Oriza PuHua ZhiXin Equity Investment Partnership (L.P.) and 10 other local Chinese investment management companies entered into the Equity Interest Transfer Agreement, pursuant to which those will purchase entire remaining 45.0242% equity interests of Unimos Shanghai.

For additional information regarding the Merger see “Item 4. Information on the Company—Our Structure and History”.

Please see also “Item 7. Major Shareholders and Related Party Transactions” for further summary information regarding the contracts listed under “—Material Contracts” that are with certain of our related parties.

Foreign Investment in the ROC

Since 1983, the ROC government has periodically enacted legislation and adopted regulations to permit foreign investment in the ROC securities market.

On September 30, 2003, the ROC Executive Yuan approved an amendment to Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals, or the Regulations, which took effect on October 2, 2003. According to the Regulations, the ROC Financial Supervisory Commission (the “ROC FSC”) abolished the mechanism of the so-called “qualified foreign institutional investors” and “general foreign investors” as stipulated in the Regulations before the amendment.

Under the Regulations, foreign investors are classified as either “onshore foreign investors” or “offshore foreign investors” according to their respective geographical location. Both onshore and offshore foreign investors are allowed to invest in ROC securities after they register with the TWSE. The Regulations further classify foreign investors into foreign institutional investors and foreign individual investors. “Foreign institutional investors” refer to those investors incorporated and registered in accordance with foreign laws outside of the ROC (i.e., offshore foreign institutional investors) or their branches set up within the ROC (i.e., onshore foreign institutional investors). Offshore overseas Chinese and foreign individual investors may be subject to a maximum investment ceiling that will be separately determined by the ROC FSC after consultation with the Central Bank of the Republic of China (Taiwan). Currently, there is no maximum investment ceiling for offshore overseas investment in the ROC securities market.

Except for certain specified industries, such as telecommunications, investments in ROC-listed companies by foreign investors are not subject to individual or aggregate foreign ownership limits. Custodians for foreign investors are required to submit to the Central Bank of the Republic of China (Taiwan) and the TWSE a monthly report of trading activities and status of assets under custody and other matters. Capital remitted to the ROC under these guidelines may be remitted out of the ROC at any time after the date the capital is remitted to the ROC. Capital gains and income on investments may be remitted out of the ROC at any time.

Foreign investors (other than foreign investors who have registered with the TWSE for making investments in the ROC securities market) who wish to make direct investments in the shares of ROC companies are required to submit a foreign investment approval application to the MOEA or other applicable government authority. The MOEA or such other government authority reviews each foreign investment approval application and approves or disapproves each application after consultation with other governmental agencies (such as the Central Banks of the Republic of China (Taiwan)) and the ROC FSC.

Under the current ROC law, any non-ROC person possessing a foreign investment approval may repatriate annual net profits, interest and cash dividends attributable to the approved investment. Stock dividend attributable to this investment, investment capital and capital gains attributable to this investment may be repatriated by the non-ROC person possessing a foreign investment approval after approvals of the MOEA or other government authorities have been obtained.

In addition to the general restriction against direct investment by non-ROC persons in securities of ROC companies, non-ROC persons (except in certain limited cases) are currently prohibited from investing in certain industries in the ROC pursuant to a “negative list”, as amended by the ROC Executive Yuan. The prohibition on foreign investment in the prohibited industries specified in the negative list is absolute in the absence of a specific exemption from the application of the negative list. Pursuant to the negative list, certain other industries are restricted so that non-ROC person (except in limited cases) may invest in these industries only up to a specified level and with the specific approval of the relevant competent authority that is responsible for enhancing the relevant legislation that the negative list is intended to implement.

The ROC FSC announced on April 30, 2009 the Regulations Governing Securities Investment and Futures Trading in Taiwan by Mainland Area Investors (“PRC Regulations”) and amended the same on October 6, 2010. According to the PRC Regulations, a PRC QDII is allowed to invest in ROC securities (including less than 10% shareholding of a ROC company listed in TWSE or Taipei Exchange).

Nevertheless, the total investment amount of QDIIs cannot exceed US\$500 million. For each QDII, the custodians of such QDII must apply with the TWSE for the remittance amount for each QDII, which cannot exceed US\$100 million, and QDII can only invest in the ROC securities market with the amount approved by the TWSE. In addition, QDIIs are currently prohibited from investing in certain industries, and their investment of certain other industries in a given company is restricted to certain percentage pursuant to a list promulgated by the FSC and amended from time to time. PRC investors other than QDII, however, are prohibited from making investments in a ROC company listed on the TWSE or the Taipei Exchange, unless with approval from the MOEA for its investment of 10% or more (or other percentage applicable to certain restricted industries) of the equity interest of such ROC company.

In addition to investments permitted under the PRC Regulations, PRC investors who wish to make (i) direct investment in the shares of ROC private companies or (ii) investments, individually or aggregately, in 10% or more (or other percentage applicable to certain restricted industries) of the equity interest of a ROC company listed on the TWSE or Taipei Exchange are required to submit an investment approval application to the MOEA or other government authority. The MOEA or such other government authority reviews investment approval application and approved or disapproves each application after consultation with other governmental agencies. Furthermore, PRC investor who wishes to be elected as a ROC company's director or supervisor shall also submit an investment approval application to the MOEA or other government authority for approval.

Depository Receipts

In April 1992, the ROC FSC began allowing ROC companies listed on the TWSE, with the prior approval of the FSC, to sponsor the issuance and sale of depository receipts. The depository receipts represent depository shares. In December 1994, the ROC Ministry of Finance began allowing companies whose shares are listed on the Taipei Exchange also to sponsor the issuance and sale of depository receipts.

After the issuance of a depository share, a holder of depository receipts (other than citizens of the PRC and entities organized under the laws of the PRC save for QDII or those which otherwise obtain the approval of MOEA) may request the depository to either cause the underlying shares to be sold in the ROC and to distribute the sale proceeds to the holder or to withdraw from the depository receipt facility the shares represented by the depository receipts to the extent permitted under the deposit agreement and transfer the shares to the holder.

Under the current ROC law, if you are a non-ROC holder of our ADSs, you must register with the TWSE as a foreign investor before you will be permitted to withdraw and hold the shares represented by the depository receipts. In addition to obtaining registration with the TWSE, you must also (i) appoint a qualified local agent to, among other things, open a securities trading account with a local securities brokerage firm and a bank account to remit funds, exercise shareholder's rights and perform other functions as holders of ADSs may designate, (ii) appoint a custodian to hold the securities and cash proceeds, confirm transactions, settle trades and report and declare other relevant information and; (iii) appoint a tax guarantor as guarantor for the full compliance of the withdrawing depository receipt holders' tax filing and payment obligations in the ROC. A depository receipt holder not registered as a foreign investor with the TWSE, or not has made the necessary appointments as outlined above, will be unable to hold or subsequently transfer the shares withdrawn from the depository receipt facility.

No deposits of shares may be made in a depository receipt facility and no depository shares may be issued against deposits without specific FSC approval, unless they are:

- (i) stock dividends;
- (ii) free distributions of shares;
- (iii) due to the exercise by the depository receipt holder preemptive rights in the event of capital increases for cash; or
- (iv) if permitted under the deposit agreement and custody agreement and within the amount of depository receipts which have been withdrawn, due to the direct purchase by investors or purchase through the depository on the TWSE or Taipei Exchange or delivery by investors of the shares for deposit in the depository receipt facility. In this event, the total number of depository receipts outstanding after an issuance cannot exceed the number of issued depository receipts previously approved by the FSC in connection with the offering plus and ADSs issued pursuant to the events described in (i), (ii) and (iii) above.

The depository may, without obtaining further approvals from the Central Bank of the Republic of China (Taiwan) or any other governmental authority or agency of the ROC, convert NT dollars into other currencies, including US dollars, in respect of:

- the proceeds of the sale of common shares represented by ADSs or received as share dividends with respect to the common shares and deposited into the depository receipt facility; and
- any cash dividend or cash distributions received.

In addition, the depository may also convert into NT dollars incoming payments for purchase of common shares for deposit in the depository receipts facility against the creation of additional ADSs. If you withdraw the common shares underlying your ADSs and become

a holder of the Company's common shares, you may convert into NT dollars subscription payment for rights offerings. The depositary may be required to obtain foreign exchange payment approval from the Central Bank of the Republic of China (Taiwan) on a payment-by-payment basis for conversion from NT dollars into foreign currencies of the proceeds from the sale of subscription rights of new common shares. Such approvals may not be obtained in a timely manner, or at all.

Exchange Controls

The ROC Foreign Exchange Control Law and regulations provide that all foreign exchange transactions must be executed by banks designated by the FSC and by the Central Bank of the Republic of China (Taiwan) to engage in such transactions. Current regulations favor trade-related or service-related foreign exchange transactions. Consequently, foreign currency earned from exports of merchandise and services may now be retained and used freely by exporters, and all foreign currency needed for the importation of merchandise and services may be purchased freely from the designated foreign exchange banks.

Apart from trade-related or service-related foreign exchange transactions, ROC companies and individual residents of the ROC reaching the age of 18 may, without foreign exchange approval, remit foreign currency of up to US\$50 million (or its equivalent) and US\$5 million (or its equivalent) to and from the ROC (or such other amount as determined by the Central Bank of the Republic of China (Taiwan) from time to time at its discretion in consideration of Taiwan's economic and financial conditions or the needs to maintain the order of foreign exchange market in Taiwan), respectively, in each calendar year. The above limits apply to remittances involving either a conversion of NT dollars into a foreign currency or a conversion of foreign currency into NT dollars. In addition, a requirement is also imposed on all enterprises to register medium- and long-term foreign debt with the Central Bank of the Republic of China (Taiwan).

In addition, foreign persons may, subject to specified requirements but without foreign exchange approval of the Central Bank of the Republic of China (Taiwan), remit to and from the ROC foreign currencies of up to US\$100,000 (or its equivalent) per remittance if the required documentation is provided to the ROC authorities. The above limit applies to remittances involving either a conversion of NT dollars into a foreign currency or a conversion of foreign currency into NT dollars. The above limit does not, however, apply to the conversion of NT dollars into other currencies, including U.S. dollars, from the proceeds of a sale of any underlying shares withdrawn from a depositary receipt facility.

ROC Taxation

The following summary constitutes the material ROC tax consequences of the ownership and disposition of our shares or ADSs by and to a non-resident individual or non-resident entity (referred to here as a "non-ROC holder"). As used in the preceding sentence, a "non-resident individual" is a non-ROC national who owns our shares or ADSs and is not physically present in the ROC for 183 days or more during any calendar year, and a "non-resident entity" is a corporation or a non-corporate body that owns our shares or ADSs, is organized under the laws of a jurisdiction other than the ROC and has no fixed place of business or business agent in the ROC. Holders of our ADSs and shares should consult their own tax advisers concerning the tax consequences of owning our ADSs or shares and any other relevant taxing jurisdiction to which they are subject.

Dividends

Dividends (whether in the form of cash or common shares) declared by the Company out of retained earnings and distributed to a non-ROC holder are subject to ROC withholding tax, currently at the rate of 21% (unless a preferable tax rate is provided under a tax treaty between the ROC and the jurisdiction where the non-ROC holder is a resident) on the amount of the distribution (in the case of cash dividends) or on the par value of the distributed shares (in the case of stock dividends). The United States does not have an income tax treaty with the ROC. A 10% undistributed earnings tax was imposed on an ROC company for its after-tax earnings generated after January 1, 1998 which were not distributed in the following year. The undistributed earnings tax was reduced to 5% on January 1, 2018. The undistributed earnings tax so paid will further reduce the retained earnings available for future distribution. Furthermore, if and when the Company distributes any dividends in year 2018, for the portion of dividends out of those retained earnings on which the Company had paid the 10% ROC undistributed earnings tax, a credit of up to 5% of such portion of dividends may be offset against the 21% withholding tax imposed on the non-ROC holders. Starting from year 2019, no undistributed earnings tax paid can be offset as a credit against the 21% withholding tax.

Distributions of our shares or cash out of capital reserves are not subject to ROC withholding tax, except under limited circumstances.

Capital Gains

Starting from January 1, 2016, capital gains realized from the sale or disposal of our shares are exempt from ROC income tax under Article 4-1 of the ROC Income Tax Act.

Sales of our ADSs are not regarded as sales of ROC securities and thus any gains derived from transfers of our ADSs are not regarded as ROC-sourced income. Accordingly, any gains derived from transfers of our ADSs by non-ROC holders are not currently subject to ROC income tax.

Securities Transaction Tax

Securities transaction tax will be imposed on the seller at the rate of 0.3% of the transaction price upon a sale of our shares. Transfers of our ADSs are not subject to ROC securities transaction tax.

Subscription Rights

Distributions of statutory subscription rights for our shares in compliance with the ROC Company Act are currently not subject to ROC tax. Proceeds derived from sales of statutory subscription rights evidenced by securities are subject to securities transaction tax, currently at the rate of 0.3% of the gross amount received. Non-ROC holders are exempt from income tax on capital gains from the sale of statutory subscription rights evidenced by securities. Proceeds derived from sales of statutory subscription rights which are not evidenced by securities are not subject to securities transaction tax but are subject to income tax at a fixed rate of 20% of the income if the seller is a non-ROC holder. Subject to compliance with the ROC law, the Company, in its sole discretion, may determine whether statutory subscription rights are evidenced by securities.

Estate and Gift Tax

ROC estate tax is payable on any property within the ROC left by a deceased, and ROC gift tax is payable on any property within the ROC donated by an individual. Estate tax and gift tax are currently payable at the progressive rates of 10%, 15% and 20%. Under the ROC Estate and Gift Tax Act, common shares issued by ROC companies are deemed located in the ROC without regard to the location of the owner. It is unclear whether a holder of ADSs will be considered to own common shares for this purpose.

Tax Treaty

At present, the ROC has income tax treaties with Indonesia, Singapore, New Zealand, Australia, the United Kingdom, South Africa, Gambia, Eswatini, Malaysia, North Macedonia, the Netherlands, Senegal, Sweden, Belgium, Denmark, Israel, Vietnam, Paraguay, Hungary, France, India, Slovakia, Switzerland, Germany, Thailand, Kiribati, Luxembourg, Austria, Italy, Japan, Canada, Poland, Czech Republic, Saudi Arabia and Korea. These tax treaties may limit the rate of ROC withholding tax on dividends paid with respect to common shares issued by ROC companies. A non-ROC holder of our ADSs may or may not be considered as the beneficial owner of our shares for the purposes of such treaties. Accordingly, holders of our ADSs who wish to apply a reduced withholding tax rate that is provided under a tax treaty should consult their own tax advisers concerning such application. The United States does not have an income tax treaty with the ROC.

Material U.S. Federal Income Tax Consequences

The discussion below is for general information only and is not, and should not be interpreted to be, tax advice to any holder of our ADSs. Each holder or prospective holder of our ADSs is urged to consult his, her or its own tax advisor.

General

This discussion is a general summary of the material U.S. federal income tax consequences to U.S. Holders and Non-U.S. Holders, both as defined below, of the ownership and disposition of our ADSs as of the date of this report. This summary is based on the provisions of the Internal Revenue Code of 1986, as amended, or the "Code," the applicable U.S. Treasury regulations promulgated and proposed thereunder, judicial decisions and current administrative rulings and guidance, all of which are subject to change, possibly on a retroactive basis. This summary applies to you only if you hold our ADSs as a capital asset within the meaning of Section 1221 of the Code (generally, held for investment). The U.S. Internal Revenue Service, or the "IRS," may challenge the tax consequences described below, and we have not requested, nor will we request, a ruling from the IRS or an opinion of counsel with respect to the U.S. federal income tax consequences of acquiring, holding or disposing of our ADSs. This summary does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to the ownership of our ADSs. In particular, the discussion does not address tax consequences that depend upon an investor's particular tax circumstances nor does it cover any state, local or foreign law, or the possible application of the U.S. federal estate or gift tax laws. You are urged to consult your own tax advisor regarding the application of the U.S. federal income tax laws to your particular situation as well as any state, local, foreign and U.S. federal estate and gift tax consequences resulting from the ownership and disposition of our ADSs. In addition, this summary does not take into account special U.S. federal income tax rules that apply to particular categories of holders of our ADSs, including, without limitation, the following:

- dealers, brokers or traders in securities electing to use a mark-to-market method of accounting;

- banks, thrifts or other financial institutions;
- individual retirement or tax-deferred accounts;
- insurance companies;
- tax-exempt organizations;
- regulated investment companies or real estate investment trusts;
- persons holding our ADSs as part of a hedging, straddle or conversion transaction for U.S. federal income tax purposes;
- persons required for U.S. federal income tax purposes to conform the timing of income accruals to their financial statements under Section 451 of the Code;
- persons whose functional currency for U. S. federal income tax purposes is not the U.S. dollar;
- persons subject to the alternative minimum tax;
- persons that own, or are treated as owning, 10% or more, by voting power or value, of our outstanding common stock (including common stock represented by ADSs);
- certain former U.S. citizens and residents who have expatriated; or
- persons receiving our ADSs pursuant to the exercise of employee stock options or otherwise as compensation.

U.S. Holders

For purposes of the discussion below, you are a “U.S. Holder” if you are a beneficial owner of our ADSs that is:

- an individual U.S. citizen or resident alien of the United States (as specifically defined for U.S. federal income tax purposes);
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) if a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (y) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our ADSs, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partnership holding our ADSs or a partner in such partnership, you should consult your tax advisor with respect to the U.S. federal income tax consequences of the ownership and disposition of our ADSs by the partnership.

General

In general, a U.S. Holder of our ADSs will be treated as owning the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying shares represented by those ADSs. The U.S. Department of the Treasury has expressed concern that parties to whom ADSs are released before shares are delivered to the Depository (“pre-release”), or intermediaries in the chain of ownership between holders and the issuer of the security underlying the ADSs, may be taking actions that are inconsistent with the claiming of foreign tax credits by holders of ADSs. These actions would also be inconsistent with the claiming of the preferential rate of tax, described below, applicable to dividends received by certain non-corporate U.S. Holders. Accordingly, the creditability of ROC taxes, and the availability of the preferential tax rate for dividends received by certain non-corporate U.S. Holders, each as described below, could be affected by actions taken by such parties or intermediaries.

Distributions

Subject to the “passive foreign investment company” (or “PFIC”) rules discussed below, the amount of any cash distribution (other than in liquidation) that you receive with respect to our ADSs including the amount of any ROC taxes actually withheld therefrom (described above in “—ROC Taxation”) generally will be taxed to a U.S. Holder as dividend income to the extent such distribution does not exceed ChipMOS Taiwan’s current or accumulated earnings and profits (or “E&P”), as calculated for U.S. federal income tax purposes. Such income will be includable in your gross income as ordinary income on the date of receipt by the Depository. The amount of any distribution paid in non-U.S. dollars will be equal to the US dollar value of the amount distributed, calculated by reference to the exchange rate in effect on the date the dividend is received by the depository, regardless of whether the payment is in fact converted into US dollars on such date. *US holders should consult their own tax advisers regarding the treatment of foreign currency gain or loss, if any, on any amounts received by a US holder that are converted into US dollars on a date subsequent to receipt.* Dividends received by individuals and certain other non-corporate U.S. Holders from “qualified foreign corporations” are taxed at the rate of either 0 percent, 15 percent or 20 percent, depending upon the particular taxpayer’s U.S. federal income tax bracket; provided that the recipient-shareholder has held his or her shares as a beneficial owner for more than 60 days during the 121-day period beginning on the date which is 60 days before the shares’ ex-dividend date. A foreign corporation is a “qualified foreign corporation” if the stock with respect to which it pays dividends is traded on an established securities market in the United States, provided that the foreign corporation is not a PFIC. ChipMOS Taiwan ADSs are traded on an established securities market in the United States, although ChipMOS Taiwan cannot guarantee that its ADSs will be so traded in the future. ChipMOS Taiwan does not expect to be treated as a PFIC for U.S. federal income tax purposes for the current taxable year or the foreseeable future. If we are treated as a qualified foreign corporation, dividends we pay with respect to our ADSs would be eligible for the reduced rates of taxation described in this paragraph. No assurance can be given, however, that the IRS will not disagree and seek to treat ChipMOS Taiwan as a PFIC. If ChipMOS Taiwan were a PFIC with respect to a particular U.S. Holder, dividends received from ChipMOS Taiwan would be taxed at regular ordinary income tax rates and certain other rules will apply. See “Passive Foreign Investment Company (PFIC),” below. Holders of ChipMOS Taiwan ADSs should consult their own tax advisers regarding the availability of a reduced dividend tax rate in light of their own particular circumstances. To the extent any distribution exceeds ChipMOS Taiwan’s E&P, the distribution will first be treated as a tax-free return of capital to the extent of your adjusted tax basis in ChipMOS Taiwan ADSs and will be applied against and reduce such basis on a dollar-for-dollar basis (thereby increasing the amount of gain and decreasing the amount of loss recognized on a subsequent disposition of such ChipMOS Taiwan ADSs). To the extent that such distribution exceeds your adjusted tax basis, the distribution will be taxed as gain recognized on a sale or exchange of ChipMOS Taiwan ADSs. However, because ChipMOS Taiwan does not maintain calculations of its E&P under U.S. federal income tax principles, it is expected that distributions will generally be reported to U.S. Holders as dividends. Because ChipMOS Taiwan is not a U.S. corporation, no dividends-received deduction will be allowed to corporations with respect to dividends paid by it.

For U.S. foreign tax credit limitation purposes, dividends received on ChipMOS Taiwan ADSs will be treated as foreign source income and will generally constitute “passive category income,” or in the case of certain holders, “general category income.” You may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of ROC taxes actually withheld on dividends paid on ChipMOS Taiwan ADSs. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such U.S. Holder elects to do so for all creditable foreign income taxes. The rules governing U.S. foreign tax credits are complex, and we recommend that you consult your tax advisor regarding the applicability of such rules to you.

Sale, Exchange or Other Disposition of ChipMOS Taiwan ADSs

Subject to the PFIC rules discussed below, generally, in connection with the sale, exchange or other disposition of ChipMOS Taiwan ADSs:

- you will recognize capital gain or loss equal to the difference (if any) between the amount realized on such sale, exchange or other disposition and your adjusted tax basis in such ChipMOS Taiwan ADSs;
- such gain or loss will be long-term capital gain or loss if your holding period for such ChipMOS Taiwan ADSs is more than one year at the time of the sale or other disposition;
- such gain or loss will generally be treated as U.S. source for U.S. foreign tax credit purposes; and
- your ability to deduct capital losses is subject to limitations.

Long-term capital gains recognized by individuals and certain other non-corporate taxpayers are taxed at preferential rates.

Passive Foreign Investment Company (PFIC)

A non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of passive income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. For this purpose, cash and

cash equivalents are categorized as passive assets and the Company's goodwill and other unbooked intangibles are taken into account as non-passive assets. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock. ChipMOS Taiwan does not expect to be a PFIC for its current taxable year or the foreseeable future. However, a company's PFIC status is a legal and factual determination that must be made annually and thus may be subject to change. If ChipMOS Taiwan were treated as a PFIC, gain realized on the sale, exchange or other disposition of your ChipMOS Taiwan ADSs would in general not be treated as capital gain. Instead, such gain would be allocated ratably over your holding period for the ChipMOS Taiwan ADSs. The amounts allocated to the taxable year of the sale, exchange or other disposition and to any year before ChipMOS Taiwan became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for such year, together with an interest charge on the tax attributable to each such year. If ChipMOS Taiwan were a PFIC for any year during a U.S. Holder's holding period for ChipMOS Taiwan ADSs, it generally will continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder owns the ADSs. Dividends received from ChipMOS Taiwan ADSs will not be eligible for the special tax rates applicable to qualified dividend income for certain non-corporate U.S. Holders if ChipMOS Taiwan is treated as a PFIC with respect to the U.S. Holder, either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income. Further, any distribution in respect of ChipMOS Taiwan ADSs in excess of 125 percent of the average annual distributions on ChipMOS Taiwan ADSs received by the U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter, would be allocated ratably over the U.S. Holder's holding period for ChipMOS Taiwan ADSs and subject to taxation as described with respect to sales, exchanges or other dispositions above. Certain elections may be available that would result in alternative treatments such as mark-to-market treatment of the ADSs.

3.8% Medicare Tax on "Net Investment Income"

Certain U.S. Holders that are individuals, estates, and certain trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include any gain realized or amounts received with respect to their ChipMOS Taiwan ADSs, to the extent of their net investment income that, when added to other modified adjusted gross income, exceeds \$200,000 for a single taxpayer (or a qualifying head of household), \$250,000 for married taxpayers filing a joint return (or a qualifying widower), or \$125,000 for a married taxpayer filing a separate return. U.S. Holders should consult their own tax advisors with respect to the applicability of the net investment income tax.

Information Reporting and Backup Withholding

Except in the case of corporations or other exempt holders, amounts received by a U.S. Holder in connection with distributions, if any, paid by ChipMOS Taiwan with respect to ChipMOS Taiwan ADSs and proceeds from the sale, exchange or other disposition of ChipMOS Taiwan ADSs may be subject to U.S. information reporting requirements and backup withholding unless the U.S. Holder provides an accurate taxpayer identification number and complies with certain certification procedures or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax and amounts withheld may be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that certain required information is timely furnished to the IRS.

U.S. Holders who are individuals (and certain entities) and who own "specified foreign financial assets" with an aggregate value in excess of \$50,000 on the last day of the tax year (or more than \$75,000 at any time during the tax year) are generally required to file an information statement along with their tax returns, currently on IRS Form 8938, with respect to such assets, subject to certain exceptions (including an exception for shares held in custodial accounts maintained with a U.S. financial institution). "Specified foreign financial assets" include securities issued by a non-U.S. issuer (which would include ChipMOS Taiwan ADSs) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Individuals who fail to report the required information could be subject to substantial penalties, and such individuals should consult their own tax advisors concerning the application of these rules to their investment in ChipMOS Taiwan ADSs.

TAX MATTERS CAN BE COMPLICATED. THE FOREGOING SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES IS NOT INTENDED TO BE A COMPLETE ANALYSIS OR DESCRIPTION OF ALL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF CHIPMOS TAIWAN ADSs. IN ADDITION, THE SUMMARY DOES NOT ADDRESS TAX CONSEQUENCES THAT DEPEND UPON INDIVIDUAL CIRCUMSTANCES. THIS SUMMARY DOES NOT ADDRESS ANY U.S. FEDERAL TAX CONSEQUENCES OTHER THAN INCOME TAX OR ANY FOREIGN, STATE OR LOCAL TAX CONSIDERATIONS, NOR ANY TAX CONSEQUENCES OF ANY TRANSACTION OTHER THAN THE OWNERSHIP AND DISPOSITION OF CHIPMOS TAIWAN ADSs. ACCORDINGLY, YOU ARE STRONGLY URGED TO CONSULT YOUR OWN TAX ADVISOR TO DETERMINE THE PARTICULAR U.S. FEDERAL, STATE, LOCAL, OR FOREIGN INCOME OR OTHER TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF CHIPMOS TAIWAN ADSs TO YOU.

Documents on Display

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended. In accordance with these requirements, we file reports and other information with the SEC. These materials may be inspected and copied at the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Commission's Public Reference Room by calling the Commission in the United States at 1-800-SEC-0330. The Commission also maintains a web site at <http://www.sec.gov> that contains reports, proxy statements and other information regarding registrants that file electronically with the Commission.

Item 11. Quantitative and Qualitative Disclosure about Market Risk

Market Risks

Our exposure to financial market risks relates primarily to changes in interest rates and foreign exchange rates. To mitigate these risks, we utilize derivative financial instruments, the application of which is primarily for hedging, and not for speculative purposes.

Interest Rate Risks

As of December 31, 2023, we had aggregate debts outstanding of NT\$14,912 million (US\$487 million), which was incurred for capital expenditure and general operating expenses. Of our outstanding debts as of December 31, 2023, 100% bear interest at variable rates. The interest rate for the majority of our variable rate debts varies based on a fixed percentage spread over the prime rate established by our lenders. Our variable rate debts had an annual interest rate between 1.2% to 1.75% as of December 31, 2023. Accordingly, we have cash flows and earnings exposure due to market interest rate changes for our variable rate debts. An increase in interest rates of 1% would increase our annual interest charge by NT\$150 million (US\$5 million) based on our outstanding floating rate indebtedness as of December 31, 2023.

As of December 31, 2022 and 2023, we had no interest rate swap agreements outstanding.

Foreign Currency Exchange Rate Risks

Our foreign currency exposure gives rise to market risks associated with exchange rate movements against the NT dollar, the RMB, the Japanese yen and the US dollar. As of December 31, 2023, 25.9% of our monetary financial assets and 4.4% of our monetary financial liabilities are denominated in the RMB, Japanese yen and US dollar, respectively. We do not hold or issue any derivative for trading purposes or to hedge against fluctuations in foreign exchange rates. We mitigate this risk by conducting sales and purchases transactions in the same currency. These hedging transactions help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements. An average appreciation of the NT dollar against all other relevant foreign currencies of 5% would decrease our exchange gain by NT\$189 million (US\$6 million) based on our outstanding assets and liabilities denominated in foreign currencies as of December 31, 2023. As of December 31, 2022 and 2023, we had no outstanding forward exchange or foreign currency option contracts.

See Note 41 of our audited consolidated financial statements for additional information on financial risk management.

Item 12. Description of Securities Other Than Equity Securities

American Depositary Shares

Depositary Fees

Under the terms of the Deposit Agreement for our ADSs, an ADS holder is required to pay the following service fees to the depositary bank:

<u>Service</u>	<u>Fees</u>
(1) Issuance of ADSs (i.e., an issuance upon a deposit of Shares or upon a change in the ADS(s)-to-Share(s) ratio), excluding issuances as a result of distributions described in paragraph (4) below.	Up to US\$5.00 per 100 ADS (or fraction thereof) issued.
(2) Cancellation of ADSs (i.e., a cancellation of ADSs for delivery of deposited Shares or upon a change in the ADS(s)-to-Share(s) ratio).	Up to US\$5.00 per 100 ADS (or fraction thereof) cancelled.
(3) Distribution of cash dividends or other cash distributions (i.e., upon a sale of rights and other entitlements).	Up to US\$5.00 per 100 ADS (or fraction thereof) held.
(4) Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) an exercise of rights to purchase additional ADSs.	Up to US\$5.00 per 100 ADS (or fraction thereof) held.
(5) Distribution of securities other than ADSs or rights to purchase additional ADSs (i.e., spin-off shares).	Up to US\$5.00 per 100 ADS (or fraction thereof) held.
(6) ADS Services.	Up to US\$5.00 per 100 ADS (or fraction thereof) held on the applicable record date(s) established by the Depositary.

Depositary Charges

A holder of our ADSs is responsible to pay certain charges such as:

- (i) taxes (including applicable interest and penalties) and other governmental charges;
- (ii) such registration fees as may from time to time be in effect for the registration of Shares or other Deposited Securities on the share register and applicable to transfers of Shares or other Deposited Securities to or from the name of the Custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;
- (iii) such cable, telex and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing Shares or withdrawing Deposited Securities or of the Holders and Beneficial Owners of ADSs;
- (iv) the expenses and charges incurred by the Depositary in the conversion of foreign currency;
- (v) such fees and expenses as are incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Shares, Deposited Securities, ADSs and ADRs; and
- (vi) the fees and expenses incurred by the Depositary, the Custodian, or any nominee in connection with the servicing or delivery of Deposited Property.

All ADS fees and charges so payable may be deducted from distributions or must be remitted to the Depositary, or its designee, and may, at any time and from time to time, be changed by agreement between the Depositary and the Company, but, in the case of ADS fees and charges payable by Holders and Beneficial Owners, only in the manner contemplated in the Deposit Agreement. The Depositary shall provide, without charge, a copy of its latest ADS fee schedule to anyone upon request.

ADS fees and charges payable upon (i) the issuance of ADSs and (ii) the cancellation of ADSs will be payable by the person to whom the ADSs are so issued by the Depositary (in the case of ADS issuances) and by the person who ADSs are being cancelled (in the case of ADS cancellations). In the case of ADSs issued by the Depositary into DTC or presented to the Depositary via DTC, the ADS issuance and cancellation fees and charges will be payable by the DTC Participant(s) receiving the ADSs from the Depositary or the DTC Participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the Beneficial Owner(s) and will be charged by the DTC Participant(s) to the account(s) of the applicable Beneficial Owner(s) in accordance with the procedures and practices of the DTC participant(s) as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are payable by Holders as of the applicable ADS Record Date established by the Depositary. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, the applicable Holders as of the ADS Record Date established by the Depositary will be invoiced for the amount of the ADS fees and charges and such ADS fees

may be deducted from distributions made to Holders. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC Participants in accordance with the procedures and practices prescribed by DTC from time to time and the DTC Participants in turn charge the amount of such ADS fees and charges to the Beneficial Owners for whom they hold ADSs.

The Depositary may reimburse the Company for certain expenses incurred by the Company in respect of the ADR program established pursuant to the Deposit Agreement, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as the Company and the Depositary agree from time to time. The Company shall pay to the Depositary such fees and charges, and reimburse the Depositary for such out-of-pocket expenses, as the Depositary and the Company may agree from time to time. Responsibility for payment of such fees, charges and reimbursements may from time to time be changed by agreement between the Company and the Depositary. Unless otherwise agreed, the Depositary shall present its statement for such fees, charges and reimbursements to the Company once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The obligations of Holders and Beneficial Owners to pay ADS fees and charges shall survive the termination of the Deposit Agreement. As to any Depositary, upon the resignation or removal of such Depositary as described in the Deposit Agreement, the right to collect ADS fees and charges shall extend for those ADS fees and charges incurred prior to the effectiveness of such resignation or removal.

Depositary Payment

In 2023, we received US\$32.1 thousand from Citibank N.A., the Depositary for our ADR program. The table below sets forth details of the amount we received from Citibank N.A.

Item	US\$ (in thousand)
Reimbursement of Proxy Process Expenses	4.8
Reimbursement of ADR holders identification expenses	10.7
Direct reimbursement to issuer	32.1
Total Payments ⁽¹⁾	47.6

Note:

(1) Net of U.S. withholding tax.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

Disclosure Controls and Procedures.

Our management, including our President, the principal executive officer and Vice President of the Finance and Accounting Management Center, the principal financial officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended). Based upon that evaluation, our management concluded that, our disclosure controls and procedures were effective as of December 31, 2023.

Management's Annual Report on Internal Control over Financial Reporting.

Management of ChipMOS TECHNOLOGIES INC. (together with its consolidated subsidiaries, the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended). The Company's internal control over financial reporting is a process designed under the supervision of the Company's President, the principal executive officer, and Vice President of the Finance and Accounting Management Center, the principal financial officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets;
- provide reasonable assurance that our transactions are recorded as necessary to permit preparation of our financial statements in accordance with IFRSs, and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of internal control effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023 based on the criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the assessment, our management concludes that our internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers, Taiwan, an independent registered public accounting firm, as stated in their report included in this Annual Report on Form 20-F.

Attestation Report of the Registered Public Accounting Firm.

Our independent registered public accounting firm, PricewaterhouseCoopers, Taiwan has audited the effectiveness of our internal control over financial reporting, as stated in its report, which appears on page F-2 of this annual report.

Changes in Internal Control over Financial Reporting.

During the year ended December 31, 2023, there have been no changes in our internal control over financial reporting that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our Board of Directors have determined that Chin-Shyh Ou, one of our independent directors, qualified as audit committee financial expert and meets the independence requirement as defined in Item 16A to Form 20-F.

Item 16B. Code of Ethics

We have adopted a Code of Ethics Conduct, which applies to our directors, managers, and other employees of the Company. A copy of our Code of Ethics Conduct is filed as Exhibit 11.1 to this Annual Report on Form 20-F.

Item 16C. Principal Accountant Fees and Services

The table below summarizes the aggregate fees that we paid or accrued for services provided by PricewaterhouseCoopers, Taiwan (“PwC Taiwan”) (PCAOB ID Number: 1345) for the years ended December 31, 2022 and 2023.

	2022	2023
	NT\$	NT\$
	(In thousands)	
Audit Fees	\$ 16,972	\$ 16,922
Audit Related Fees	208	208
Tax Fees	3,100	3,340
Total	<u>\$ 20,280</u>	<u>\$ 20,470</u>

Audit Fees. This category includes the audit of our annual financial statements and services that are provided by the independent auditors in connection with our annual financial statements, internal control over financial reporting, quarterly financial statements, and related statutory and regulatory filings.

Audit-Related Fees. This category includes fees reasonably related to the performance of the audit or review of our financial statements and not included in the category of Audit Fees (described above). The services for the fees disclosed under this category were related to checklist of quarterly and annually financial statements and review of annual report.

Tax Fees. This category includes aggregate fees for respective years for services relating to tax compliance and review.

All non-audit services are pre-approved by our Audit Committee on a case-by-case basis. Accordingly, we have not established any pre-approval policies and procedures.

All audit services performed by PwC Taiwan were pre-approved by the Audit Committee.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Change in Registrant’s Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Our corporate governance practices are governed by the applicable ROC law, specifically, the ROC Company Act and Securities and Exchange Act, and our Articles of Incorporation. Also, because our securities are listed on the Nasdaq, we are subject to corporate governance requirements applicable to Nasdaq-listed foreign private issuers under Nasdaq listing rules.

Under Nasdaq Rule 5615(a)(3), Nasdaq-listed foreign private issuers may, in general, follow their home country corporate governance practices instead of most Nasdaq corporate governance requirements. However, all Nasdaq-listed, foreign private issuers must comply with Nasdaq Rules 5605(c)(2)(A)(ii), 5605(c)(3), 5625 and 5640.

Item 16G requires a foreign private issuer to provide in its annual report filed with the SEC a brief, general summary of any significant ways its corporate governance practices differ from those followed by Nasdaq-listed domestic companies. The table below provides this summary information as required by Item 16G and by Nasdaq Rule 5615(a) (3):

<u>Nasdaq Listing Rule</u>	<u>Corporate Governance Practice To Be Followed by Domestic Companies</u>	<u>Our Corporate Governance Practice</u>
5250(b)(3)	Disclosure of third party director and nominee compensation requirements.	We follow governance practices under the ROC law. Nasdaq Rule 5250(b)(3) generally requires a Nasdaq-listed company to disclose at least annually material terms of agreements and arrangements with third parties (other than the Company) relating to compensation of or payment to the Company's directors in connection with candidacy or service as a company director, subject to certain limited exceptions. There is no similar regulation requiring disclosure of third party compensation of directors and nominees for director under the ROC law. However, certain laws and regulations are designed to enhance transparency by making investors aware of the relationship between independent directors or nominees for independent director of a TWSE-listed company and third party. For instance, the ROC Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies requires that, in the event that both of a TWSE-listed company and its group enterprises, and another company and its group enterprises, nominate any director, supervisor or managerial officer from the other company or its group enterprises as an independent director candidate, the TWSE-listed company shall disclose the information when receiving the nomination of an independent director candidate, and explain the competence of the independent director candidate. It further requires that, if the candidate becomes the TWSE-listed company's independent director through election, such company shall disclose the number of votes cast in favor of such independent director-elect. In addition, if an independent director of a TWSE-listed company concurrently serves as a director, supervisor or other position of other company, such concurrently held position shall be disclosed in the Market Observation Post System of the TWSE.
5605(b)	Requires a majority independent board and an independent director executive session.	We follow governance practices under the ROC law. We have five independent directors out of a total of nine directors on our board. Our standards in determining director independence substantially comply with the Nasdaq requirement, which include detailed tests for determining director independence.
5605(c)(1)	Audit committee charter requirements.	We follow governance practices under the ROC law.
5605(c)(2)(A)(ii)	Audit committee composition and independence requirements.	We follow the same Nasdaq listing rule governance practice as followed by domestic companies.

Nasdaq Listing Rule	Corporate Governance Practice To Be Followed by Domestic Companies	Our Corporate Governance Practice
5605(c)(2)(A)(i), (iii), (iv)	Audit committee financial sophistication requirements.	We follow the same Nasdaq listing rule governance practice as followed by domestic companies.
5605(c)(3)	Audit committee responsibilities and authority requirements.	We follow the same Nasdaq listing rule governance practice as followed by domestic companies.
5605(d), (e)	Requires independent director oversight of executive officer compensation and director nominations.	We follow the same Nasdaq listing rule governance practice regarding the compensation committee as followed by domestic companies. As for the director nominations, we follow governance practices under the ROC law. Under the ROC Company Act and the interpretations thereof, candidates to serve as directors are nominated either by the Board of Directors or by the shareholders.
5610	Requires a code of conduct for directors, officers and employees.	We follow governance practices under the ROC law. We have adopted the Code of Ethics Conduct that satisfies the requirements promulgated by the TWSE, and applies to all employees, managerial officers and directors of our company. The details of the waiver of such Code for our directors and managerial officers will be disclosed in the Market Observation Post System of the TWSE.
5620	Annual shareholder meeting requirements.	We follow governance practices under the ROC law. We are required by the ROC Company Act and our Articles of Incorporation to hold a general meeting of our shareholders within six months following the end of each fiscal year, unless for specific legitimate reasons or approved otherwise by the relevant authorities. Further, a majority of the holders of all issued and outstanding common shares present at a shareholders' meeting constitutes a quorum for meetings of our shareholders.
5625	Requires an issuer to notify Nasdaq of any material noncompliance with the Rule 5600 series.	We follow the same Nasdaq listing rule governance practice as followed by domestic companies.
5630	Requires oversight of related party transactions.	We follow governance practices under the ROC law. According to Nasdaq Rule 5630(a), each company that is not a limited partnership shall conduct an appropriate review and oversight of all related party transactions for potential conflict of interest situations on an ongoing basis by the Company's Audit Committee or another independent body of the Board of Directors. According to our Operational Procedures for Acquisition and Disposal of Assets that satisfies the requirements promulgated by the FSC, any related party transaction exceeding a specified threshold shall be required to have an independent expert issue a fairness opinion, and be submitted to our audit committee for its review and approval.

Nasdaq Listing Rule	Corporate Governance Practice To Be Followed by Domestic Companies	Our Corporate Governance Practice
5635	Circumstances that require shareholder approval.	We follow governance practices under the ROC law. According to Nasdaq Rule 5635(c), each issuer shall require shareholder approval when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants. However, under the corresponding domestic requirements under the ROC Company Act and the Securities and Exchange Act, the Board of Directors has authority, subject to the approval of the Securities and Futures Bureau of the FSC, to approve employee stock option plans and to grant options to employees pursuant to such plans.
5640	Shareholder voting rights requirements.	We follow the same Nasdaq listing rule governance practice as followed by domestic companies.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

Not applicable for the fiscal year ended December 31, 2023.

Item 16K. Cybersecurity

As part of the enterprise risk management oversight, our Board of Directors, is the highest decision-making body, responsible for formulating risk management policy and organizational structure with Audit Committee supervising the implementation of risk management to ensure the effectiveness of the risk management mechanism, including information technology. The Risk Management Team, which was composed of all first-level supervisors at each division, including the head of I.T.M center, who is a subject matter expert on information security, privacy, information technology strategy and management, is the competent authority for implementing risk management. Department head, is assigned by each Risk Management unit, evaluates the frequency, impact and control degree of potential risks through identification, analysis, evaluation and other procedures. Then implement necessary procedures and risk management works in compliance with the rules, and ensure that the involved risks are controlled within the feasible scope and continue to monitor. Annually, the Risk Management Team briefed to the Board of Directors on the ever-changing risk environment facing the Company, the focus of the Company's enterprise risk management, risk assessment and risk mitigation actions to be taken. Where appropriate, if any, major incidents are escalated to our Risk Management Team, who may then inform our Board of Directors of the incident pursuant to our internal procedures. In the three years through 2023, the Company has not experienced any material cybersecurity incidents.

In respect of the assessing and managing of cybersecurity from our management, we have formulated management policies in eight aspects including strategies and policies, legal compliance, information security risk assessment, information security technology investment, risk monitoring and reporting, information outsourcing supplier management, disaster emergency response and continuous improvement as below:

- Strategies and policies: Management has formulated appropriate cybersecurity principles and policies to mitigate internal and external cybersecurity risks. Its content covers the formulation of information security policies, access control, data encryption, employee training plans and network security incident response procedures. The compliance and appropriateness of the policy will be reviewed and updated regularly.
- Legal compliance: Management ensures that the organization's cybersecurity measures comply with applicable laws, regulations and industry best practices.
- Information security risk assessment: Management is responsible for identifying and assessing the cybersecurity threats facing the organization. Understand potential threat sources, vulnerabilities, and system weaknesses and assess the potential impact of these threats on an organization's business, finances, and reputation.

- Information security technology investment: Management decided to invest in network security technology and tools to strengthen the organization's security defense capabilities. This includes investing in security information and event management systems such as firewalls, intrusion detection systems, and EDR protection.
- Risk monitoring and reporting: Management has established an effective monitoring mechanism to regularly check the effectiveness of network security controls, respond to potential security incidents, and report network security performance and risk status to other stakeholders.
- Information outsourcing supplier management: Management assesses and manages the cybersecurity risks associated with outsourcing. Ensure that suppliers and partners meet the organization's cybersecurity standards and take appropriate measures to protect the organization from supply chain attacks.
- Disaster emergency response: Management develops and implements an emergency response plan for network security incidents. Ensure that the organization has appropriate response capabilities to promptly handle cybersecurity incidents and reduce the impact on business.
- Continuous improvement: Management takes steps to continually improve the organization's cybersecurity defenses. This includes regularly assessing the effectiveness of cybersecurity measures, as well as revising and updating cybersecurity principles and controls in light of new threats and vulnerabilities.

In the trend of increasing global information security threats, information security risks are increasing day by day, and new types of information security threats are constantly being introduced. Please see "Item 3. Key Information—Risk Factors" for a discussion of potential information security risks. The management has taken the above practical measures for the information security of the Company, and strengthened the key infrastructure and external information security. We cooperate and implement corresponding protective measures to reduce the risk of malicious attacks to maintain the Company's information network security environment, avoid network attacks, and enable the Company to comprehensively protect the information environment.

PART III

Item 17. Financial Statements

The Company has elected to provide the financial statements and related information specified in Item 18 in lieu of Item 17.

Item 18. Financial Statements

The financial statements and related information of the Company are located at pages F-1 to F-57.

Item 19. Exhibits

Exhibits	Description
1.1	<u>Articles of Incorporation of ChipMOS TECHNOLOGIES INC. as amended on May 26, 2022. (English Translation)⁽²⁾</u>
2.1	<u>Form of the Deposit Agreement among ChipMOS TECHNOLOGIES INC., Citibank, N.A. and The Holders and Beneficial Owners of American Depositary Shares issued hereunder.^(a)</u>
4.1	<u>Agreement and Plan of Merger, dated January 21, 2016, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ChipMOS TECHNOLOGIES INC.^(a)</u>
4.2	<u>Equity Interest Transfer Agreement, dated November 30, 2016, among ChipMOS TECHNOLOGIES (BVI) LTD., Tibet Unigroup Guowei Investment Co., Ltd. and ChipMOS TECHNOLOGIES INC. (English Translation)^(a)</u>
4.3	<u>Equity Interest Transfer Agreement, dated November 30, 2016, between ChipMOS TECHNOLOGIES (BVI) LTD. and Gongqingcheng Changhou Investment Management Ltd. (English Translation)^(a)</u>
4.4	<u>Equity Interest Transfer Agreement, dated November 30, 2016, between ChipMOS TECHNOLOGIES (BVI) LTD. and Accretech (China) Co., Ltd. (English Translation)^(a)</u>
4.5	<u>Equity Interest Transfer Agreement, dated November 30, 2016, between ChipMOS TECHNOLOGIES (BVI) LTD. and Chao-Jung Tsai (English Translation)^(a)</u>
4.6	<u>Equity Interest Transfer Agreement, dated November 30, 2016, between ChipMOS TECHNOLOGIES (BVI) LTD. and Shanghai Zuzhu Business Consulting Partnership (Limited Partnership) (English Translation)^(a)</u>
4.7	<u>Equity Interest Transfer Agreement, dated November 30, 2016, between ChipMOS TECHNOLOGIES (BVI) LTD. and Shih-Jye Cheng (English Translation)^(a)</u>
4.8	<u>Equity Interest Transfer Agreement, dated November 30, 2016, between ChipMOS TECHNOLOGIES (BVI) LTD. and Shou-Kang Chen (English Translation)^(a)</u>
4.9	<u>Equity Interest Transfer Agreement, dated November 30, 2016, between ChipMOS TECHNOLOGIES (BVI) LTD. and David W. Wang (English Translation)^(a)</u>
4.10	<u>Agreement for Sino-Foreign Equity Joint Venture, dated November 30, 2016, among ChipMOS TECHNOLOGIES (BVI) LTD., Tibet Unigroup Guowei Investment Co., Ltd., Gongqingcheng Changhou Investment Management Ltd., Accretech (China) Co., Ltd., Chao-Jung Tsai, Shanghai Zuzhu Business Consulting Partnership (Limited Partnership), Shih-Jye Cheng, Shou-Kang Chen and David W. Wang. (English Translation)^(a)</u>
4.11	<u>Amendment of Agreement for Sino-Foreign Equity Joint Venture dated April 10, 2017, among ChipMOS TECHNOLOGIES (BVI) LTD., Tibet Unigroup Guowei Investment Co., Ltd., Gongqingcheng Changhou Hong Xin Investment Management Partnership (Limited Partnership), Accretech (China) Co., Ltd., Chao-Jung Tsai, Shanghai Zuzhu Business Consulting Partnership (Limited Partnership), Shih-Jye Cheng, Shou-Kang Chen and David W. Wang. (English Translation)^(a)</u>
4.12	<u>Amendment of Agreement for Sino-Foreign Equity Joint Venture dated November 28, 2017, among ChipMOS TECHNOLOGIES (BVI) LTD., Tibet Unigroup Guowei Investment Co., Ltd., Gongqingcheng Changhou Hong Xin Investment Management Partnership (Limited Partnership), Accretech (China) Co., Ltd., Chao-Jung Tsai, Shanghai Zuzhu Business Consulting Partnership (Limited Partnership), Shih-Jye Cheng, Shou-Kang Chen and David W. Wang. (English Translation)^(a)</u>
4.13	<u>Amendment of Agreement for Sino-Foreign Equity Joint Venture dated August 1, 2018, among ChipMOS TECHNOLOGIES (BVI) LTD., Tibet Unigroup Guowei Investment Co., Ltd., Gongqingcheng Changhou Hong Xin Investment Management Partnership (Limited Partnership), Accretech (China) Co., Ltd., Chao-Jung Tsai, Shanghai Zuzhu Business Consulting Partnership (Limited Partnership), Shih-Jye Cheng, Shou-Kang Chen and David W. Wang. (English Translation)^(a)</u>

Exhibits	Description
4.14	<u>Amendment of Agreement for Sino-Foreign Equity Joint Venture dated December 29, 2018, among ChipMOS TECHNOLOGIES (BVI) LTD., Beijing Unis Memory Technology Co., Ltd., Gongqingcheng Changhou Hong Xin Investment Management Partnership (Limited Partnership), Accretech (China) Co., Ltd., Chao-Jung Tsai, Shanghai Zuzhu Business Consulting Partnership (Limited Partnership), Shih-Jye Cheng, Shou-Kang Chen and David W. Wang, (English Translation)</u> ¹⁴
4.15	<u>Amendment of Agreement for Sino-Foreign Equity Joint Venture dated February 1, 2019, among ChipMOS TECHNOLOGIES (BVI) LTD., Beijing Unis Memory Technology Co., Ltd., Accretech (China) Co., Ltd., Chao-Jung Tsai, Shanghai Zuzhu Business Consulting Partnership (Limited Partnership), Shih-Jye Cheng, Shou-Kang Chen and David W. Wang, (English Translation)</u> ¹⁵
4.16	<u>Syndicated Loan Agreement, dated May 15, 2018, between ChipMOS TECHNOLOGIES INC. and Taiwan Cooperative Bank Co., Ltd., Bank of Taiwan Co., Ltd., Land Bank of Taiwan Co., Ltd., Taishin International Bank Co., Ltd., Hun Nan Commercial Bank Co., Ltd., Chang Hwa Commercial Bank Co., Ltd. and Yuanta Commercial Bank Co., Ltd. (English Translation)</u> ¹⁶
4.17	<u>Amendment of Agreement for Sino-Foreign Equity Joint Venture dated June 18, 2019, among ChipMOS TECHNOLOGIES (BVI) LTD., Beijing Unis Memory Technology Co., Ltd., Tibet Unigroup Guowei Investment Co., Ltd., Accretech (China) Co., Ltd., Chao-Jung Tsai, Shanghai Zuzhu Business Consulting Partnership (Limited Partnership), Shih-Jye Cheng, Shou-Kang Chen and David W. Wang, (English Translation)</u> ¹⁷
4.18	<u>Amendment of Agreement for Sino-Foreign Equity Joint Venture dated August 8, 2019, among ChipMOS TECHNOLOGIES (BVI) LTD., Beijing Unis Memory Technology Co., Ltd., Tibet Unigroup Guowei Investment Co., Ltd., Accretech (China) Co., Ltd., Chao-Jung Tsai, Shanghai Zuzhu Business Consulting Partnership (Limited Partnership), Shih-Jye Cheng, Shou-Kang Chen and David W. Wang, (English Translation)</u> ¹⁸
4.19	<u>Amendment and Restatement of Agreement for Sino-Foreign Equity Joint Venture dated December 16, 2019, among ChipMOS TECHNOLOGIES (BVI) LTD., Yangtze Memory Technologies Co., Ltd., Accretech (China) Co., Ltd., Chao-Jung Tsai, Shanghai Zuzhu Business Consulting Partnership (Limited Partnership), Shih-Jye Cheng, Shou-Kang Chen and David W. Wang, (English Translation)</u> ¹⁹
4.20	<u>Supplement Agreement to Syndicated Loan Agreement, dated December 23, 2019, between ChipMOS TECHNOLOGIES INC. and Taiwan Cooperative Bank Co., Ltd., Bank of Taiwan Co., Ltd., Land Bank of Taiwan Co., Ltd., Taishin International Bank Co., Ltd., Hun Nan Commercial Bank Co., Ltd., Chang Hwa Commercial Bank Co., Ltd. and Yuanta Commercial Bank Co., Ltd. (English Translation)</u> ²⁰
4.21	<u>Amendment and Restatement of Agreement for Sino-Foreign Equity Joint Venture dated May 11, 2020, among ChipMOS TECHNOLOGIES (BVI) LTD., Yangtze Memory Technologies Co., Ltd., Accretech (China) Co., Ltd., Chao-Jung Tsai, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang, (English Translation)</u> ²¹
4.22	<u>Amendment and Restatement of Agreement for Sino-Foreign Equity Joint Venture dated December 15, 2022, among ChipMOS TECHNOLOGIES (BVI) LTD., Yangtze Memory Technologies Co., Ltd., Accretech (China) Co., Ltd., Chao-Jung Tsai, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang, (English Translation)</u> ²²
4.23	<u>Amendment and Restatement of Agreement for Sino-Foreign Equity Joint Venture dated July 24, 2023, among ChipMOS TECHNOLOGIES (BVI) LTD., Yangtze Memory Technologies Holding Co., Ltd., Accretech (China) Co., Ltd., Chao-Jung Tsai, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang, (English Translation)</u>
4.24	<u>Equity Interest Transfer Agreement, dated December 21, 2023, among ChipMOS TECHNOLOGIES (BVI) LTD., Suzhou Oriza PuHua ZhiXin Equity Investment Partnership (L.P.) and 10 other local Chinese investment management companies, (English Translation)</u>
8.1	<u>List of principal subsidiaries of ChipMOS TECHNOLOGIES INC.</u>
11.1	<u>Code of Ethics Conduct, (English Translation)</u> ²¹
11.2	<u>Insider Trading Policy</u>
12.1	<u>Certification of Principal Executive Officer required by Rule 13a-14(a) under the Exchange Act.</u>
12.2	<u>Certification of Principal Financial Officer required by Rule 13a-14(a) under the Exchange Act.</u>
13.1	<u>Certification of Principal Executive Officer required by Rule 13a-14(b) under the Exchange Act.</u>
13.2	<u>Certification of Principal Financial Officer required by Rule 13a-14(b) under the Exchange Act.</u>
97.1	<u>Incentive-Based Compensation Recovery Policy</u>

<u>Exhibits</u>	<u>Description</u>
101.INS	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

- (1) Incorporated by reference to our Registration Statement on Form F-4 (File No. 333-209733), filed on February 26, 2016.
- (2) Incorporated by reference to our Registration Statement on Form F-6/Amendment No. 1 (File No. 333-209736), filed on June 21, 2016.
- (3) Incorporated by reference to the Annual Report on Form 20-F (File No. 001-37928) of ChipMOS TECHNOLOGIES INC., filed on April 20, 2017.
- (4) Incorporated by reference to the Annual Report on Form 20-F (File No. 001-37928) of ChipMOS TECHNOLOGIES INC., filed on April 25, 2019.
- (5) Incorporated by reference to the Annual Report on Form 20-F (File No. 001-37928) of ChipMOS TECHNOLOGIES INC., filed on April 23, 2020.
- (6) Incorporated by reference to the Annual Report on Form 20-F (File No. 001-37928) of ChipMOS TECHNOLOGIES INC., filed on April 20, 2021.
- (7) Incorporated by reference to the Annual Report on Form 20-F (File No. 001-37928) of ChipMOS TECHNOLOGIES INC., filed on April 13, 2023.

We have not included as exhibits certain instruments with respect to our debt, the amount of debt authorized under each of which does not exceed 10% of our total assets, and we agree to furnish a copy of any such instrument to the Commission upon request.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all the requirements for filing on Form 20-F and it has duly caused this Annual Report on Form 20-F to be signed on its behalf by the undersigned.

Date: April 11, 2024

ChipMOS TECHNOLOGIES INC.

By: /s/ Shih-Jye Cheng
Name: Shih-Jye Cheng
Title: Chairman and President

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
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ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of ChipMOS TECHNOLOGIES INC.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of ChipMOS TECHNOLOGIES INC. and its subsidiaries (the “Company”) as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition – estimating progress relating to Assembly services, services for Display panel driver semiconductor assembly and testing and Bumping

As described in Notes 4 aa), dd), 23 and 42 e) to the consolidated financial statements, the Company earns revenue from Assembly services, services for Display panel driver semiconductor assembly and testing and Bumping. The Company recognized revenue associated with aforementioned services totalling NT\$16,961,502 thousand for the year ended December 31, 2023. Such revenue is recognized over a period of time, during which the Company satisfied its performance obligations to the customer. The Company used an input method (input costs incurred as a percentage of total expected input costs) to measure the progress towards completion of performance obligation and determine the amount of related revenue. Due to the nature of the work performed, management's estimation of the progress towards completion of performance obligation is complex and requires significant judgment.

The principal considerations for our determination that performing procedures relating to revenue recognition – estimating progress relating to Assembly services, services for Display panel driver semiconductor assembly and testing and Bumping is a critical audit matter are there was significant judgment made by management in estimating the progress towards completion of performance obligation. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and in evaluating audit evidence relating to revenue generated from Assembly services, services for Display panel driver semiconductor assembly and testing and Bumping.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to accounting for revenue generated from aforementioned services, including the controls addressing the completeness and accuracy of the data utilized and the management's process to recognize and measure such revenue. These procedures also included, among others, (i) validating the reasonableness of total expected input costs incurred on a testing basis relating to aforementioned services, (ii) recalculating management's estimate of the progress towards completion of performance obligation and (iii) testing the reasonableness of management's key assumptions to estimate the progress towards completion of performance obligation (including utilizing data from recently completed services to estimate the progress towards completion of performance obligation for in-progress services).

/s/ PricewaterhouseCoopers, Taiwan

Taipei, Taiwan
Republic of China
April 11, 2024

We have served as the Company's auditor since 2015.

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
Consolidated Statements of Financial Position
December 31, 2022 and 2023

	Notes	December 31, 2022 NT\$000	December 31, 2023 NT\$000	December 31, 2023 US\$000
Assets				
Current assets				
Cash and cash equivalents	6	9,896,604	12,354,035	403,463
Current financial assets at fair value through profit or loss	7	128,224	42,735	1,396
Current financial assets at amortized cost	8	98,731	41,066	1,341
Current contract assets	23	381,358	383,883	12,537
Accounts receivable, net	9	4,381,563	5,326,381	173,951
Other receivables		131,863	44,576	1,456
Current tax assets		—	403	13
Inventories	10	3,210,409	2,568,648	83,888
Prepayments		123,377	120,273	3,928
Non-current assets held for sale, net	14	—	4,278,658	139,734
		<u>18,352,129</u>	<u>25,160,658</u>	<u>821,707</u>
Non-current assets				
Non-current financial assets at fair value through other comprehensive income	11	338,102	120,317	3,929
Non-current financial assets at amortized cost	8,36	37,362	37,411	1,222
Investments accounted for using equity method	12	4,353,448	290,542	9,489
Property, plant and equipment, net	13,36	20,446,205	19,139,503	625,065
Right-of-use assets	15	898,992	1,037,502	33,883
Deferred tax assets	31	159,286	163,282	5,333
Refundable deposits		21,771	20,707	676
Other non-current assets		335,650	190,562	6,223
		<u>26,590,816</u>	<u>20,999,826</u>	<u>685,820</u>
Total assets		<u>44,942,945</u>	<u>46,160,484</u>	<u>1,507,527</u>

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
Consolidated Statements of Financial Position (Continued)
December 31, 2022 and 2023

	Notes	December 31, 2022	December 31, 2023	December 31, 2023
		NTS000	NTS000	US\$000
Liabilities				
Current liabilities				
Notes payable		132	484	16
Accounts payable		560,802	784,919	25,634
Other payables	16	3,796,481	3,479,045	113,620
Other payables – related parties	35	—	58,549	1,912
Current tax liabilities		361,770	505,600	16,512
Current provisions	43	26,643	33,564	1,096
Current lease liabilities	34	160,955	251,668	8,219
Long-term bank loans, current portion	17,34,3 6	1,522,917	2,263,718	73,930
Current refund liabilities	43	37,123	37,667	1,230
Other current liabilities		22,318	23,611	771
		<u>6,489,141</u>	<u>7,438,825</u>	<u>242,940</u>
Non-current liabilities				
Long-term bank loans	17,34,3 6	12,444,884	12,648,001	413,063
Deferred tax liabilities	31	201,741	127,193	4,154
Non-current lease liabilities	34	759,447	813,733	26,575
Long-term deferred revenue		127,657	120,963	3,950
Net defined benefit liability, non-current	18	259,215	227,337	7,425
Guarantee deposits	34	21,600	21,235	694
		<u>13,814,544</u>	<u>13,958,462</u>	<u>455,861</u>
Total liabilities		<u>20,303,685</u>	<u>21,397,287</u>	<u>698,801</u>
Equity				
Equity attributable to equity holders of the Company				
Capital stock	19	7,272,401	7,272,401	237,505
Capital surplus	20	6,055,773	6,055,773	197,772
Retained earnings	21			
Legal reserve		2,575,987	2,930,973	95,721
Unappropriated retained earnings		8,506,816	8,455,690	276,149
Other equity interest	22	228,283	48,360	1,579
Total equity		<u>24,639,260</u>	<u>24,763,197</u>	<u>808,726</u>
Total liabilities and equity		<u>44,942,945</u>	<u>46,160,484</u>	<u>1,507,527</u>

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

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2021, 2022 and 2023

	Notes	2021	2022	2023	2023
		NT\$000	NT\$000	NT\$000	US\$000
Revenue	23,42	27,400,035	23,517,064	21,356,228	697,460
Cost of revenue	10,29,30	(20,146,057)	(18,605,007)	(17,806,803)	(581,542)
Gross profit		7,253,978	4,912,057	3,549,425	115,918
Sales and marketing expenses	29,30	(73,928)	(128,029)	(135,661)	(4,431)
General and administrative expenses	29,30	(604,029)	(538,684)	(497,742)	(16,255)
Research and development expenses	29,30	(1,139,219)	(1,158,598)	(1,093,513)	(35,712)
Other income (expenses), net	24	125,587	129,933	85,943	2,807
Operating profit	42	5,562,389	3,216,679	1,908,452	62,327
Interest income	25,42	9,980	57,199	193,189	6,309
Other income	26	34,496	66,991	77,583	2,534
Other gains and losses	27	(65,829)	386,567	135,501	4,425
Finance costs	28	(131,184)	(153,279)	(266,390)	(8,700)
Share of profit of associates and joint ventures accounted for using equity method	42	625,733	453,715	219,891	7,182
Profit before income tax		6,035,585	4,027,872	2,268,226	74,077
Income tax expense	31	(1,098,318)	(588,175)	(300,661)	(9,819)
Profit for the year		4,937,267	3,439,697	1,967,565	64,258
Other comprehensive income (loss):					
(Loss) profit on remeasurements of defined benefit plans	18	(14,999)	222,234	10,699	350
Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	11,22	122,514	(46,419)	(217,785)	(7,113)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	12	28,843	(28,254)	12,993	424
Income tax effect on components that will not be reclassified to profit or loss	31	(27,460)	(31,888)	49,498	1,617
Components of other comprehensive income (loss) that will not be reclassified to profit or loss		108,898	115,673	(144,595)	(4,722)
Exchange differences on translation of foreign operations	22	(24,695)	68,656	16,713	546
Equity directly related to non-current assets held for sale	22	—	—	(43,094)	(1,408)
Components of other comprehensive (loss) income that will be reclassified to profit or loss		(24,695)	68,656	(26,381)	(862)
Other comprehensive income (loss), net of income tax		84,203	184,329	(170,976)	(5,584)
Total comprehensive income for the year		5,021,470	3,624,026	1,796,589	58,674
Earnings per share – basic	32	NT\$6.79	NT\$4.73	NT\$2.71	US\$0.09
Earnings per share – diluted	32	NT\$6.65	NT\$4.63	NT\$2.68	US\$0.09
Earnings per equivalent ADS – basic		NT\$135.78	NT\$94.60	NT\$54.11	US\$1.77
Earnings per equivalent ADS – diluted		NT\$132.93	NT\$92.63	NT\$53.54	US\$1.75

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

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
Years Ended December 31, 2021, 2022 and 2023

	Note s	Equity attributable to equity holders of the Company								Total equity NTS000
		Retained earnings					Other equity interest			
		Capital stock NTS000	Capital surplus NTS000	Legal reserve NTS000	Special reserve NTS000	Unappropriated retained earnings NTS000	Financial statements translation differences of foreign operations NTS000	Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income NTS000	Equity directly related to non-current assets held for sale NTS000	
Year 2021										
Balance at January 1, 2021		7,272,401	6,050,787	1,837,894	19,802	5,401,569	(61,330)	194,716	—	20,715,839
Profit for the year		—	—	—	—	4,937,267	—	—	—	4,937,267
Other comprehensive (loss) income		—	—	—	—	(4,251)	(24,695)	113,149	—	84,203
Total comprehensive income (loss) for the year	22	—	—	—	—	4,933,016	(24,695)	113,149	—	5,021,470
Appropriation of prior year's earnings:	21	—	—	—	—	—	—	—	—	—
Legal reserve		—	—	232,611	—	(232,611)	—	—	—	—
Special reserve		—	—	—	(19,802)	19,802	—	—	—	—
Cash dividends		—	—	—	—	(1,599,928)	—	—	—	(1,599,928)
Changes in associates accounted for using equity method	20	—	4,834	—	—	—	—	—	—	4,834
Balance at December 31, 2021		7,272,401	6,055,621	2,070,505	—	8,521,848	(86,025)	307,865	—	24,142,215
Year 2022										
Balance at January 1, 2022		7,272,401	6,055,621	2,070,505	—	8,521,848	(86,025)	307,865	—	24,142,215
Profit for the year		—	—	—	—	3,439,697	—	—	—	3,439,697
Other comprehensive income (loss)		—	—	—	—	177,886	68,656	(62,213)	—	184,329
Total comprehensive income (loss) for the year	22	—	—	—	—	3,617,583	68,656	(62,213)	—	3,624,026
Appropriation of prior year's earnings:	21	—	—	—	—	—	—	—	—	—
Legal reserve		—	—	505,482	—	(505,482)	—	—	—	—
Cash dividends		—	—	—	—	(3,127,133)	—	—	—	(3,127,133)
Changes in associates accounted for using equity method		—	152	—	—	—	—	—	—	152
Balance at December 31, 2022		7,272,401	6,055,773	2,575,987	—	8,506,816	(17,369)	245,652	—	24,639,260
Year 2023										
Balance at January 1, 2023		7,272,401	6,055,773	2,575,987	—	8,506,816	(17,369)	245,652	—	24,639,260
Profit for the year		—	—	—	—	1,967,565	—	—	—	1,967,565
Other comprehensive income (loss)		—	—	—	—	8,947	16,713	(153,542)	(43,094)	(170,976)
Total comprehensive income (loss) for the year	22	—	—	—	—	1,976,512	16,713	(153,542)	(43,094)	1,796,589
Appropriation of prior year's earnings:	21	—	—	—	—	—	—	—	—	—
Legal reserve		—	—	354,986	—	(354,986)	—	—	—	—
Cash dividends		—	—	—	—	(1,672,652)	—	—	—	(1,672,652)
Balance at December 31, 2023		7,272,401	6,055,773	2,930,973	—	8,455,690	(656)	92,110	(43,094)	24,763,197

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

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 31, 2021, 2022 and 2023

	Notes	2021	2022	2023	2023
		NT\$000	NT\$000	NT\$000	US\$000
Cash flows from operating activities					
Profit before income tax		6,035,585	4,027,872	2,268,226	74,077
Adjustments to reconcile profit (loss)					
Depreciation expenses	13,15,29,42	4,634,112	4,751,902	4,779,333	156,085
Expected credit losses (gains)		299	897	(302)	(10)
Interest expense	28,42	120,998	142,439	265,957	8,686
Interest income	25,42	(9,980)	(57,199)	(193,189)	(6,309)
Dividend income	26	(4,690)	(9,816)	(6,592)	(215)
Share of profit of associates and joint ventures accounted for using equity method	42	(625,733)	(453,715)	(219,891)	(7,182)
(Gain) loss on valuation of financial assets at fair value through profit or loss	7,27	(15,262)	69,404	(39,254)	(1,282)
Gain on disposal of property, plant and equipment, net	24	(33,935)	(74,548)	(18,431)	(602)
Gain from lease modifications	24	(891)	(139)	—	—
Impairment loss on property, plant and equipment	13,24,43	4,843	12,721	9,236	302
Deferred revenue		(12,389)	(17,859)	(20,839)	(681)
Changes in operating assets and liabilities					
Financial assets at fair value through profit or loss		(290,637)	162,332	124,743	4,074
Current contract assets		(11,242)	18,788	(2,470)	(81)
Accounts and notes receivable		(980,816)	1,962,959	(944,603)	(30,849)
Other receivables		(46,089)	15,849	48,736	1,592
Inventories		(1,105,102)	(3,232)	641,761	20,959
Prepayments		(67,401)	37,748	3,104	101
Other non-current assets		6,915	—	—	—
Accounts and notes payable		42,694	(451,480)	224,469	7,331
Other payables		471,766	(161,212)	(90,786)	(2,965)
Current provisions		818	22,362	6,921	226
Current refund liabilities		(15)	27,274	544	18
Other current liabilities		(6,838)	8,097	1,293	42
Net defined benefit liability, non-current		(23,362)	(21,839)	(21,179)	(692)
Cash generated from operations		8,083,648	10,009,605	6,816,787	222,625
Interest received		10,344	42,170	194,136	6,340
Dividend received		17,140	26,416	10,327	337
Interest paid		(99,857)	(107,210)	(227,488)	(7,429)
Income tax paid		(691,566)	(1,354,548)	(186,280)	(6,084)
Net cash generated from operating activities		7,319,709	8,616,433	6,607,482	215,789

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2021, 2022 and 2023

	Notes	2021 NTS000	2022 NTS000	2023 NTS000	2023 US\$000
Cash flows from investing activities					
Acquisition of financial assets at amortized cost		—	(133,182)	(72,201)	(2,358)
Proceeds from repayments of financial assets at amortized cost		188,023	69,022	130,220	4,253
Acquisition of financial assets at fair value through other comprehensive income	11	—	—	(12,500)	(408)
Proceeds from disposal of financial assets at fair value through profit or loss		9,427	—	—	—
Acquisition of property, plant and equipment	33	(5,881,506)	(4,699,369)	(3,073,881)	(100,389)
Proceeds from disposal of property, plant and equipment		120,586	77,339	83,679	2,733
(Increase) decrease in refundable deposits		(92)	(493)	1,064	35
Increase in other non-current assets		(501,177)	(400,569)	(160,703)	(5,248)
Increase in long-term deferred revenue		49,349	25,328	14,145	462
Net cash used in investing activities		(6,015,390)	(5,061,924)	(3,090,177)	(100,920)
Cash flows from financing activities					
	34				
Proceeds from short-term bank loans		2,195,726	348,006	1,273,873	41,603
Payments on short-term bank loans		(1,463,975)	(1,079,757)	(1,273,873)	(41,603)
Payment on lease liabilities		(289,668)	(237,869)	(293,383)	(9,581)
Proceeds from long-term bank loans		4,908,782	4,567,672	2,430,224	79,367
Payments on long-term bank loans		(3,256,450)	(54,000)	(1,522,918)	(49,736)
Decrease in guarantee deposits		(45)	(25)	(365)	(12)
Cash dividend paid	21	(1,599,928)	(3,127,133)	(1,672,652)	(54,626)
Net cash generated from (used in) financing activities		494,442	416,894	(1,059,094)	(34,588)
Effect of foreign exchange rate changes		(6,236)	19,025	(780)	(25)
Net increase in cash and cash equivalents		1,792,525	3,990,428	2,457,431	80,256
Cash and cash equivalents at beginning of year	6	4,113,651	5,906,176	9,896,604	323,207
Cash and cash equivalents at end of year	6	5,906,176	9,896,604	12,354,035	403,463

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

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021, 2022 and 2023

1. Corporate and group information

ChipMOS TECHNOLOGIES INC. (the “Company” or “ChipMOS Taiwan”) was incorporated in the Republic of China (“ROC”) on July 28, 1997. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the research, development, manufacturing and sale of high-integration and high-precision integrated circuits and related assembly and testing services. On April 11, 2014, the Company’s shares were listed on the Taiwan Stock Exchange (“TWSE”). On November 1, 2016, the Company’s American Depositary Shares (“ADSs”) were listed on the NASDAQ Global Select Market and traded under the ticker symbol “IMOS”.

2. The authorization of the consolidated financial statements

The accompanying consolidated financial statements were authorized for issuance by the Board of Directors on April 11, 2024.

3. Application of new and revised IFRS[®] Accounting Standards, International Accounting Standards (“IAS”), International Financial Reporting Interpretations Committee (“IFRIC[®]) Interpretations and Standing Interpretations Committee (“SIC[®]) Interpretations issued by the International Accounting Standards Board (“IASB”), (collectively, “IFRSs”)

a) Amendments to IFRSs and the new interpretation that are mandatorily effective for the current year

New Standards, Interpretations and Amendments	Effective date issued by IASB
Amendments to IAS 1, “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8, “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12, “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12, “International Tax Reform—Pillar Two Model Rules”	May 23, 2023
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

Based on the Group’s assessment, the above standards and interpretations have no significant impact on the Group’s financial position and financial performance.

b) New standards, interpretations and amendments in issue but not yet effective

New Standards, Interpretations and Amendments	Effective date issued by IASB
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
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 IASB
Amendments to IAS 21, “Lack of Exchangeability”	January 1, 2025

Based on the Group’s assessment, the above standards and interpretations have no significant impact on the Group’s financial position and financial performance.

4. Summary of material accounting policies

The principal accounting policies applied in the preparation of these accompanying consolidated financial statements are set out below. These policies have been consistently applied during the reported periods, unless otherwise stated.

a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRSs as issued by the IASB.

b) Basis of preparation

- (a) Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- i) Financial assets at fair value through profit or loss (including derivative instruments).
 - ii) Financial assets at fair value through other comprehensive income.
 - iii) Defined benefit liabilities were recognized based on the net amount of pension fund assets less the present value of benefit obligation.
- (b) The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 dd).
- (c) These consolidated financial statements are presented in New Taiwan dollars ("NT\$"), which is the Company's functional currency.

c) Basis of consolidation

- (a) Basis for preparation of consolidated financial statements:
- i) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - ii) Transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - iii) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in a deficit balance in the non-controlling interests.
 - iv) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
 - v) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)
December 31, 2021, 2022 and 2023

(b) Subsidiaries included in the consolidated financial statements:

Name of investor	Name of investee	Main business	Location	Percentage of Ownership (%)	
				2022	2023
The Company	ChipMOS U.S.A., Inc. (“ChipMOS USA”)	Marketing of semiconductors and electronic related products	San Jose, USA	100	100
The Company	ChipMOS TECHNOLOGIES (BVI) LTD. (“ChipMOS BVI”)	Holding company	British Virgin Islands	100	100
ChipMOS BVI	ChipMOS SEMICONDUCTORS (Shanghai) LTD. (“ChipMOS Shanghai”)	Marketing of semiconductors and electronic related products	Shanghai, People’s Republic of China (“PRC”)	100	100

(c) Subsidiaries not included in the consolidated financial statements: None.

(d) Adjustments for subsidiaries with different statements of financial position dates: Not applicable.

(e) No significant restrictions on the ability of subsidiaries to transfer funds to parent company.

(f) Subsidiaries that have non-controlling interests that are material to the Group: None.

d) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in NT\$, which is the Company’s functional currency and the Group’s presentation currency.

(a) Foreign currency transactions and balances

i) Foreign currency transactions are translated into the functional currency using the exchange rates on the trade date or measurement date. Therefore, foreign exchange differences resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

ii) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the statements of financial position date. Exchange differences arising upon re-translation are recognized in profit or loss on the statements of financial position date.

iii) 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 statements of financial position date; their exchange differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the statements of financial position date; their exchange differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the initial dates of the transactions.

iv) All foreign exchange differences are presented in the statement of comprehensive income under “Other gains and losses” by the nature of transactions.

(b) Translation of foreign operations

The operating results and financial position of all the group entities, associates that have different functional currency and presentation currency are translated into the presentation currency as follows:

- i) Assets and liabilities for each statements of financial position are translated at the exchange rates prevailing at the statements of financial position date;
- ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- iii) All exchange differences are recognized in other comprehensive income.

e) **Classification of current and non-current assets and liabilities**

(a) Assets that meet one of the following criteria are classified as current assets:

- i) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- ii) Assets held mainly for trading purposes;
- iii) Assets that are expected to be realized within 12 months from the statements of financial position date;
- iv) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than 12 months after the statements of financial position date.

All assets that do not meet the above criteria are classified as non-current assets.

(b) Liabilities that meet one of the following criteria are classified as current liabilities:

- i) Liabilities that are expected to be settled within the normal operating cycle;
- ii) Liabilities arising mainly from trading activities;
- iii) Liabilities that are to be settled within 12 months from the statements of financial position date;
- iv) Liabilities for which the repayment date cannot be unconditionally extended to more than 12 months after the statements of financial position date. Liabilities bearing terms that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All liabilities that do not meet the above criteria are classified as non-current liabilities.

f) **Cash equivalents**

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value (including time deposits with less than 3 months contract period). Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

g) **Financial assets at fair value through profit or loss**

- (a) Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- (b) On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.
- (c) At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- (d) The Group recognizes the dividend income when the right to receive such payment is confirmed, inflow of the future economic benefits associated with the dividend is probable to the Group and the amount of the dividend can be measured reliably.

h) Financial assets at fair value through other comprehensive income

- (a) Financial assets at fair value through other comprehensive income comprise equity instruments which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- (b) On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.
- (c) At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity instruments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as income when the right to receive such payment is confirmed, inflow of the future economic benefits associated with the dividend is probable to the Group and the amount of the dividend can be measured reliably.

i) Financial assets at amortized cost

- (a) Financial assets at amortized cost are those that meet all of the following criteria:
 - i) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - ii) The financial assets' contractual cash flows represent solely payments of principal and interest.
- (b) The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

j) Accounts receivable

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

k) Impairment of financial assets

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

l) Derecognition of financial assets

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

m) Inventories

Inventories are initially recorded at standard costs. Cost is determined on a weighted-average cost basis. At the end of reporting period, the differences between actual costs and standard costs were allocated to inventories and cost of revenue based on an appropriate rate. Allocation of fixed production overheads is based on the normal operating capacity of the production facilities. Costs associated with underutilized capacity are expensed in the period that the cost occurs. Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The item by item approach is used in raw materials. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs.

n) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

o) Investments accounted for using equity method – associates

- (a) Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- (b) The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- (c) When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in "Capital surplus" in proportion to its ownership.
- (d) Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (e) In the case where an associate issues new shares and the Group does not subscribe or proportionately acquire the new shares, which results in a change in the Group's ownership percentage of the associate while maintaining significant influence on the associate, then the Group will treat the transaction as deemed disposal and reclassify to profit or loss the proportion of the gain or loss previously recognized in other comprehensive income relating to that reduction in ownership interest where appropriate.
- (f) When the Group disposes of its investment in an associate, if it loses significant influence on this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence on this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

p) Property, plant and equipment

- (a) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- (b) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- (c) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

- (d) The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Change in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	1 to 51 years
Machinery and equipment	1 to 20 years
Tools	1 to 4 years
Others	1 to 7 years

q) *Leasing arrangements (lessee) – right-of-use assets / lease liabilities*

- (a) Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- (b) Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
 Lease payments are comprised of the following:

- i) Fixed payments, less any lease incentives receivable;
- ii) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

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

- (c) At the commencement date, the right-of-use asset is stated at the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

r) *Impairment of non-financial assets*

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

s) *Loans*

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

t) *Accounts and notes payable*

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

u) Derecognition of financial liabilities

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

v) Provisions for deficiency compensation

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

w) 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 and should be recognized as expenses when the employees render service.

(b) Pensions

i) Defined contribution plans

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

ii) Defined benefit plans

1. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in the current period or prior periods. The liability recognized in the statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statements of financial position 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 discount rate is determined by using the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
2. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
3. Past service costs are recognized immediately in profit or loss.

(c) Termination benefits

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

(d) Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation 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.

x) **Income tax**

- (a) The income tax expense for the period comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the income tax is recognized in other comprehensive income or equity.
- (b) The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the statements of financial position date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional income tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the profit generated.
- (c) Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements of financial position. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the statements of financial position date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- (d) Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each statements of financial position date, unrecognized and recognized deferred tax assets are reassessed.
- (e) A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.
- (f) If a change in tax rate is enacted or substantively enacted, the Group recognizes the effect of the change immediately in the period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

y) **Capital stock**

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

z) **Dividends**

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

aa) **Revenue recognition**

- (a) The Group is primarily engaged in the customized assembly and testing services of high-integration and high-precision integrated circuits based on customer's specification demand to create or enhance the product. When providing assembly and testing services, the Group considers:
 - i) Customer controls the provided raw materials and the Group receives the instruction from the customer on providing assembly and testing services and subsequent treatments.

ii) The Group provides assembly and testing services to create or enhance an asset which is solely provided and controlled by the customer. The Group has no right to transfer the asset for another use.

As the asset ownership belongs to the customer, who bears the significant risk and rewards and rights on the use of the asset, the Group recognizes assembly and testing service revenue based on the progress towards completion of performance obligation during the service period.

- (b) The progress towards completion on Assembly services, services for Display panel driver semiconductor assembly and testing ("LCDD") and Bumping are measured by the actual input costs relative to estimate total expected input costs. The progress towards completion on testing services is measured by the actual incurred testing volume. The Group provides assembly and testing services based on customer's specification, thus, the input costs incurred to assembly and testing volume completed in testing services are not linear over the duration of these services. Customer payment on assembly and testing services is based on predetermined payment schedule. A contract asset is recognized when the Group provides services in excess of customer's payment.

bb) Government grants

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

Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using straight-line method.

cc) Operating segments

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

dd) Critical accounting judgments, estimates and key sources of assumption uncertainty

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

Critical accounting estimates and assumptions – Revenue recognition

The Group recognizes revenue from services for Assembly, LCDD and Bumping based on the progress towards completion of performance obligation during the service period. The Group estimates total expected input costs based on historical experience and measures the progress towards completion by the actual input costs relative to the total expected input costs.

5. Translation into U.S. dollar amounts

The Company maintains its accounts and expresses its consolidated financial statements in New Taiwan dollars. For convenience purposes, U.S. dollar amounts presented in the accompanying consolidated financial statements have been translated from New Taiwan dollars to U.S. dollars at the noon buying rate in the City of New York for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York as of December 29, 2023, which was NT\$30.62 to US\$1.00. These convenience translations should not be construed as representations that the New Taiwan dollar amounts have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

6. *Cash and cash equivalents*

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
	NT\$000	NT\$000
Cash on hand and petty cash	450	450
Checking accounts and demand deposits	2,248,954	1,434,939
Time deposits	7,647,200	10,918,646
	<u>9,896,604</u>	<u>12,354,035</u>

- a) The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- b) No cash and cash equivalents of the Group were pledged to others.

7. *Financial assets at fair value through profit or loss*

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
	NT\$000	NT\$000
Current:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	171,988	53,747
Valuation adjustment	(43,764)	(11,012)
	<u>128,224</u>	<u>42,735</u>

- a) Amounts recognized in profit or loss in relation to the financial assets at fair value through profit or loss are listed below:

	<u>Year ended December 31,</u>		
	<u>2021</u>	<u>2022</u>	<u>2023</u>
	NT\$000	NT\$000	NT\$000
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	13,673	(75,211)	22,001
Beneficiary certificates*	2,530	5,807	17,253
Foreign partnership interests	(941)	—	—
	<u>15,262</u>	<u>(69,404)</u>	<u>39,254</u>

* Beneficiary certificates represent money market funds the Company held during the reporting period. As of December 31, 2021, 2022 and 2023, there were no beneficiary certificates classified as current financial assets at fair value through profit or loss ("FVTPL").

- b) No financial assets at FVTPL were pledged to others.
- c) Information relating to price risk of financial assets at FVTPL is provided in Note 41 a).

8. *Financial assets at amortized cost*

	December 31, 2022	December 31, 2023
	NT\$000	NT\$000
Current:		
Time deposits	98,731	41,066
Non-current:		
Restricted bank deposits	37,362	37,411

- a) Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Interest income	1,187	587	1,861

- b) Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group is the carrying amount at the end of each reporting period.
- c) Information about the financial assets at amortized cost that were pledged to others as collateral is provided in Note 36.
- d) Information relating to credit risk of financial assets at amortized cost is provided in Note 41 a).

9. *Accounts receivable*

	December 31, 2022	December 31, 2023
	NT\$000	NT\$000
Accounts receivable	4,384,232	5,328,835
Less: Loss allowance	(2,669)	(2,454)
	4,381,563	5,326,381

- a) The Group's credit term granted to customers is 30-90 days. Receivables do not bear interest. The loss allowance is determined based on the credit quality of customers. Information relating to credit risk is provided in Note 41 a).
- b) The aging analysis of accounts receivable based on past due date are as follows:

	December 31, 2022	December 31, 2023
	NT\$000	NT\$000
Current	4,357,073	5,326,523
Within 1 month	27,159	2,089
1-2 months	—	223
	4,384,232	5,328,835

- c) As of December 31, 2022 and 2023, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of accounts receivable from contracts with customers was NT\$6,344,246 thousand.
- d) Without taking into account of any collateral held or other credit enhancements, the amount that best reflects the Group's maximum exposure to credit risk in respect of the accounts receivable is the carrying amount at the end of each reporting period.
- e) No accounts receivable of the Group were pledged to others.

10. Inventories

	December 31, 2022		
	Cost	Allowance for impairment losses	Carrying amount
	NT\$000	NT\$000	NT\$000
Raw materials	3,316,039	(105,630)	3,210,409

	December 31, 2023		
	Cost	Allowance for impairment losses	Carrying amount
	NT\$000	NT\$000	NT\$000
Raw materials	2,754,911	(186,263)	2,568,648

The cost of inventories recognized as an expense for the year:

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Cost of revenue	20,103,735	18,611,515	17,723,687
Loss on abandonment	552	9,448	2,483
Allowance for (reversal of) inventory valuation and obsolescence loss	41,770	(15,956)	80,633
	20,146,057	18,605,007	17,806,803

- a) Allowance for inventory valuation and obsolescence loss was recognized due to the change in net realizable value.
b) No inventories of the Group were pledged to others.

11. Non-current financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2023
	NT\$000	NT\$000
Designation of equity instruments		
Foreign unlisted stocks	38,534	38,534
Valuation adjustment	299,568	81,783
	338,102	120,317

- a) Based on the Group's business model, the foreign unlisted stocks held for strategic investments were elected to classify as Financial assets at fair value through other comprehensive income. As of December 31, 2022 and 2023, the fair value of aforementioned investments is the carrying amount at the end of each reporting period.
b) Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Financial assets at fair value through other comprehensive income			
Foreign unlisted stocks	122,514	(46,419)	(217,785)

- c) No financial assets at fair value through other comprehensive income were pledged to others.

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)
December 31, 2021, 2022 and 2023

- d) In April 2023, the Company acquired 1,000 thousand ordinary shares of Daypower Energy Co., Ltd. (“Daypower Energy”) in the amount of NT\$12,500 thousand, representing 10% of shareholding and was recorded as financial assets at fair value through other comprehensive income. Subsequently, in August 2023, the Company participated in the re-election of the directors of Daypower Energy and obtained significant influence by holding one seat in Daypower Energy’s Board of Directors. As a result, the Company reclassified the investment as investment accounted for using equity method from financial assets at fair value through other comprehensive income. Information related to Daypower Energy investment is provided in Note 12.
- e) Information about fair value measurement is provided in Note 41 b).

12. Investments accounted for using equity method

Associates	December 31, 2022	December 31, 2023
	NT\$000	NT\$000
JMC ELECTRONICS CO., LTD. (“JMC”)	267,070	277,076
Unimos Microelectronics (Shanghai) Co., Ltd. (“Unimos Shanghai”) (Note)	4,086,378	—
Daypower Energy	—	13,466
	4,353,448	290,542

Note: On December 21, 2023, the Company's Board of Directors approved its subsidiary ChipMOS BVI to sell the investment accounted for using equity method in Unimos Shanghai and reclassified the investment as non-current assets held for sale. Information relating to non-current assets held for sale is provided in Note 14.

- a) The carrying amount of the Group’s interests in all individually immaterial associates and the Group’s share of the operating results are summarized below:

As of December 31, 2022 and 2023, the carrying amount of the Group’s individually immaterial associates amounted to NT\$4,353,448 thousand and NT\$290,542 thousand, respectively.

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Profit for the year from continuing operations	625,733	453,715	1,714
Other comprehensive income (loss), net of income tax	28,843	(28,254)	12,993
Total comprehensive income	654,576	425,461	14,707

- b) JMC has quoted market prices. As of December 31, 2022 and 2023, the fair value was NT\$249,000 thousand and NT\$303,780 thousand, respectively.
- c) Both JMC and Daypower Energy are recognized as investment accounted for using equity method given that the Company retains significant influence by holding one seat in JMC’s and Daypower Energy’s Board of Directors.

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	2023						
	Land	Buildings	Machinery and equipment	Tools	Others	Construction in progress and equipment to be inspected	Total
	NT\$000	NT\$000	NT\$000	NT\$000	NT\$000	NT\$000	NT\$000
<u>January 1</u>							
Cost	452,738	13,379,852	59,197,255	5,716,357	2,615,959	504,200	81,866,361
Accumulated depreciation and impairment	—	(7,994,344)	(46,438,887)	(4,919,660)	(2,067,265)	—	(61,420,156)
	<u>452,738</u>	<u>5,385,508</u>	<u>12,758,368</u>	<u>796,697</u>	<u>548,694</u>	<u>504,200</u>	<u>20,446,205</u>
January 1	452,738	5,385,508	12,758,368	796,697	548,694	504,200	20,446,205
Additions	—	1,303	5,579	291	1,376	3,219,922	3,228,471
Disposals	—	—	(16,574)	(11,038)	—	—	(27,612)
Reclassifications	2,000	469,597	1,787,140	586,090	226,610	(3,071,437)	—
Depreciation expenses	—	(557,187)	(3,043,504)	(635,227)	(262,388)	—	(4,498,306)
Impairment losses	—	—	(9,236)	—	—	—	(9,236)
Exchange adjustment	—	—	—	—	(19)	—	(19)
December 31	<u>454,738</u>	<u>5,299,221</u>	<u>11,481,773</u>	<u>736,813</u>	<u>514,273</u>	<u>652,685</u>	<u>19,139,503</u>
<u>December 31</u>							
Cost	454,738	13,850,418	60,650,428	5,959,251	2,774,055	652,685	84,341,575
Accumulated depreciation and impairment	—	(8,551,197)	(49,168,655)	(5,222,438)	(2,259,782)	—	(65,202,072)
	<u>454,738</u>	<u>5,299,221</u>	<u>11,481,773</u>	<u>736,813</u>	<u>514,273</u>	<u>652,685</u>	<u>19,139,503</u>

- a) Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Amount of interest capitalized	11,193	10,856	7,692
Range of the interest rates for capitalization	1.1358%	1.0094%	1.4588%

- b) Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 36.

14. Non-current assets held for sale

On December 21, 2023, the Company's Board of Directors approved its subsidiary ChipMOS BVI to sell the 45.0242% owned equity investment accounted for using equity method in Unimos Shanghai to Suzhou Oriza PuHua Zhixin Equity Investment Partnership (L.P.) and other local Chinese investment management companies. Therefore, the investment accounted for using equity method of Unimos Shanghai have been reclassified as non-current assets held for sale at the carrying amount. The equity transfer is expected to be completed in the first half of 2024.

- a) Assets held for sale:

	December 31, 2023
	NT\$000
Investment accounted for using equity method in Unimos Shanghai	<u>4,278,658</u>

- b) Information relating to cumulative income or expense recognized in other comprehensive income relating to disposal assets classified as held for sale is provided in Note 22.

15. *Leasing arrangements – lessee*

- a) The Group leases various assets, including land, buildings, machinery and equipment, and others. Lease contracts are typically made for periods of 2 to 30 years. For machinery and equipment, lease contracts are between 2 to 3 years. For land, lease contracts are between 10 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease contracts 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 expenses are as follows:

	Carrying amount	
	December 31, 2022	December 31, 2023
	NT\$000	NT\$000
Land	630,969	615,385
Buildings	8,214	7,723
Machinery and equipment	257,196	411,809
Others	2,613	2,585
	898,992	1,037,502

	Depreciation expenses		
	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Land	20,486	21,904	21,524
Buildings	9,870	10,861	11,738
Machinery and equipment	247,090	194,059	245,304
Others	1,634	1,997	2,461
	279,080	228,821	281,027

- c) For the years ended December 31, 2022 and 2023, additions to right-of-use assets were NT\$308,550 thousand and NT\$419,625 thousand, respectively.
- d) The information on profit or loss accounts relating to lease contracts is as follows:

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
<u>Items affecting profit or loss</u>			
Interest expense on lease liabilities	15,245	14,556	18,757
Expense on short-term lease contracts	143,791	95,213	55,944

- e) For the years ended December 31, 2021, 2022 and 2023, the Group's total cash outflow for leases were NT\$448,290 thousand, NT\$333,133 thousand and NT\$351,063 thousand, respectively.

16. *Other payables*

	December 31, 2022	December 31, 2023
	NT\$000	NT\$000
Payable to equipment suppliers	1,405,931	1,196,181
Salaries and bonuses payable	1,002,577	994,651
Employees' compensation payable	447,303	250,181
Pension payable	16,541	16,825
Directors' remuneration payable	11,182	6,255
Interest payable	7,768	9,625
Other expense payable	905,179	1,005,327
	3,796,481	3,479,045

17. *Long-term bank loans*

Type of loans	Period and payment term	December 31, 2022	December 31, 2023
		NT\$000	NT\$000
Government granted bank loans	Borrowing period is from March 11, 2020 to October 15, 2032; interest is repayable monthly; principal is repayable monthly from March 15, 2023	14,056,131	14,972,311
Less: Unamortized interest on government granted bank loans		(88,330)	(60,592)
Less: Current portion (fee included)		(1,522,917)	(2,263,718)
		12,444,884	12,648,001
Interest rate range		1.075%~1.625%	1.2%~1.75%
Unused credit lines of long-term bank loans			
NT\$000		9,671,868	7,232,770

- a) On January 1, 2019, Ministry of Economic Affairs, ROC ("MOEA") implemented the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan and companies are subsidized with preferential interest loans for qualified investment projects. The Company has obtained the qualification from the MOEA, and signed loan agreements with financial institutions during January 2020 and September 2022 with the line of credit amounted to NT\$23.73 billion and terms from seven to ten years. Funding from these loans was used to invest in machineries, equipment and plant expansions and broaden the Company's working capital.
- b) On May 15, 2018, the Company entered into a syndicated loan with eleven banks in Taiwan, including Taiwan Cooperative Bank, in the amount of NT\$12 billion with a term of five years. Funding from this syndicated loan was used to repay the existing debt of financial institutions and broaden the Company's mid-term working capital. Pursuant to the syndicated loan agreement, the Group is required to maintain certain financial ratios including current ratio, interest protection multiples and debt to equity ratio during the loan periods. The syndicated loan was fully repaid in advance in March 2022.
- c) Information about the items that are pledged to others as collaterals for long-term bank loans is provided in Note 36.

18. Pensions

a) Defined Benefit Plans

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 pension fund deposited with the Bank of Taiwan, the trustee, under the name of the independent pension fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by March of following year.

(a) The amounts recognized in the statements of financial position are as follows:

	December 31, 2022	December 31, 2023
	NTS000	NTS000
Present value of defined benefit obligations	(759,548)	(744,191)
Fair value of plan assets	500,333	516,854
Net defined benefit liability	<u>(259,215)</u>	<u>(227,337)</u>

(b) Movements in net defined benefit liability are as follows:

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
	NTS000	NTS000	NTS000
January 1	(943,391)	431,740	(511,651)
Current services cost	(237)	—	(237)
Interest (expense) income	(4,629)	2,137	(2,492)
	<u>(948,257)</u>	<u>433,877</u>	<u>(514,380)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	—	5,613	5,613
Impact on changes in demographic assumptions	(20,022)	—	(20,022)
Financial assumption movement effect	23,757	—	23,757
Experience adjustments	(24,347)	—	(24,347)
	<u>(20,612)</u>	<u>5,613</u>	<u>(14,999)</u>
Pension fund contribution	—	26,091	26,091
Paid pension	9,192	(9,192)	—
December 31	<u>(959,677)</u>	<u>456,389</u>	<u>(503,288)</u>

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
	NTS000	NTS000	NTS000
January 1	(959,677)	456,389	(503,288)
Current services cost	(257)	—	(257)
Interest (expense) income	(6,589)	3,161	(3,428)
	<u>(966,523)</u>	<u>459,550</u>	<u>(506,973)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	—	34,550	34,550
Financial assumption movement effect	73,218	—	73,218
Experience adjustments	114,466	—	114,466
	<u>187,684</u>	<u>34,550</u>	<u>222,234</u>
Pension fund contribution	—	25,524	25,524
Paid pension	19,291	(19,291)	—
December 31	<u>(759,548)</u>	<u>500,333</u>	<u>(259,215)</u>
	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
	NTS000	NTS000	NTS000
	January 1	(759,548)	500,333
Current services cost	(133)	—	(133)
Interest (expense) income	(11,150)	7,441	(3,709)
	<u>(770,831)</u>	<u>507,774</u>	<u>(263,057)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	—	3,187	3,187
Impact on changes in demographic assumptions	14,216	—	14,216
Financial assumption movement effect	(7,103)	—	(7,103)
Experience adjustments	399	—	399
	<u>7,512</u>	<u>3,187</u>	<u>10,699</u>
Pension fund contribution	—	25,021	25,021
Paid pension	19,128	(19,128)	—
December 31	<u>(744,191)</u>	<u>516,854</u>	<u>(227,337)</u>

- (c) 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 utilization plan and the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (Article 6: The scope of utilization 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 securitization products, etc.). With regard to the utilization 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 are less than aforementioned rates, government shall make payment for the deficit after being authorized by the authority. The Company has no right to participate in managing and operating

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that fund and hence the Company is unable to disclose the classification of the fair value of plan asset in accordance with IAS 19, "Employee Benefits" paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2023 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

- (d) The principal actuarial assumptions used were as follows:

	Year ended December 31,	
	2022	2023
Discount rate	1.50%	1.40%
Future salary increase	3.50%	3.50%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory.

The present value of defined benefit obligations is affected by the change in actuarial assumption. The analysis was as follows:

	Discount rate		Future salary increase	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
	NT\$000	NT\$000	NT\$000	NT\$000
December 31, 2022				
Effect on present value of defined benefit obligations	(20,992)	21,860	21,385	(20,651)
December 31, 2023				
Effect on present value of defined benefit obligations	(17,562)	18,228	17,817	(17,262)

The sensitivity analysis above is based on a change in an assumption while holding all other assumptions constant. In practice, changes in some of the assumptions may be correlated. The method of sensitivity analysis and the method of calculating net defined benefit liability in the statements of financial position are the same.

The methods and types of assumptions used in preparing the sensitivity analysis remain unchanged from previous period.

- (e) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amounts to NT\$24,000 thousand.
- (f) As of December 31, 2023, the weighted average duration of that retirement plan is 9.7 years. The analysis of timing of the future pension payment was as follows:

	December 31, 2023
	NT\$000
Within 1 year	69,288
1-2 years	42,487
2-5 years	115,279
5-10 years	181,850
	408,904

- b) Defined Contribution Plans

- (a) Effective from July 1, 2005, the Company established a defined contribution pension plan ("New Plan") under the Labor Pension Act, covering all regular employees with ROC nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2021, 2022 and 2023 were NT\$197,076 thousand, NT\$201,606 thousand and NT\$190,913 thousand, respectively.

- (b) According to the defined contribution pension plan stipulated by PRC, ChipMOS Shanghai contributes monthly on amount based on a certain percentage of the local employees' monthly salaries and wages. The contribution percentage was both 16% for the years ended December 31, 2021, 2022 and 2023. The pension of each employee is managed by the government and ChipMOS Shanghai has no further obligations except the monthly contribution. The pension costs under defined contribution pension plan of ChipMOS Shanghai for the years ended December 31, 2021, 2022 and 2023 were NT\$209 thousand, NT\$380 thousand and NT\$604 thousand, respectively.

19. Capital stock

- a) As of December 31, 2023, the Company's authorized capital was NT\$9,700,000 thousand, consisting of 970,000 thousand ordinary shares, and the paid-in capital was NT\$7,272,401 thousand with a par value of NT\$10 per share, consisting of 727,240 thousand ordinary shares. All proceeds from shares issued have been collected.
- b) As of December 31, 2023, the outstanding ADSs were approximately 4,234,970 units representing 84,699 thousand ordinary shares and each ADS represents 20 ordinary shares of the Company. The major terms and conditions of the ADSs are summarized as follows:
- (a) Voting rights:
ADS holders have no right to directly attend, vote or speak in shareholders' meetings with respect to the deposited shares. The depository bank shall vote on behalf of ADS holders or provide voting instruction to the designated person of the Company. The depository bank shall vote in the manner as instructed by ADS holders.
- (b) Distribution of dividends:
ADS holders are deemed to have the same rights as holders of ordinary shares with respect to the distribution of dividends.
- c) The number of the Company's ordinary shares outstanding as of January 1 and December 31 of 2021, 2022 and 2023 were all 727,240 thousand shares, respectively.

20. Capital surplus

Pursuant to the ROC Company Act, any capital surplus arising from paid-in capital in excess of par value on issuance of ordinary shares and donations can be used to cover accumulated deficits or to issue new shares or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficits. Furthermore, the ROC Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above may not exceed 10% of the paid-in capital each year. The capital surplus may not be used to cover accumulated deficits unless the surplus reserve is insufficient.

	2021		
	Share premium	Others	Total
	NT\$000	NT\$000	NT\$000
January 1	6,043,483	7,304	6,050,787
Changes in associates accounted for using equity method	—	4,834	4,834
December 31	6,043,483	12,138	6,055,621
	2022		
	Share premium	Others	Total
	NT\$000	NT\$000	NT\$000
January 1	6,043,483	12,138	6,055,621
Changes in associates accounted for using equity method	—	152	152
December 31	6,043,483	12,290	6,055,773

	2023		
	Share premium	Others	Total
	NTS000	NTS000	NTS000
January 1	6,043,483	12,290	6,055,773
December 31	6,043,483	12,290	6,055,773

21. *Retained earnings*

- a) Under the Company's Articles of Incorporation, upon the final settlement of accounts, if there is net profit, the Company shall first set aside the tax payable and offset its losses before setting aside a legal capital reserve at 10% of the remaining profit. The Company shall then set aside or reverse the special capital reserve in accordance with the laws and regulations and as requested by the competent authorities. The remaining profit of that fiscal year, as well as the accumulated undistributed profit at the beginning of the same year and the adjusted undistributed profit of the given fiscal year, shall be distributable profit. If there is any surplus distributable profit after the Board of Directors sets aside a reserve based on the Company's operational needs, such surplus profit may be distributed in full or in part to shareholders as dividends, subject to the approval of the shareholders' meeting.
- b) The Company's dividend policy is summarized here. A proposal on the distribution of dividends shall be submitted by the Board of Directors annually to the shareholders' meeting, and be based on factors such as past years' profit, the current and future investment environment, the Company's capital needs, competition in the domestic and foreign markets, and budgets, with an aim to pursuing shareholders' interests and balancing the dividend distribution and the long-term financial plan of the Company. The distribution of profits of the Company can be made in the form of cash dividends or stock dividends, provided that the cash dividend shall account for at least 10% of the total profit distributed as dividends in the given year.
- c) Except for covering accumulated deficits or issuing new shares or cash to shareholders in proportion to their share ownership, the legal reserve may not be used for any other purpose. The use of the legal reserve for the issuance of shares 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 must set aside a special reserve from the debit balance on other equity items at the statements of financial position date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
- e) The appropriations of 2020, 2021 and 2022 earnings were resolved in the shareholders' meeting held on July 12, 2021, May 26, 2022 and May 30, 2023, respectively. The appropriations and dividends per share are as follows:

	2020		2021		2022	
	Cash distribution		Cash distribution		Cash distribution	
	Amount	per share	Amount	per share	Amount	per share
	NTS000	NT\$	NTS000	NT\$	NTS000	NT\$
Legal reserve	232,611		505,482		354,986	
Special reserve	(19,802)		—		—	
Cash dividend	1,599,928	2.20	3,127,133	4.30	1,672,652	2.30

22. Other equity interest

	2021		
	Financial statements translation differences of foreign operations	Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	Total
	NT\$000	NT\$000	NT\$000
January 1	(61,330)	194,716	133,386
Currency translation differences			
- The Company	(24,695)	—	(24,695)
Evaluation adjustment			
- The Company	—	122,514	122,514
- Associates	—	21,094	21,094
Evaluation adjustment related tax			
- The Company	—	(30,459)	(30,459)
December 31	<u>(86,025)</u>	<u>307,865</u>	<u>221,840</u>

	2022		
	Financial statements translation differences of foreign operations	Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	Total
	NT\$000	NT\$000	NT\$000
January 1	(86,025)	307,865	221,840
Currency translation differences			
- The Company	68,656	—	68,656
Evaluation adjustment			
- The Company	—	(46,419)	(46,419)
- Associates	—	(28,353)	(28,353)
Evaluation adjustment related tax			
- The Company	—	12,559	12,559
December 31	<u>(17,369)</u>	<u>245,652</u>	<u>228,283</u>

	2023			
	Financial statements translation differences of foreign operations	Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	Equity directly related to non-current assets held for sale	Total
	NT\$000	NT\$000	NT\$000	NT\$000
January 1	(17,369)	245,652	—	228,283
Currency translation differences				
- The Company	16,713	—	—	16,713
- Non-current assets held for sale	—	—	(43,094)	(43,094)
Evaluation adjustment				
- The Company	—	(217,785)	—	(217,785)
- Associates	—	12,605	—	12,605
Evaluation adjustment related tax				
- The Company	—	51,638	—	51,638
December 31	<u>(656)</u>	<u>92,110</u>	<u>(43,094)</u>	<u>48,360</u>

23. Revenue

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Revenue from contracts with customers	<u>27,400,035</u>	<u>23,517,064</u>	<u>21,356,228</u>

- a) The Group is primarily engaged in the assembly and testing services of high-integration and high-precision integrated circuits, and recognized revenue based on the progress towards completion of performance obligation during the service period. Information on revenue disaggregation is provided in Note 42.

- b) Contract assets

The Group has recognized the following contract assets in relation to revenue from contracts with customers:

	January 1, 2022	December 31, 2022	December 31, 2023
	NT\$000	NT\$000	NT\$000
Contract assets	<u>400,255</u>	<u>381,358</u>	<u>383,883</u>

- c) The information relating to loss allowance for contract assets is provided in Note 41 a).
- d) All of the service contracts are for periods of one year or less. As permitted under IFRS 15, "Revenue from Contracts with Customers", the transaction price allocated to these unsatisfied contracts is not disclosed.

24. *Other income (expenses), net*

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Gain on disposal of property, plant and equipment, net	33,935	74,548	18,431
Gain on disposal of scrapped materials	52,254	35,381	44,662
Gain on disposal of items purchased on behalf of others	21,945	19,107	12,729
Gain from lease modifications	891	139	—
Impairment loss on property, plant and equipment	(4,843)	(12,721)	(9,236)
Others	21,405	13,479	19,357
	125,587	129,933	85,943

25. *Interest income*

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Bank deposits	8,772	56,612	191,265
Financial assets at amortized cost	1,187	587	1,861
Other interest income	21	—	63
	9,980	57,199	193,189

26. *Other income*

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Rental income	17,326	35,848	48,264
Grant income	12,480	21,327	22,727
Dividend income	4,690	9,816	6,592
	34,496	66,991	77,583

27. *Other gains and losses*

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Foreign exchange (losses) gains, net	(89,152)	448,097	78,170
Gain (loss) on valuation of financial assets at fair value through profit or loss	15,262	(69,404)	39,254
Reimbursement of ADSs service charge	2,284	2,412	2,121
Compensation income	1,524	174	20
Others	4,253	5,288	15,936
	(65,829)	386,567	135,501

28. *Finance costs*

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Interest expense			
Bank loans	116,946	138,731	254,892
Lease liabilities	15,245	14,556	18,757
Others	—	8	—
Less: Amounts capitalized in qualifying assets	(11,193)	(10,856)	(7,692)
	120,998	142,439	265,957
Finance expense	10,186	10,840	433
	131,184	153,279	266,390

29. *Expenses by nature*

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Raw materials and supplies used	5,518,145	4,512,527	3,991,490
Employee benefit expenses	6,757,888	6,466,303	5,836,068
Depreciation expenses	4,634,112	4,751,902	4,779,333
Others	5,053,088	4,699,586	4,926,828
	21,963,233	20,430,318	19,533,719

30. *Employee benefit expenses*

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Salaries	5,632,219	5,302,234	4,741,380
Directors' remuneration	40,164	28,621	23,980
Labor and health insurance	424,901	449,223	432,568
Pension	200,014	205,671	195,359
Other personnel expenses	460,590	480,554	442,781
	6,757,888	6,466,303	5,836,068

- a) In accordance with the Company's Articles of Incorporation, employees' compensation is based on the current year's earnings, which should first be used to cover accumulated deficits, if any, and then 10% of the remaining balance distributed as employees' compensation, including distributions to certain qualifying employees in affiliate companies, and no more than 0.5% as directors' remuneration. Subject to the Board of Directors' approval, employees' compensation may be made by way of cash or share issuance. Distribution of employees' compensation and directors' remuneration shall be presented and reported in the subsequent shareholders' meeting.
- b) Based on profit as of the end of reporting period, for the years ended December 31, 2021, 2022 and 2023, the employees' compensation were accrued at NT\$673,387 thousand, NT\$447,303 thousand and 250,181 thousand, respectively; the directors' remuneration were accrued at NT\$25,690 thousand, NT\$11,182 thousand and NT\$6,255 thousand, respectively.
- c) For the year of 2022, employees' compensation and directors' remuneration recognized were consistent with the amounts resolved in the Board of Directors' meeting.

31. *Income tax expense*

a) Income tax expense

(a) Components of income tax expense:

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Current income tax:			
Current income tax on profits for the period	1,109,752	771,378	426,878
Income tax on unappropriated retained earnings	227,467	159,744	85,607
Prior year income tax overestimation	(184,284)	(255,935)	(182,778)
Total current income tax	1,152,935	675,187	329,707
Deferred income tax:			
Relating to origination and reversal of temporary differences	(54,617)	(87,012)	(29,046)
Income tax expense	1,098,318	588,175	300,661

(b) The income tax (charge)/credit relating to components of other comprehensive income are as follows:

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	30,459	(12,559)	(51,638)
Remeasurement of defined benefit obligations	(2,999)	44,447	2,140
	27,460	31,888	(49,498)

b) Reconciliation of income tax expense and the accounting profit:

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Tax calculated based on profit before tax and statutory tax rate	1,207,605	804,086	451,676
Effects from adjustments based on regulation	(152,618)	(131,873)	(74,094)
Gain on investment in associates	—	11,923	19,228
Prior year income tax overestimation	(184,284)	(255,935)	(182,778)
Income tax on unappropriated retained earnings	227,467	159,744	85,607
Effect of different tax rates in countries in which the Group operates	148	230	1,022
Income tax expense	1,098,318	588,175	300,661

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- c) The amounts of deferred tax assets or liabilities resulting from temporary differences and investment tax credits are as follows:

	2021			
	January 1	Recognized in	Recognized	December 31
	NT\$000	profit or loss	in other	NT\$000
	NT\$000	NT\$000	comprehensive	NT\$000
			income	
			NT\$000	
Deferred tax assets				
Loss on inventories	15,963	8,354	—	24,317
Property, plant and equipment	36,401	235	—	36,636
Provisions	2,678	171	—	2,849
Deferred revenue	21,144	(6,506)	—	14,638
Net defined benefit liability	98,921	(4,672)	2,999	97,248
Unrealized exchange losses	9,915	(7,754)	—	2,161
Others	669	2,080	—	2,749
Total	185,691	(8,092)	2,999	180,598
Deferred tax liabilities				
Property, plant and equipment	(255,484)	62,797	—	(192,687)
Financial assets at fair value through other comprehensive income	(54,943)	—	(30,459)	(85,402)
Others	—	(88)	—	(88)
Total	(310,427)	62,709	(30,459)	(278,177)
Information presented on statements of financial position:				
Deferred tax assets	185,691			180,598
Deferred tax liabilities	(310,427)			(278,177)

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	2022			
	January 1	Recognized in	Recognized in other	December 31
	NTS000	profit or loss	comprehensive	NTS000
	NTS000	NTS000	income	NTS000
Deferred tax assets				
Loss on inventories	24,317	(3,191)	—	21,126
Property, plant and equipment	36,636	2,258	—	38,894
Provisions	2,849	10,010	—	12,859
Deferred revenue	14,638	(6,506)	—	8,132
Net defined benefit liability	97,248	(4,368)	(44,447)	48,433
Unrealized exchange losses	2,161	22,056	—	24,217
Others	2,749	2,876	—	5,625
Total	180,598	23,135	(44,447)	159,286
Deferred tax liabilities				
Property, plant and equipment	(192,687)	75,713	—	(116,974)
Financial assets at fair value through other comprehensive income	(85,402)	—	12,559	(72,843)
Gain on investment in associates	—	(11,923)	—	(11,923)
Others	(88)	87	—	(1)
Total	(278,177)	63,877	12,559	(201,741)
Information presented on statements of financial position:				
Deferred tax assets	180,598			159,286
Deferred tax liabilities	(278,177)			(201,741)

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	2023			
	January 1	Recognized in	Recognized in other	December 31
	NTS000	profit or loss	comprehensive	NTS000
	NTS000	NTS000	income	NTS000
Deferred tax assets				
Loss on inventories	21,126	16,127	—	37,253
Property, plant and equipment	38,894	1,847	—	40,741
Provisions	12,859	1,518	—	14,377
Deferred revenue	8,132	(6,506)	—	1,626
Net defined benefit liability	48,433	(4,236)	(2,140)	42,057
Unrealized exchange losses	24,217	(6,032)	—	18,185
Others	5,625	3,418	—	9,043
Total	159,286	6,136	(2,140)	163,282
Deferred tax liabilities				
Property, plant and equipment	(116,974)	42,142	—	(74,832)
Financial assets at fair value through other comprehensive income	(72,843)	—	51,638	(21,205)
Gain on investment in associates	(11,923)	(19,228)	—	(31,151)
Others	(1)	(4)	—	(5)
Total	(201,741)	22,910	51,638	(127,193)
Information presented on statements of financial position:				
Deferred tax assets	159,286			163,282
Deferred tax liabilities	(201,741)			(127,193)

- d) The Company has not recognized taxable temporary differences associated with investments as deferred tax liabilities. As of December 31, 2022 and 2023, the amounts of temporary differences not recognized as deferred tax liabilities were NT\$1,080,272 thousand and NT\$1,245,171 thousand, respectively.
- e) The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

32. *Earnings per share*

	Year ended December 31, 2021		
	Amount after	Weighted average	Earnings
	income tax	number of	per share
	NTS000	ordinary	NTS
	NTS000	shares outstanding	NTS
Basic earnings per share			
Profit attributable to equity holders of the Company	4,937,267	727,240	6.79
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation		15,618	
Profit attributable to equity holders of the Company	4,937,267	742,858	6.65

	Year ended December 31, 2022		
	Amount after income tax	Weighted average number of ordinary shares outstanding	Earnings per share
	NT\$000	In thousands	NT\$
Basic earnings per share			
Profit attributable to equity holders of the Company	3,439,697	727,240	4.73
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation		15,406	
Profit attributable to equity holders of the Company	3,439,697	742,646	4.63
Year ended December 31, 2023			
	Amount after income tax	Weighted average number of ordinary shares outstanding	Earnings per share
	NT\$000	In thousands	NT\$
Basic earnings per share			
Profit attributable to equity holders of the Company	1,967,565	727,240	2.71
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation		7,698	
Profit attributable to equity holders of the Company	1,967,565	734,938	2.68

33. **Supplemental cash flow information**

Partial cash paid for investing activities

Property, plant and equipment

	Year ended December 31,		
	2021	2022	2023
	NT\$000	NT\$000	NT\$000
Purchase of property, plant and equipment	6,552,702	4,918,482	3,228,471
Add: Beginning balance of payable to equipment suppliers	1,145,359	1,816,555	1,405,931
Less: Ending balance of payable to equipment suppliers	(1,816,555)	(1,405,931)	(1,196,181)
Less: Ending balance of payable to equipment suppliers – related parties	—	—	(58,549)
Less: Transfer from other non-current assets	—	(629,737)	(305,791)
Cash paid during the year	5,881,506	4,699,369	3,073,881

34. Changes in liabilities from financing activities

	2021				
	Short-term bank loans	Long-term bank loans (including current portion)	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
	NT\$000	NT\$000	NT\$000	NT\$000	NT\$000
January 1	—	7,733,565	21,670	870,495	8,625,730
Changes in cash flow from financing activities	731,751	1,652,332	(45)	(289,668)	2,094,370
Adjustment of right-of-use assets	—	—	—	255,179	255,179
Amortization of loan fees	—	7,646	—	—	7,646
Amortization of interest expense	—	19,822	—	15,245	35,067
December 31	<u>731,751</u>	<u>9,413,365</u>	<u>21,625</u>	<u>851,251</u>	<u>11,017,992</u>
	2022				
	Short-term bank loans	Long-term bank loans (including current portion)	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
	NT\$000	NT\$000	NT\$000	NT\$000	NT\$000
January 1	731,751	9,413,365	21,625	851,251	11,017,992
Changes in cash flow from financing activities	(731,751)	4,513,672	(25)	(237,869)	3,544,027
Adjustment of right-of-use assets	—	—	—	292,464	292,464
Amortization of loan fees	—	10,026	—	—	10,026
Amortization of interest expense	—	30,738	—	14,556	45,294
December 31	<u>—</u>	<u>13,967,801</u>	<u>21,600</u>	<u>920,402</u>	<u>14,909,803</u>
	2023				
	Long-term bank loans (including current portion)	Guarantee deposits	Lease liabilities	Total liabilities from financing activities	
	NT\$000	NT\$000	NT\$000	NT\$000	NT\$000
January 1	13,967,801	21,600	920,402	14,909,803	
Changes in cash flow from financing activities	907,306	(365)	(293,383)	613,558	
Adjustment of right-of-use assets	—	—	419,625	419,625	
Amortization of interest expense	36,612	—	18,757	55,369	
December 31	<u>14,911,719</u>	<u>21,235</u>	<u>1,065,401</u>	<u>15,998,355</u>	

35. *Related party transactions*

- a) Parent and ultimate controlling party

The Company has neither a parent company nor an ultimate controlling party. The transactions between the Company and its subsidiaries were eliminated in the accompanying consolidated financial statements and were not disclosed herein. The transactions between the Group and other related parties are as follows.

- b) Names of related parties and relationship

Name	Relationship
Unimos Shanghai	Associate
JMC	Associate
Daypower Energy	Associate
Siliconware Precision Industries Co., Ltd. ("SPIL")	Entity that has significant influence over the Company

- c) Significant related party transactions

- (a) Payable to equipment suppliers

	December 31, 2022	December 31, 2023
	NTS000	NTS000
Daypower Energy	—	58,549

- (b) Acquisition of property, plant and equipment

	Year ended December 31,		
	2021	2022	2023
	NTS000	NTS000	NTS000
SPIL	—	—	35,261

- d) Key management personnel compensation

	Year ended December 31,		
	2021	2022	2023
	NTS000	NTS000	NTS000
Salaries and other short-term employee benefits	243,405	211,620	176,702
Post-employment compensation	2,156	2,197	2,158
	245,561	213,817	178,860

36. *Pledged assets*

Assets	Purpose	Carrying amount	
		December 31, 2022	December 31, 2023
		NTS000	NTS000
Non-current financial assets at amortized cost	Lease and bank loan	37,362	37,411
Property, plant and equipment, net			
- Land	Bank loan	452,738	454,738
- Buildings	Bank loan	5,385,508	5,299,221
- Machinery and equipment	Bank loan	8,204,983	8,173,618
		14,080,591	13,964,988

37. *Significant contingent liabilities and unrecognized contract commitments*

- a) A letter of guarantee was issued by the financial institutions to the Customs Administration of the Ministry of Finance for making payment of customs-duty deposits when importing. As of December 31, 2022 and 2023, the amounts guaranteed by the financial institutions were NT\$135,600 thousand and NT\$71,900 thousand, respectively.
- b) Capital expenditures that are contracted for, but not provided for are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
	NT\$000	NT\$000
Property, plant and equipment, net	<u>1,703,841</u>	<u>1,940,740</u>

38. *Significant disaster loss*

None.

39. *Significant events after the reporting period*

On December 21, 2023, the Company's Board of Directors approved its subsidiary ChipMOS BVI to sell the 45.0242% owned equity investment accounted for using equity method in Unimos Shanghai. The equity transfer is expected to be completed in the first half of 2024.

40. *Capital management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the liabilities to assets ratio. Total capital is shown as "Equity" in the consolidated statements of financial position, which is also equal to total assets minus total liabilities.

The liabilities to assets ratio at December 31, 2022 and 2023 were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
	NT\$000	NT\$000
Total liabilities	20,303,685	21,397,287
Total assets	44,942,945	46,160,484
Liabilities to assets ratio	<u>45.18%</u>	<u>46.35%</u>

41. *Financial risk management and fair values of financial instruments*

a) Financial instruments

(a) Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
	NT\$000	NT\$000
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	128,224	42,735
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	338,102	120,317
Financial assets at amortized cost		
Cash and cash equivalents	9,896,604	12,354,035
Financial assets at amortized cost	136,093	78,477
Accounts receivable	4,381,563	5,326,381
Other receivables	131,863	44,576
Refundable deposits	21,771	20,707
	<u>15,034,220</u>	<u>17,987,228</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Notes payable	132	484
Accounts payable	560,802	784,919
Other payables	3,796,481	3,479,045
Other payables – related parties	—	58,549
Long-term bank loans (including current portion)	13,967,801	14,911,719
Lease liabilities (including current portion)	920,402	1,065,401
Guarantee deposits	21,600	21,235
	<u>19,267,218</u>	<u>20,321,352</u>

(b) Risk management policies

- i) The Group's risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures, and manages such risks by its policies and preferences.
- ii) The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial transactions, a due approval process must be carried out by the Board of Directors based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.
- iii) In order to minimize and manage financial risks, the Group's overall risk management program focuses on analyzing, identifying, and evaluating financial risk factors that may potentially have adverse effects on the Group's financial position, and provide feasible solutions to avoid those factors.

(c) Significant financial risks and degrees of financial risks

i) Market risk

The Group's market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise foreign currency risk, interest rate risk, and other price risks.

In practice, the risk variable rarely changes individually, and the change of each risk variable is usually correlative. The following sensitivity analysis did not consider the interaction of each risk variable.

Foreign exchange risk

1. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Company's and its subsidiaries' functional currency) and the Group's net investments in foreign operations.
2. The Group applies natural hedges by using accounts receivable and accounts payable denominated in the same currency. However, this natural hedge does not concur with the requirement for hedge accounting. Furthermore, as net investments in foreign operations are for strategic purposes, they are not hedged by the Group.
3. The Group's foreign currency exposure gives rise to market risks associated with exchange rate movements against the NT dollar for cash and cash equivalents, accounts receivable, other receivables, bank loans, accounts payable and other payables (including related parties).
4. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency	Exchange rate	Carrying amount (NT\$000)
<u>(Foreign currency: functional currency)</u>			
<u>Financial assets</u>			
<u>Monetary items</u>			
US\$000	208,989	30.7100	6,418,052
JPY000	114,940	0.2324	26,712
RMB000	7,199	4.4080	31,733
<u>Non-monetary items</u>			
JPY000	1,454,830	0.2324	338,102
RMB000	927,037	4.4080	4,086,378
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US\$000	11,031	30.7100	338,762
JPY000	1,587,732	0.2324	368,989

	December 31, 2023		
	Foreign currency	Exchange rate	Carrying amount (NT\$000)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
US\$000	149,837	30.7050	4,600,745
JPY000	188,904	0.2172	41,030
RMB000	5,595	4.3270	24,210
<u>Non-monetary items</u>			
JPY000	553,946	0.2172	120,317
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US\$000	21,175	30.7050	650,178
JPY000	1,102,264	0.2172	239,412

- The total exchange (losses) gains, including realized and unrealized (losses) gains arising from significant foreign exchange variations on monetary items held by the Group for the years ended December 31, 2021, 2022 and 2023, amounted to (NT\$89,152) thousand, NT\$448,097 thousand and NT\$78,170 thousand, respectively.
- Analysis of foreign currency market risk arising from significant foreign exchange variations:

	Year ended December 31, 2021		
	Sensitivity analysis		
	Change in exchange rate	Effect on profit (loss) (NT\$000)	Effect on other comprehensive income (NT\$000)
<u>Financial assets</u>			
<u>Monetary items</u>			
US\$000	5%	260,390	—
JPY000	5%	1,702	—
RMB000	5%	1,074	—
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US\$000	5%	73,410	—
JPY000	5%	13,103	—

	Year ended December 31, 2022		
	Sensitivity analysis		
	Change in exchange rate	Effect on profit (loss) (NT\$000)	Effect on other comprehensive income (NT\$000)
Financial assets			
<u>Monetary items</u>			
US\$000	5%	320,903	—
JPY000	5%	1,336	—
RMB000	5%	1,587	—
Financial liabilities			
<u>Monetary items</u>			
US\$000	5%	16,938	—
JPY000	5%	18,449	—

	Year ended December 31, 2023		
	Sensitivity analysis		
	Change in exchange rate	Effect on profit (loss) (NT\$000)	Effect on other comprehensive income (NT\$000)
Financial assets			
<u>Monetary items</u>			
US\$000	5%	230,037	—
JPY000	5%	2,052	—
RMB000	5%	1,211	—
Financial liabilities			
<u>Monetary items</u>			
US\$000	5%	32,509	—
JPY000	5%	11,971	—

Price risk

1. The Group's financial instruments, which are exposed to price risk, are the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in financial instruments, the Group diversifies its portfolio. Diversification of the portfolio is in accordance with the limits set by the Group.
2. The Group invests in beneficiary certificates and listed stocks issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. For the years ended December 31, 2021, 2022 and 2023, it is estimated that the prices of equity securities increase or decrease by 1%, with all other variables held constant, would increase or decrease the Group's profit before income tax by NT\$3,600 thousand, NT\$1,282 thousand and NT\$427 thousand, respectively.
3. The Group's investments in financial instruments comprise foreign unlisted stocks. The prices of financial instruments would change due to different valuation models and assumptions used. Analysis related to the effect on profit or other comprehensive income if these assumptions change is provided in Note 41 b) (g).

Interest rate risk on cash flow and fair value

1. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate bank loans. The Group reassesses the hedge management periodically to make sure it complies with the cost effectiveness.
2. The sensitivity analysis depends on the exposure of interest rate risk at the end of the reporting period.
3. Analysis of debt with floating interest rates is based on the assumption that the outstanding debt at the end of the reporting period is outstanding throughout the period. The degree of variation the Group used to report to internal management is increase or decrease of 1% in interest rates which is assessed as the reasonable degree of variation by the management.
4. For the years ended December 31, 2021, 2022 and 2023, it is estimated that a general increase or decrease of 1% in interest rates, with all other variables held constant, would decrease or increase the Group's profit before income tax approximately by NT\$102,489 thousand, NT\$140,561 thousand and NT\$149,723 thousand, respectively, mainly due to the Group's floating rate on bank loans.

ii) Credit risk

1. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss, mainly resulted from its operating activities (primarily accounts receivable) and from its financing activities (primarily deposits with banks and financial instruments). The Group is exposed to credit risk arising from the carrying amount of the financial assets recognized in the consolidated statements of financial position.
2. Each business unit performs ongoing credit evaluations of its debtors' financial conditions according to the Group's established policies, procedures and controls relating to customer credit risk management. The Group maintains an account for loss allowance based upon the available facts and circumstances, history of collection and write-off experiences of all trade and other receivables which consequently minimize the Group's exposure to bad debts.
3. Credit risk from balances with banks and financial institutions is managed by the Group's finance unit in accordance with the Group's policies. Transaction counterparty of the Group is determined through its internal controls policy. For banks and financial institutions, only parties rated above BBB+ by Taiwan Ratings are accepted. The probability of counterparty default is remote, so there is no significant credit risk.
4. The Group adopts the assumptions under IFRS 9, "Financial Instruments" and the default is deemed to have occurred when the contract payments are past due over 90 days.
5. The Group categorized contract assets, accounts receivable and other receivables by characteristics of credit risk and applied the simplified approach using loss rate methodology to estimate expected credit loss.
6. The Group referred to the forecastability of business monitoring indicators published by the ROC National Development Council to adjust the loss rate which is based on historical and current information when assessing the future default possibility of contract assets, accounts receivable and other receivables. As of December 31, 2022 and 2023 the loss rate methodologies are as follows:

	December 31, 2022		
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
	NT\$000	NT\$000	NT\$000
Expected loss rate	0.060%	0.060%	0.060%
Total carrying amount	381,587	4,384,232	131,908
Loss allowance	(229)	(2,669)	(45)

	December 31, 2023		
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
	NT\$000	NT\$000	NT\$000
Expected loss rate	0.045%	0.045%	0.045%
Total carrying amount	384,057	5,328,835	44,589
Loss allowance	(174)	(2,454)	(13)

7. Under the simplified approach, movements in relation to loss allowance for contract assets, accounts receivable, and other receivables are as follows:

	2021		
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
	NT\$000	NT\$000	NT\$000
January 1	(117)	(1,620)	(10)
Provision for impairment loss	(3)	(290)	(6)
December 31	<u>(120)</u>	<u>(1,910)</u>	<u>(16)</u>

	2022		
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
	NT\$000	NT\$000	NT\$000
January 1	(120)	(1,910)	(16)
Provision for impairment loss	(109)	(759)	(29)
December 31	<u>(229)</u>	<u>(2,669)</u>	<u>(45)</u>

	2023		
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
	NT\$000	NT\$000	NT\$000
January 1	(229)	(2,669)	(45)
Reversal of impairment loss	55	215	32
December 31	<u>(174)</u>	<u>(2,454)</u>	<u>(13)</u>

8. The Group's recorded financial assets at amortized cost include time deposits with contract period over 3 months and restricted bank deposits. Because of the low credit risk, expected credit losses for the period are measured through a loss allowance at an amount equal to the 12-month expected credit losses. There is no significant provision for the losses.

iii) Liquidity risk

- The Group manages and maintains adequate cash and cash equivalents to finance the Group's operations, and minimize the impact from cash flow fluctuations. The Group also monitors its debt financing plans to ensure it is in compliance with the financial covenants required under its loan agreements.
- The primary source of liquidity for the Group is from bank loans. See Note 17 for details of the unused credit lines of the Group as of December 31, 2022 and 2023.

3. The contractual undiscounted cash flows of notes payable, accounts payable and other payables (including related parties) due within one year and is equivalent to its carrying amount. Except for the aforementioned, the table below summarizes the maturity profile of the Group's non-derivative financial liabilities based on the earliest repayment dates and contractual undiscounted payments, including principal and interest. The Group does not consider the probability of early repayments requested by the banks.

	December 31, 2022				
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	NT\$000	NT\$000	NT\$000	NT\$000	NT\$000
<u>Non-derivative financial liabilities</u>					
Long-term bank loans	1,699,165	5,675,288	5,354,335	1,914,280	14,643,068
Lease liabilities	174,460	182,767	57,057	704,503	1,118,787
Guarantee deposits	—	—	—	21,600	21,600
	<u>1,873,625</u>	<u>5,858,055</u>	<u>5,411,392</u>	<u>2,640,383</u>	<u>15,783,455</u>

	December 31, 2023				
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	NT\$000	NT\$000	NT\$000	NT\$000	NT\$000
<u>Non-derivative financial liabilities</u>					
Long-term bank loans	2,469,744	7,506,844	4,273,199	1,330,797	15,580,584
Lease liabilities	267,759	250,104	57,856	681,975	1,257,694
Guarantee deposits	—	—	—	21,235	21,235
	<u>2,737,503</u>	<u>7,756,948</u>	<u>4,331,055</u>	<u>2,034,007</u>	<u>16,859,513</u>

The difference between the floating interest rates and estimated interest rates will affect the non-derivative financial liabilities stated above.

b) Fair value information

- (a) The different levels of inputs used in valuation techniques to measure fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. An active market is a market in which trading for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices from Level 1 that are observable information for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

- (b) The carrying amounts of cash and cash equivalents, financial assets at amortized cost, contract assets, accounts receivable, other receivables, refundable deposits, long-term bank loans, notes payable, accounts payable, other payables (including related parties), and guarantee deposits are approximate to their fair values.

(c) The related information of financial and non-financial instruments measured at fair value by level based on the nature, characteristics and risks of the assets and liabilities are as follows:

i) The related information of natures of the assets and liabilities are as follows:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	NT\$000	NT\$000	NT\$000	NT\$000
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Listed stocks	128,224	—	—	128,224
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	—	—	338,102	338,102
	<u>128,224</u>	<u>—</u>	<u>338,102</u>	<u>466,326</u>

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	NT\$000	NT\$000	NT\$000	NT\$000
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Listed stocks	42,735	—	—	42,735
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	—	—	120,317	120,317
	<u>42,735</u>	<u>—</u>	<u>120,317</u>	<u>163,052</u>

ii) The methods and assumptions the Group used to measure fair value are as follows:

1. The fair value of the Group's listed stocks is measured by using the market quoted prices, which is categorized within Level 1 fair value.
2. Except for listed stocks with active markets, the fair value of the Group's other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated statement of financial position date.
3. The Group's financial instruments issued by foreign companies are measured by the comparable company valuation (EV/EBITDA ratio and P/B ratio).
4. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

- (d) The following table shows the movements of Level 3 for the years ended December 31, 2022 and 2023:

	Equity instruments	
	2022	2023
	NT\$000	NT\$000
January 1	384,521	338,102
Gains or losses recognized in other comprehensive income		
Recorded as unrealized loss on valuation of financial assets at fair value through other comprehensive income	(46,419)	(217,785)
Purchases	—	12,500
Reclassified as investments accounted for using equity method	—	(12,500)
December 31	338,102	120,317

- (e) The Group performs the fair value measurements being categorized within Level 3 with assistance from specialist. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- (f) The following is the qualitative information and sensitivity analysis of changes in significant unobservable inputs under valuation model used in Level 3 fair value measurement:

	Fair value as of December 31, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
	NT\$000				
Non-derivative equity instrument:					
Foreign unlisted stocks	338,102	Comparable companies	Enterprise value to EBITDA multiple	4.82	The higher the multiple, the higher the fair value
			Discount for lack of marketability	15.80%	The higher the discount for lack of marketability, the lower the fair value
	Fair value as of December 31, 2023	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
	NT\$000				
Non-derivative equity instrument:					
Foreign unlisted stocks	120,317	Comparable companies	Enterprise value to EBITDA multiple	8.23	The higher the multiple, the higher the fair value
			Price to book ratio multiple	1.64	The higher the multiple, the higher the fair value
			Discount for lack of marketability	15.70%	The higher the discount for lack of marketability, the lower the fair value

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)
December 31, 2021, 2022 and 2023

- (g) The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

		December 31, 2022			
		Recognized in profit or loss		Recognized in other comprehensive income	
Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
		NT\$000	NT\$000	NT\$000	NT\$000
Financial assets:					
Foreign unlisted stocks	Enterprise value to EBITDA multiple	±1%	—	—	2,876
	Discount for lack of marketability	±1%	—	—	4,039
		—	—	6,866	6,922

		December 31, 2023			
		Recognized in profit or loss		Recognized in other comprehensive income	
Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
		NT\$000	NT\$000	NT\$000	NT\$000
Financial assets:					
Foreign unlisted stocks	Enterprise value to EBITDA multiple	±1%	—	—	748
	Price to book ratio multiple	±1%	—	—	30
	Discount for lack of marketability	±1%	—	—	1,453
		—	—	2,231	2,152

42. Segment information

a) General information

The Group engages mainly in the assembly and testing of semiconductors, memory modules and general investments. In accordance with IFRS 8, “Operating Segments”, the Group’s segments include Testing, Assembly, LCDD, Bumping and others as the five reportable segments.

b) Measurement of segment information

The Group’s reportable segments are strategic business units which provide different products and services. The accounting policies adopted by the operating segments are the same as the accounting policies described in Note 4.

c) Information about segment profit or loss

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	Year ended December 31, 2021						
	Testing	Assembly	LCDD	Bumping	Others	Elimination	Total
	NTS000	NTS000	NTS000	NTS000	NTS000	NTS000	NTS000
Revenue							
External customers	5,899,600	7,963,714	8,211,099	5,325,622	—	—	27,400,035
Inter-segment	—	—	—	—	43,808	(43,808)	—
Total revenue	<u>5,899,600</u>	<u>7,963,714</u>	<u>8,211,099</u>	<u>5,325,622</u>	<u>43,808</u>	<u>(43,808)</u>	<u>27,400,035</u>
Operating profit (loss)	<u>1,814,021</u>	<u>857,304</u>	<u>2,336,394</u>	<u>561,642</u>	<u>(6,987)</u>	<u>15</u>	<u>5,562,389</u>
Depreciation expenses	<u>(921,999)</u>	<u>(576,138)</u>	<u>(2,579,150)</u>	<u>(549,020)</u>	<u>(7,805)</u>	<u>—</u>	<u>(4,634,112)</u>
Share of profit of associates	—	—	—	—	1,211,177	(585,444)	625,733
Interest income	—	—	—	—	9,980	—	9,980
Interest expense	—	—	—	—	(120,998)	—	(120,998)
Purchase of property, plant and equipment	<u>1,841,359</u>	<u>1,553,475</u>	<u>2,748,697</u>	<u>408,751</u>	<u>420</u>	<u>—</u>	<u>6,552,702</u>

	Year ended December 31, 2022						
	Testing	Assembly	LCDD	Bumping	Others	Elimination	Total
	NTS000	NTS000	NTS000	NTS000	NTS000	NTS000	NTS000
Revenue							
External customers	5,243,997	6,705,898	7,288,642	4,278,527	—	—	23,517,064
Inter-segment	—	—	—	—	50,600	(50,600)	—
Total revenue	<u>5,243,997</u>	<u>6,705,898</u>	<u>7,288,642</u>	<u>4,278,527</u>	<u>50,600</u>	<u>(50,600)</u>	<u>23,517,064</u>
Operating profit (loss)	<u>1,253,477</u>	<u>(93,585)</u>	<u>1,795,741</u>	<u>268,159</u>	<u>(6,821)</u>	<u>(292)</u>	<u>3,216,679</u>
Depreciation expenses	<u>(1,042,455)</u>	<u>(694,835)</u>	<u>(2,505,297)</u>	<u>(500,863)</u>	<u>(8,452)</u>	<u>—</u>	<u>(4,751,902)</u>
Share of profit of associates	—	—	—	—	884,555	(430,840)	453,715
Interest income	—	—	—	—	57,199	—	57,199
Interest expense	—	—	—	—	(142,439)	—	(142,439)
Purchase of property, plant and equipment	<u>1,086,682</u>	<u>957,790</u>	<u>2,677,489</u>	<u>196,521</u>	<u>—</u>	<u>—</u>	<u>4,918,482</u>

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
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December 31, 2021, 2022 and 2023

	Year ended December 31, 2023						
	Testing	Assembly	LCDD	Bumping	Others	Elimination	Total
	NTS000	NTS000	NTS000	NTS000	NTS000	NTS000	NTS000
Revenue							
External customers	4,394,726	4,629,430	7,821,640	4,510,432	—	—	21,356,228
Inter-segment	—	—	—	—	59,481	(59,481)	—
Total revenue	<u>4,394,726</u>	<u>4,629,430</u>	<u>7,821,640</u>	<u>4,510,432</u>	<u>59,481</u>	<u>(59,481)</u>	<u>21,356,228</u>
Operating profit (loss)	<u>514,707</u>	<u>(1,180,481)</u>	<u>2,058,285</u>	<u>522,386</u>	<u>(6,194)</u>	<u>(251)</u>	<u>1,908,452</u>
Depreciation expenses	<u>(1,065,689)</u>	<u>(722,462)</u>	<u>(2,547,253)</u>	<u>(435,709)</u>	<u>(8,220)</u>	—	<u>(4,779,333)</u>
Share of profit of associates	—	—	—	—	420,393	(200,502)	219,891
Interest income	—	—	—	—	193,189	—	193,189
Interest expense	—	—	—	—	(265,957)	—	(265,957)
Purchase of property, plant and equipment	<u>749,158</u>	<u>568,289</u>	<u>1,756,590</u>	<u>152,908</u>	<u>1,526</u>	—	<u>3,228,471</u>

d) Reconciliation for segment income (loss)

Revenue from external customers and segment income (loss) reported to the chief operating decision maker are measured using the same method as for revenue and operating profit in the financial statements. Thus, no reconciliation is needed.

e) Information on products and services

	Year ended December 31,					
	2021		2022		2023	
	NTS000	%	NTS000	%	NTS000	%
Testing	5,899,600	22	5,243,997	22	4,394,726	20
Assembly	7,963,714	29	6,705,898	29	4,629,430	22
LCDD	8,211,099	30	7,288,642	31	7,821,640	37
Bumping	5,325,622	19	4,278,527	18	4,510,432	21
	<u>27,400,035</u>	<u>100</u>	<u>23,517,064</u>	<u>100</u>	<u>21,356,228</u>	<u>100</u>

f) Geographical information

	Year ended December 31,		
	2021	2022	2023
	NTS000	NTS000	NTS000
Revenue			
ROC	21,608,567	18,671,142	17,287,574
Japan	1,768,460	1,989,805	1,176,163
PRC	1,899,362	1,970,943	1,729,908
Singapore	1,630,733	390,488	676,088
Others	492,913	494,686	486,495
	<u>27,400,035</u>	<u>23,517,064</u>	<u>21,356,228</u>

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)
December 31, 2021, 2022 and 2023

	December 31, 2022	December 31, 2023
	NT\$000	NT\$000
Non-current assets		
ROC	21,677,980	20,360,166
PRC	2,291	1,279
Others	576	6,122
	21,680,847	20,367,567

g) Major customer information

The information on the major customers which constituted more than 10% of the Group's total revenue for the years ended December 31, 2021, 2022 and 2023 is as follows:

	Year ended December 31,					
	2021		2022		2023	
	NT\$000	%	NT\$000	%	NT\$000	%
Customers						
Customer A	5,681,277	21	4,705,064	20	5,251,529	25
Customer B	2,484,611	9	1,868,583	8	2,834,188	13
Customer M	2,832,088	10	2,278,645	10	1,320,905	6

43. Financial statements schedule: valuation and qualifying accounts

	Additions charged to expense or deduction of revenue			
	January 1	Additions charged to expense or deduction of revenue	Deduction / Write-offs / Reversal	December 31
	NT\$000	NT\$000	NT\$000	NT\$000
Year 2021				
Allowance for impairment of property, plant and equipment	182,002	4,843	(3,666)	183,179
Allowance for impairment of obsolescence and decline in market value of inventories	79,815	41,771	—	121,586
Provision for deficiency compensation	3,463	11,898	(11,080)	4,281
Sales for allowance	9,864	34,744	(34,759)	9,849
Year 2022				
Allowance for impairment of property, plant and equipment	183,179	12,721	(1,433)	194,467
Allowance for impairment of obsolescence and decline in market value of inventories	121,586	—	(15,956)	105,630
Provision for deficiency compensation	4,281	79,827	(57,465)	26,643
Sales for allowance	9,849	94,641	(67,367)	37,123
Year 2023				
Allowance for impairment of property, plant and equipment	194,467	9,236	—	203,703
Allowance for impairment of obsolescence and decline in market value of inventories	105,630	80,633	—	186,263
Provision for deficiency compensation	26,643	21,495	(14,574)	33,564
Sales for allowance	37,123	112,488	(111,944)	37,667

For movements in loss allowance for contract assets, accounts receivable, and other receivables, please refer to Note 41 a).

(Translation, for reference only)

Unimos Microelectronics (Shanghai) Co., Ltd.
AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

(Proprietary & Strictly Confidential)

UNIMOS MICROELECTRONICS (SHANGHAI) CO., LTD.

AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

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Unimos Microelectronics (Shanghai) Co., Ltd.

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Unimos Microelectronics (Shanghai) Co., Ltd.

AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

THIS "AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE" (this "**Agreement**") is entered into as of this 24th day of July, 2023 in Beijing by and among:

- (1) Yangtze Memory Technologies Holding Co., Ltd. ("**Investor A**"), a limited company duly organized and existing under the laws of the People's Republic of China, with its registered office at Room 1701, Building A, Overseas Talents Building, No. 999 Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, and its legal representative is Nan-Xiang Chen (a citizen of China);
- (2) ChipMOS TECHNOLOGIES (BVI) LTD. ("ChipMOS BVI"), a company duly organized and existing under the laws of British Virgin Islands with its registered office at P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands, and its legal representative is Teng-Yueh, Tsai (a citizen of Taiwan, China);
- (3) Accretech (China) Co., Ltd. ("**Accretech**"), a limited company duly organized and existing under the laws of the People's Republic of China, with its registered office at Room 212, 2 F., No. 118, Fu Te North Road, China (Shanghai) Pilot Free Trade Zone, and its legal representative is Yoshida Hitoshi (a citizen of Japan);
- (4) Chao-Jung Tsai, a citizen of Taiwan region, and whose Taiwan ID number is _____, and whose residence is at _____;
- (5) Shih-Jye Cheng, a citizen of Taiwan region, and whose Taiwan ID number is _____, and whose residence is at _____;
- (6) Shou-Kang Chen, a citizen of Taiwan region, and whose Taiwan ID number is _____, and whose residence is at _____; and
- (7) David W. Wang, a citizen of Taiwan region, and whose Taiwan ID number is _____, and whose residence is at _____.

Each of the above party (3) to (7) is hereinafter referred to individually or collectively as a "**Investor C**" (depending on the context.) The parties hereto are hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

Pursuant to the "Company Law of the People's Republic of China," the "Foreign Investment Law of the People's Republic of China," and relevant laws of the People's Republic of China, the Parties agree to invest in and carry out the operation of the Company together through amicable negotiations and in accordance with the principle of equality and mutual benefit.

ARTICLE 1. Definitions

1.1. Definitions

Except as otherwise provided herein, the following terms, as used herein, have the following meanings:

"Related Party" means, with respect to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, **"control"** means the power, directly or indirectly, to direct or cause others to determine the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, including (a) the direct or indirect beneficial ownership of at least 50% of the outstanding shares or other equity interests of such Person; (b) the direct or indirect beneficial ownership of at least 50% of the voting power of such Person; or (c) the power, directly or indirectly, to appoint a majority of the members of the board of directors or similar governing body of such Person. To clarify, the Related Parties of Investor A include only Yangtze Memory Technologies Holding Co., Ltd. (or its successors) and the subsidiaries controlled by it. In addition, any Person shall not be viewed as Investor A's Related Party merely because such Person is also controlled by the government.

"Articles of Association" means the amended and restated Articles of Association of the Company, which is included herein as Annex I and executed at the same time as this Agreement.

"Board" means the board of directors of the Company.

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions located in Beijing or Hsinchu, Taiwan, are authorized or obligated by applicable Laws or executive order to close.

"China" means, for the purpose of this Agreement, Mainland China of the People's Republic of China.

"Term of Operation" has the meaning defined in Section 16.1 herein.

"Company" means Unimos Microelectronics (Shanghai) Co., Ltd.

"Confidential Information" means (1) any confidential information (whether conveyed in written, oral or in any other form), whether tangible or intangible, in connection with organization, business, technology, finance, transaction, affairs, launched or not launched software or hardware, or any marketing, promotion or business policies of products, of the Company or the Parties; and (2) any information or materials prepared by any Party, its recipient, or the Company, that contain or otherwise reflect, or are generated from, the Confidential Information provided in Item (1).

"Deadlock" has the meaning defined in Section 8.4 herein.

"Transaction Documents" means this Agreement and the Articles of Association.

"Encumbrance" means (1) any mortgage (whether fixed or floating), pledge, lien, warrant, guarantee, deed of trust, tenure, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of any obligation of any Person (except as provided by Laws), including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law; (2) any appointment of proxy, power of attorney, voting agreement, interest, option, right of first offer, negotiation, refusal or transfer restriction in favor of any Person; and (3) any claim that is unfavorable to tenure, possession, or use.

"Effective Date" means the date of execution of this Agreement.

"Equity Interest" means the equity interest of the Company.

"Force Majeure" has the meaning defined in Section 18.1 herein.

"Fiscal Year" means the accounting year of the Company.

"Auditor" means the auditor selected by Board pursuant to Section 13.2 herein.

"Laws" means all applicable laws, regulations, rules and orders promulgated by any legislative institution, judicial institution, government agency, stock exchange or other self-regulatory body, including any laws, statutes or other legislative measure and any regulations, rules, treaties, orders, decrees or judgments.

"Senior Executive" has the meaning defined in Section 9.1 herein.

"Person" means a natural person, corporation, joint venture, enterprise, partnership, trust, unincorporated organization, limited liability company, company limited by shares, government or any government department or authority, or any other entity.

"Chinese Accounting Standards" means Accounting Standards for Business Enterprises of the People's Republic of China, as amended from time to time.

"Registration Authority" means the State Administration for Market Regulation of the People's Republic of China, or, in certain cases, other qualified local Administration for Market Regulation.

"Renminbi" or **"RMB"** means the lawful currency of China.

"Subsidiary" means, with respect to any Person, directly or indirectly holds any registered capital or share capital representing certain ownership interests or voting equity interests of, and has actual or de facto controlling power over such other Person. For the purpose of this Agreement, the Company shall not be deemed as a Subsidiary fo any Party.

"Third Party" means any entity other than the Parties.

"United States Dollar" or **"USD"** means the lawful currency of the United States of America.

"Material Adverse Effect" means any adverse effect satisfying all of the following conditions for a Party or the Company (as applicable): (1) any event (including representation, warranties and undertakings, etc.) incurs damage, loss and/or liability (collectively as **"Adverse Effect"**) to operation, business, condition (business, technological, legal, or financial condition, etc.), asset or liability; (2) the Adverse Effect amount in one single event alone exceeds Renminbi fifteen (15) million (RMB15,000,000) or the Adverse Effect and other events result in adverse effect to a Party or the Company (subject to the actual condition) in aggregate exceeds Renminbi thirty (30) million (RMB30,000,000).

"Governmental Authority" means national, provincial, local or similar governmental, regulatory or administrative body, department or committee, or any court, tribunal or judicial or arbitral body of China or any other country.

1.2. Interpretations

- 1.2.1. The phrase **"directly or indirectly"** means directly or indirectly by one or more middlemen through contractual or other lawful arrangements; **"direct or indirect"** has the same meaning.
- 1.2.2. **"Including"** and similar words are not words of limitation, and "but not limited to" shall be viewed as following "including" when explaining **"including"**.
- 1.2.3. Except as otherwise provided in the context, **"above"** and **"below,"** includes the number, but **"greater than," "over," "less than,"** and **"under"** do not include the number.
- 1.2.4. Except as otherwise provided in the context, all the pronouns (including both gender-specific pronouns and gender-neutral pronouns) include the masculine, feminine, and neuter gender.
- 1.2.5. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the interpretation of this Agreement.
- 1.2.6. The written form includes words that are reproduced in an easily readable and maintainable form.
- 1.2.7. Any mention of a document means the document and its subsequent amendments.
- 1.2.8. Except as otherwise provided, the terms Article, Item, Section, Attachment and Schedule mean the Article, Item, Section, Attachment and Schedule of this Agreement.
- 1.2.9. Any mention of a Law means the Law and its amendment and repromulgation from time to time.

ARTICLE 2. The Parties

2.1. Investor A

Yangtze Memory Technologies Holding Co., Ltd., a limited company duly organized and existing under the Laws of China, with its Unified Social Credit Code 91420100MA4KQ9MW0P, having its registered office at Room 1701, Building A, Overseas Talents Building, No. 999 Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, and its legal representative on the execution date of this Agreement being:

Name: Nan-Xiang Chen

Title: Chairman

Nationality: China

2.2. ChipMOS BVI

ChipMOS TECHNOLOGIES (BVI) LTD., a company duly organized and existing under the Laws of British Virgin Islands, having its registered office at P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands, and its legal representative on the execution date of this Agreement being:

Name: Teng-Yueh, Tsai

Title: Director

Nationality: Taiwan, China

2.3. Investor C

2.3.1. Accretech (China) Co., Ltd., a limited company duly organized and existing under the Laws of China, having its registered office at Room 212, 2 F., No. 118, Fu Te North Road, China (Shanghai) Pilot Free Trade Zone, and its legal representative on the execution date of this Agreement being:

Name: Yoshida Hitoshi

Title: Chairman

Nationality: Japan

2.3.2. Chao-Jung Tsai, a citizen of Taiwan region, and whose Taiwan ID number is _____, and whose residence is at _____;

2.3.3. Shih-Jye Cheng, a citizen of Taiwan region, and whose Taiwan ID number is _____, and whose residence is at _____;

2.3.4. Shou-Kang Chen, a citizen of Taiwan region, and whose Taiwan ID number is _____, and whose residence is at _____; and

- 2.3.5. David W. Wang, a citizen of Taiwan region, and whose Taiwan ID number is _____, and whose residence is at _____.

ARTICLE 3. Basic Information of the Company

3.1. Name and Address

- 3.1.1. The Chinese name of the Company is "宏茂微電子(上海)有限公司" and its English name is "Unimos Microelectronics (Shanghai) Co., Ltd."
3.1.2. The registered office is at No. 9688 Songze Ave., Block C, Qingpu Industrial Zone, Shanghai City.

3.2. Organization

The Company is a limited liability company organized under Laws of China. Except where otherwise provided herein, the liability of each Party to the Company is limited to the total amount paid by such Party as the registered capital of the Company in accordance with Article 5 hereof. The profits of the Company shall be shared by the Parties in proportion to their respective contributions to the registered capital of the Company. A creditor of the Company has recourse only to the assets of the Company and neither Party shall be subject to any liability if the assets of the Company are insufficient to satisfy the claims of its creditors.

3.3. Legal Compliance

The Company conducts its business pursuant to Laws of China and other jurisdictions.

ARTICLE 4. Business Purpose and Business Scope

4.1. Purpose

Strengthen the business collaboration between the Parties, leverage the advantages of each Party, make optimal use of the resources of each Party, and actively enhance the business efficiency of the Company in order to make each Party obtain a satisfactory return on its investment.

4.2. Business Scope

The business scope of the Company is as follows: assembly and testing services for semiconductors (silicon and compound semiconductor) and integrated circuits (including sub-systems and modules), technology development, technical services, and sales of the products manufactured by the Company, including manufacturing of MEMS and compound semiconductor integrated circuit and advanced assembly and testing of BGA, CSP and MCM etc. (operations and activities subject to any approval according to the Laws may not be carried out unless such approval is issued by the competent authority).

ARTICLE 5. Total Investment Amount and Registered Capital

5.1. Total Investment Amount

The total investment amount of the Company is RMB6,500,000,000.

5.2. Registered Capital

The registered capital of the Company is RMB2,468,843,599.

5.3. Capital Contribution of the Parties and Shareholding Percentage

The capital contribution and shareholding percentage for the registered capital of the Company by each Party are as follows (RMB):

Shareholder	Subscribed Capital Contribution (Yuan)	Paid-in Capital (Yuan)	Shareholding Percentage
Investor A	1,257,630,666	1,257,630,666	50.9401%
ChipMOS BVI	1,111,576,624	1,111,576,624	45.0242%
Accretech	34,964,934	34,964,934	1.4162%
Chao-Jung Tsai	33,187,500	33,187,500	1.3443%
Shih-Jye Cheng	27,656,250	27,656,250	1.1202%
Shou-Kang Chen	3,062,100	3,062,100	0.1240%
David W. Wang	765,525	765,525	0.0310%
Total	2,468,843,599	2,468,843,599	100%

In the event that one Party contributes capital by foreign currency, the exchange rate applicable to the capital contribution shall be the central exchange rate as announced by the People's Bank of China on the date of its capital contribution (Medial Rate).

5.4. Timing of Remittance of Capital Contribution

The Parties confirm that as of May 11, 2020, each Party has fully paid to the Company the registered capital subscribed by it. The Parties have no obligation to further contribute the registered capital as of the execution date of this Agreement.

5.5. Certificate of Capital Contribution

For any Party, the Company shall issue a certificate of capital contribution to such Party after the remittance of the capital contribution amount to reflect the Equity Interest structure set forth herein.

5.6. Adjustment of Registered Capital and Further Capital Contribution

- 5.6.1. Any Party may propose to adjust (either increase or decrease) the registered capital of the Company according to actual financial needs of the Company. The Parties agree to negotiate and evaluate the adjustment proposal on the basis of good faith.
- 5.6.2. Any adjustment of registered capital of the Company shall be implemented after the Parties' agreement to amend this Agreement and the Articles of Association, the Board's resolution and the completion of relevant administrative procedures.

5.7. Listing

5.7.1. Based on the business operation of the Company, the Company may take the following measures, subject to the approval of the Board, to make the Company to be listed in China:

- (1) Have the Company be merged by a China listed company which is controlled by Investor A or its Related Parties ("**China Listed Company**"), and therefore the Parties may become the shareholders of such China Listed Company; or
- (2) Transform the Company into a company limited by shares, and the Company further applies for the initial public offering of its ordinary shares in Renminbi and consummate a listing in China.

The Parties shall use the best efforts to consummate the listing of the Company within five (5) years after November 30, 2016.

5.7.2. The Parties shall give active support and assistance to the listing plan of the Company. In particular, the Parties understand and agree that, in order to increase the feasibility of the listing of the Company, Investor A and its Related Parties intend to consolidate a number of domestic and foreign companies (including but not limited to the Company's competitors) engaged in similar business on their own or through the Company. Each Party shall give its best efforts to provide support and assistance in connection with such consolidation; however, such integration shall be subject to the prior approval of the Board if it progresses through the Company.

ARTICLE 6. Equity Interest Transfer

6.1. General Rules

6.1.1. Except where otherwise permitted in this Article 6, no Party may sell or dispose of by any other means ("**Transfer**") all or part of the Equity Interests (regardless of whether the other Parties exercise the right of first refusal) within three (3) years after November 30, 2016 unless it receives the consent of Investor A and ChipMOS BVI; thereafter, any Transfer shall be made in accordance with the Transfer procedure provided in Section 6.3 below.

In addition, without the consent of Investor A and ChipMOS BVI, no Party may change its ultimate actual controlling Person; doing so will constitute a substantive breach.

Notwithstanding the foregoing, Investor A shall not be deemed as breaching the aforementioned provision for change of the ultimate actual controlling Person if the Equity Interests held by Investor A or its ultimate actual controlling Person are Transferred based on the request of Governmental Authority in China. Since the ultimate actual controlling Person of ChipMOS BVI is a listed company in Taiwan, ChipMOS BVI shall not be deemed as committing a breach of the aforementioned provision if the ultimate actual controlling Person of ChipMOS BVI is changed due to any transaction in the securities market, or merger or acquisition (collectively as the "**Exceptions for Change of the Actual Controlling Person**").

6.1.2. Any proposed Transfer in violation of this Article 6 shall be void, and neither the Company nor the Parties shall recognize such Transfer or register for it.

6.2. Permitted Transfer

- 6.2.1. Notwithstanding the foregoing Section 6.1, each Party may transfer all or part of Equity Interests ("**Permitted Transfer**") to its Related Parties, and the aforementioned Transfer shall not be subject to the rights of co-sale or first refusal; however, such Transfer shall comply with the following conditions:
- (1) The Related Party shall agree in writing to assume the rights of the proposed transferred Equity Interests, and to perform the corresponding obligations herein of such Party as if it were the original signing Party of this Agreement; such Party shall bear joint liabilities for the performance of obligations herein of such Related Parties;
 - (2) No such Transfer shall have a Material Adverse Effect on the operation of the Company, the performance of the Company's contracts, or the organization structure of the Company; and
 - (3) If only part of the Equity Interests is transferred, then such Transfer shall not affect the Company's subsequent capital operation.
- 6.2.2. For the purpose of a Transfer by one Party to its Related Party in accordance with Section 6.2.1, the other Parties hereby waive their rights under the Laws or this Agreement against such Transfer, including, but not limited to, the rights of veto power, co-sale, and first refusal.

6.3. Transfer Procedure

- 6.3.1. Except the situation agreed in Section 6.2, in the event that a Party ("**Transferring Party**") intends to Transfer all or part of Equity Interests to a Third Party, such Party shall issue a written notice ("**Transfer Notice**") to the other Parties ("**Non-Transferring Parties**") along with: (1) a copy of the written offer received by the Transferring Party from such Third Party (the "**Proposed Transferee**") that it intends to accept in good faith; and (2) explanations of the amount of Equity Interests it wishes to Transfer ("**Proposed Transferred Equity Interests**"), the price and terms of such Transfer, and the name and background of the Proposed Transferee.
- 6.3.2. Each Non-Transferring Party shall have the following rights: (1) to exercise the right of first refusal to acquire all of the Proposed Transferred Equity Interests in accordance with the price and terms set forth in the Transfer Notice, or (2) to exercise the right of co-sale in accordance with the price set forth in the Transfer Notice. If more than one Non-Transferring Parties intend to exercise the right of first refusal, such Parties shall exercise such rights in proportion to their respective Equity Interests; if any Non-Transferring Party intends to exercise the co-sale right, such Non-Transferring Party and the Transferring Party shall jointly sell their respective Equity Interests in proportion to their shareholding, the total amount of which Equity Interests shall be equal to the amount of the Proposed Transferred Equity Interests.
- Each Non-Transferring Party shall notify the Transferring Party of its intention in written to purchase the Proposed Transferred Equity Interests or jointly sell the Proposed Transferred Equity Interests within thirty (30) days after receipt of the Transfer Notice. If the Non-Transferring Party fails to issue the aforementioned written notice in accordance with this Section 6.3.2, such Non-Transferring Party shall be deemed to have waived the aforementioned rights of first refusal and co-sale. In addition, if a Non-Transferring Party informs in writing that it will exercise the right of first refusal, it shall be deemed to have waived the co-sale right automatically and vice versa.

- 6.3.2. Upon the expiration of the notice period specified in Section 6.3.2, the Transferring Party and the Non-Transferring Party (if any) exercising the right of co-sale shall enter into an equity interest transfer agreement with the Non-Transferring Party exercising the right of first refusal and/or the Proposed Transferee (as the case may be). However, the terms and conditions of such equity interest transfer agreement shall not be more favorable than those set forth in the Transfer Notice.
- 6.3.3. Notwithstanding the foregoing, no Party may Transfer the Equity Interests unless the following conditions are fulfilled:
- (1) There is no conflict of interests between the Transferee and the Company (the Board is entitled to determine whether such conflict exists and to solve it; further, the Non-Transferring Party which claims such conflict of interests shall notify the Board and provide relevant evidence);
 - (2) the Transferee has agreed in writing to be bound by the terms and conditions of this Agreement and the Articles of Association, except where all the other Parties agree to amend them;
 - (3) the Transfer will not have any Material Adverse Effect on the operation of the Company, the performance of the Company's contracts or the organizational structure of the Company; and
 - (4) the Transfer complies with the Laws in all aspects.
- 6.4. The Encumbrance of the Equity Interest
No Party may, without the prior written consent of Investor A and ChipMOS BVI, make any mortgage, pledge, or guarantee, or place any Encumbrance on all or part of its Equity Interest.
- 6.5. Further Assurance
Each Party hereby agrees to comply with the provisions regarding the Transfer of Equity Interests herein, and further agrees that the Board shall be deemed to have unanimously approved such Transfer. Upon the proposed Transfer, each Party shall immediately take all necessary actions and sign all necessary documents for making such Transfer effective, and promptly cause the officers it appoints to the Board and the Company to take the all necessary actions (including voting in favor of such Transfer on the Board) and sign all necessary documents for making such Transfer effective.

ARTICLE 7. Representations, Warranties and Covenants

7.1. General Representations and Warranties

Each Party hereby represents and warrants to the other Parties as follows:

- (1) It is a duly organized entity pursuant to applicable Laws of its jurisdiction, validly existing and in a good standing;
- (2) It has full legal rights, powers and authorizations to execute, deliver and perform this Agreement, and it has taken all necessary corporate actions to authorize, execute, deliver this Agreement and perform all obligations hereunder, except as otherwise agreed herein;

- (3) At the time of the execution hereof or the fulfilment of obligations hereunder, it has obtained all necessary approvals and fulfilled all necessary procedures pursuant to the applicable Laws and agreements to which it is subject to, and it has the power to execute this Agreement or to perform the obligations hereunder pursuant to the Laws, except where otherwise agreed herein or the Parties have otherwise agreed;
- (4) From the Effective Date, this Agreement becomes an effective and legally binding document;
- (5) The execution, delivery and performance of this Agreement shall not: (i) constitute any violation or non-performance of any charter documents; (ii) result in any violation, breach or non-performance of any Laws, regulations, rules, or authorizations or approvals issued by any Governmental Authority or institution; (iii) constitute any violation or non-performance of any binding contracts or agreements; or (iv) constitute any violation of any held license, authorization or permit;
- (6) There is no pending, or to its knowledge, threatened lawsuit, arbitration or other judicial, administrative or other proceeding or investigation from the government that may affect its ability to execute, deliver or perform this Agreement; and
- (7) It will cause the Person it appoints or nominates to the Board and the Company to take all necessary actions and execute all necessary documents to perform this Agreement.

7.2. Covenants of Investor A

In addition to the obligations of Investor A hereunder or under other agreements it has entered into with the Company or other Equity Interest holders, Investor A agrees and undertakes to perform the following covenants at the reasonable request of the Company:

- (1) to assist the Company to recruit qualified Chinese and foreign managements and other employees;
- (2) to assist the Company to develop its relationship with the government and maintain public relations;
- (3) to assist the Company in financing from the banks in China;
- (4) to assist the Company to develop works regarding its listing in China;
- (5) to assist the Company in handling other matters as requested by the Board.

7.3. Covenants of ChipMOS BVI

In addition to the obligations of ChipMOS BVI hereunder or under other agreements it has entered into with the Company or other Equity Interest holders, ChipMOS BVI agrees and undertakes to perform the following covenants at the reasonable request of the Company:

- (1) to assist the Company in recruiting Taiwanese employees and other employees;
- (2) to assist the Company to develop its relationship with the government and maintain public relations;
- (3) to assist the Company in financing from the banks in Taiwan;
- (4) to assist the Company in handling other matters as requested by the Board.

ARTICLE 8. The Board

8.1. Composition of the Board

- 8.1.1. The Board shall consist of five (5) directors, of which three (3) directors are appointed by Investor A ("**Investor A Directors**"), while the other two (2) Directors are appointed by ChipMOS BVI ("**ChipMOS BVI Directors**"). Notwithstanding the foregoing, upon any change in the ratio of Equity Interest held by Investor A or ChipMOS BVI, the Parties shall renegotiate the composition of the Board.
- 8.1.2. The term of office of each director is three (3) years, after which the director is eligible for reappointment by the appointing Party (failure of the appointing Party to appoint a successor at the expiration of the current term of office shall be recognized as the appointing Party's desire to reappoint the same director for a new term.). The appointment and removal of each director shall be at the discretion of the appointing Party. If a seat of the Board is vacated by reason of dismissal, resignation, sickness, disability, death of the director or removal by the appointing Party, the appointing Party shall appoint a successor to the office of such director for the remainder of that period.
- 8.1.3. Each director shall comply with all requirements under applicable Laws, including, in particular, the directors' requirements in the Company Law of China. In the event that a Party finds that a director appointed by it has breached this Agreement, or violated relevant Laws of China, inflicted damage to the Company by malicious or grossly negligent acts, violated criminal law, or participated in bribery or other acts deemed sufficient by the Laws of China to dismiss such director, the appointing Party shall immediately revoke the appointment of such director.
- 8.1.4. The Board shall have one (1) chairman, appointed by Investor A from its appointed directors, who shall be the legal representative of the Company. The Board shall have one (1) vice-chairman appointed by ChipMOS BVI from its appointed directors. The chairman and vice-chairman shall exercise their rights within the scope of the Laws of China, the Articles of Association and the determinations of the Board.
- 8.1.5. The director is not remunerated for his service (except as otherwise decided by the Board), but the director may receive remuneration corresponding to the position for other duties of the Company. The Company shall be responsible for the reasonable travel expenses and allowances for the performance of the duties of the directors.
- 8.1.6. The Company shall procure sufficient liability insurance for all directors (if required). The Company shall indemnify the directors against all claims and liabilities of the directors arising out of their assumption of their duties as directors of the Company, subject to the condition that the act or omission of the directors which led to the occurrence of the claim or liability does not constitute intentional misconduct, gross negligence or violation of criminal law.

- 8.1.7. The chairman, vice-chairman or any director may concurrently hold office of management or other senior managers in the Company.
- 8.1.8. Each director is entitled to all information relating to the Company's business which should be available on the basis of his directorship.
- 8.1.9. The Board shall appoint one secretary to the Board, nominated by Investor A and appointed and dismissed by the Board. The secretary shall perform the following duties: (1) to be responsible for the information management of the information of shareholders, directors and Senior Executives; (2) to organize and plan the meeting of the Board, to participate in the meetings of the Board, the meetings of the board of supervisors and relevant meetings of the Senior Executives, and to be responsible for preparation of the minutes of meetings of the Board and to sign such minutes for confirmation; (3) to pay close attention to reports of media and to actively seek truth from facts, to assist the Board in fulfilling the relevant disclosure obligations (if any), and to abide by relevant securities laws and regulations, listing rules and other relevant regulations of the stock exchange; (4) to urge the Company to abide by the management system applicable to the subsidiaries of Investor A and its Related Parties; and (5) such other functions as the Board may delegate to the secretary.

8.2. Power of the Board

- 8.2.1. The Board is the highest authority of the Company and decides all important matters of the Company, including, but not limited to:
- (1) Amendments to the Articles of Association;
 - (2) Suspension or dissolution of the Company;
 - (3) Increase or decrease in registered capital of the Company;
 - (4) The merger or spin-off of the Company;
 - (5) The Company's listing plan, including, but not limited to, the listing location and time and other matters;
 - (6) Corporate bond issuance or external financing of the Company;
 - (7) The Company's investment;
 - (8) The Company sets encumbrance on land use rights, buildings and major production equipment, or provides guarantees for Third Party debt;
 - (9) Transactions between the Company and the Parties and their Related Parties (except for the proposed transaction in the Transaction Documents);
 - (10) The Company's operating principles, investment plans, and annual business plan;
 - (11) The Company's annual financial budgets and the final reports;
 - (12) The Company's profit distribution and loss recovery plan;
 - (13) The Company's plan of establishing internal management;

- (14) The appointment, dismissal, remuneration, bonus and other conditions of employment of the secretary of the Board, general manager, executive vice general manager, and chief financial officer of the Company;
- (15) The Company's remuneration, bonus and benefit policies, except as otherwise provided herein;
- (16) The Company's equity incentive plan, executive stock option plan or similar plan;
- (17) Any sale, transfer, lease or disposal of assets of the Company which is included in the Company's annual business plan, financial budget or investment plan, and is part of the Company's daily business activities, while exceeding RMB50,000,000 (on a net value basis) in one single transaction; any sale, transfer, lease or disposal of assets of the Company which is not included in the Company's annual business, financial budget or investment plan, or is not part of the daily business activities of the Company, while exceeding RMB5,000,000 (on a net value basis) in one single transaction or more than RMB20,000,000 (on a net value basis) aggregated in 12 consecutive months;
- (18) Any capital expenditure, borrowing and acquisition which is outside of the Company's ordinary business and exceeds RMB5,000,000 in one single transaction or RMB20,000,000 aggregated in consecutive 12 months;
- (19) The Company's initiation of or participation in any litigation, arbitration and other dispute resolution procedures involving the subject matter exceeding RMB5,000,000 or other equivalent currencies, or settlement in such cases; however, if the Company initiates any litigation, arbitration and other dispute resolution procedures against a Party or the Related Parties, the Board's resolution is not required, and the chairman or general manager may make his/her own decisions, while the chairman shall cooperate with the signing of relevant documents;
- (20) Stipulation and revision of the Company's financial accounting system and accounting policy;
- (21) Recruitment and dismissal of the Company's audit institutions;
- (22) Authorization of Senior Executive of the Company; and
- (23) Other powers prescribed by the Laws.

In respect of the matters specified in Section 8.2.1, items (1) to (4) shall be resolved unanimously by the directors present at the meeting of the Board; items (5) to (9) shall be resolved by a two-thirds (2/3) majority of the directors present at a meeting of the Board. Any other matters shall be approved by the simple majority of the directors present at the meeting of the Board. If the resolution involves both Investor A and ChipMOS BVI or their Related Parties, directors appointed by Investor A and ChipMOS BVI shall have the right to participate in voting on the resolution after disclosing the interest, unless otherwise provided by the Laws.

8.3. Meetings of the Board

- 8.3.1. The Board may convene regular meetings, special meetings or emergency meetings.

- 8.3.2. The first meeting of the Board shall be a special meeting no later than ten (10) Business Days after the date on which the Company obtains a New Business License, regardless of whether there is a different agreement as to the special meeting of the Board under this Agreement. The chairman shall convene the first meeting of the Board within such period and preside at such meeting.
- 8.3.3. After the first meeting of the Board, the Board shall convene one (1) regular meeting per quarter. The meeting of the Board shall be convened and presided over by the chairman of the Board. The meetings of the Board shall be held in the place where the Company is located in principle and may also be held in other places within and outside China, subject to the decision of the chairman of the Board. The date of the regular Board meeting shall be decided by the chairman of the Board. Prior to each regular meeting of the Board, the general manager and the executive vice general manager shall prepare an agenda for the meeting, a draft resolution, and any supplementary materials that the directors deem should be reviewed by the Board. The chairman shall, at least ten (10) Business Days prior to each regular meeting of the Board, give a written notice to each director, which notice shall set out the date, time and place of the Board's regular meeting. Such notices shall be accompanied by a meeting agenda, draft resolution and other materials as indicated in this Section.
- 8.3.4. Upon the proposal of at least two (2) directors, the chairman shall convene a special meeting of the Board. The proposing director shall specify the matters to be discussed and the chairman shall determine the date and place of the special meeting of the Board. Such special meeting shall be convened within no less than five (5) Business Days and no more than twenty (20) Business Days after the date of the proposal. The general manager and the executive vice general manager shall prepare a meeting agenda containing the items proposed by the proposing director, together with relevant supplementary materials, if any. The chairman shall, at least five (5) Business Days prior to the special meeting of the Board, give a written notice to each director, which notice shall set out the date, time and place of the special meeting of the Board. Such written notice shall be accompanied by a copy of the agenda of the meeting and include materials concerning proposed matters in the proposal for the meeting.
- 8.3.5. In exceptional circumstances where the Board is required to take immediate actions, the chairman may convene an emergency meeting. The general manager and the executive vice general manager shall prepare the agenda of the meeting and the relevant supplementary materials (if any), containing the matters to be discussed in an emergency meeting. The chairman shall give a written notice to each director at least forty-eight (48) hours prior to the Board's emergency meeting manifesting the date, time and place of the Board's emergency meeting. Such notices shall be accompanied by a copy of the agenda of the meeting and the relevant supplementary documents (if any).

- 8.3.6. To constitute a quorum of the meetings of the Board, at least two-thirds (2/3) of the directors shall attend the meetings. If a director is unable to attend the meeting in person, he may authorize others to attend the meeting on his behalf by a written proxy. The authorized representative shall have the right to vote on behalf of such director at the Board meeting and to have the same rights and powers as the director has. An authorized representative may represent more than one director and such authorized representative may be a director of the Board.
- 8.3.7. Board meetings (whether regular, special or emergency) can be held on-site and/or by teleconference or videoconference, provided that all participants hear clearly the statements made by other participants and that all participants are present throughout the meeting.
- 8.3.8. Meetings of the Board shall be held in Chinese. All minutes of Board meetings, resolutions and written resolutions shall be kept in the Company's principal place of business. The secretary of the Board shall summarize the minutes of the meetings of the Board, the opinions of each director and the resolutions of the Board, and prepare Chinese minutes of the meeting, and submit them to the directors for review within two (2) Business Days after the conclusion of each meeting of the Board. Each director shall, within three (3) Business Days of receipt of the minutes, provide his revising comments (if any) back to the secretary of the Board (if no feedback is given, it shall be deemed that no feedback exists). The secretary of the Board shall, within two (2) Business Days after receipt of the director's feedback, revise the minutes of the meeting in accordance with the directors' feedback (if any) and submit it to all directors for signature confirmation. If the directors have no objection to the revised minutes, they should sign and confirm within three (3) Business Days. The resolutions and minutes of the above meeting shall be preserved from the date of the meeting to five (5) years after the end of the Term of Operation of the Company (kept by each Party). The Parties shall have the right to inspect and copy such minutes and resolutions within five (5) Business Days after giving notice to the secretary of the Board. Other requirements for board meetings are set forth in the Articles of Association.
- 8.3.9. In addition, the Board may adopt a written resolution in place of convening a Board meeting. Such written resolutions are deemed to have been passed by resolution after being sent to and endorsed by all directors. Such written resolutions shall be retained with the resolutions and minutes of other Board meetings and shall have the same validity and effect as the resolutions of the formal meetings of the Board.
- 8.3.10. The general manager and the executive vice general manager shall have the right to attend any regular, special or emergency meeting of the Board, but shall not have any voting rights if the general manager and the executive vice general manager are not the directors of the Company. If the agenda of the Board meeting relates to the financial conditions of the Company and the participation of chief financial officer is required, the chief financial officer shall also attend the Board meeting, but shall not have any voting rights if the chief financial officer is not a director. The Board may also invite shareholder representatives to attend the meetings of the Board, but such shareholder representatives shall not have any voting right.

8.3.11. When the chairman is unable to perform his duties or does not perform his duties, the vice-chairman shall convene and preside over the meeting of the Board. If the vice-chairman is unable to perform his duties or does not perform his duties, more than half of the directors shall elect a director to convene and preside over the meeting of the Board.

8.4. Deadlock

8.4.1. If the Board is unable to pass any matter requiring Board approval on two consecutive Board meetings or sixty (60) days (whichever is shorter), such matters shall be deemed to be "Deadlock" and shall be resolved in accordance with Section 8.4.

8.4.2. Within fourteen (14) days after the Deadlock, either Investor A or ChipMOS BVI may serve a Deadlock Notice ("**Deadlock Notice**") to the other Party stating that it has initiated further processing of the Deadlock and has provided the name and contact details of the Senior Executive responsible for dealing with the Deadlock. Within fourteen (14) days after the date of service of the Deadlock Notice, the Party receiving the Deadlock Notice shall inform the other Party in writing of the name and contact details of the Senior Executive responsible for the Deadlock.

8.4.3. Within thirty (30) days after the Deadlock Notice is served, Senior Executives designated by both Parties shall meet and attempt to resolve the Deadlock. If the designated Senior Executive cannot reach an agreement on the Deadlock within sixty (60) days after the Deadlock Notice has been served, either Party may submit the Deadlock to arbitration in accordance with the procedure laid down in Section 19.2 (if it constitutes a "dispute" under such Section). For the avoidance of doubt, if the matter is not a "dispute" under Section 19.2 of this Agreement, the Parties shall operate the Company in the same manner as before the Deadlock occurred.

8.4.4. After the Deadlock Notice is issued and before the Deadlock is resolved in accordance with Section 8.4, the Parties shall, to the best of their authority, operate the Company in the same manner as before the Deadlock Notice was issued.

ARTICLE 9. Management Organization

9.1. Management Organization

9.1.1. The Company adopts the general manager responsibility system. The general manager is responsible for leading the Company's management system and reports directly to the Board. In addition to the general manager, the management system of the Company shall have one (1) executive vice general manager, one (1) chief financial officer (general manager, executive vice general manager and chief financial officer may be referred to as "**Senior Executive**"), several vice general managers, chief operating officer and other management personnel.

9.1.2. Investor A shall have the right to nominate the general manager, the executive vice general manager and the chief financial officer. The nomination of the above Senior Executive shall be conducted by the relevant Parties and such Senior Executive shall be appointed by the Board. Vice general manager, chief operating officer and other management personnel are appointed by the general manager and the Board shall determine their terms of employment. If any manager ceases to hold office for reasons of retirement, resignation, dismissal, disability or death, his successor shall be employed in accordance with his original employment procedure.

9.2. Duties of the Senior Executive

9.2.1. The general manager shall be responsible to the Board, and has the following powers:

- (1) Presiding over the Company's production management, being responsible for the Company's daily administrative, scientific research, management, production and other business activities;
- (2) Signing contracts for the daily business within the scope authorized by this Agreement;
- (3) Proposing to or submitting to the Board the business plans, investment plans, annual and quarterly budgets, forecast plans and reports required by the Board;
- (4) Organizing and implementing the Company's annual business plans and investment programs;
- (5) Formulating the establishment programs of internal management organs of the Company, and the basic management system;
- (6) Stipulation and implementation of employee training programs;
- (7) Stipulation and implementation of the Company's specific rules;
- (8) Formulating the Company's overall remuneration, bonus and benefit policies, the Company's equity incentive plans, executive stock ownership plans or similar programs;
- (9) Formulating the establishment program for the Company's internal management;
- (10) Determining the appointment or dismissal of the employees, except appointment or dismissal which shall be resolved by the Board;
- (11) Determining the employment, retirement, salary, social welfare and labor protection of the Company's employees unless otherwise provided in this Agreement (for the avoidance of doubt, the matters agreed upon in this Agreement to be decided by the Board shall be deemed as "otherwise provided in this Agreement"); and
- (12) Dealing with any material matters other than those specified in Section 8.2.1 and all other matters authorized and directed by the Board.

9.2.2. The executive vice general manager shall assist the general manager in handling the Company's daily operations and management, exercising of the duties of the general manager when the general manager cannot exercise his duties.

- 9.2.3. Unless otherwise approved by the Board, all the management shall work full-time in the Company and, in particular, shall not work part-time in other enterprises competing with the Company. For the purposes of this Section 9.2.3 only, if the Board authorizes any of the management in the Company to take up a part-time job in either Party or its Related Parties, the Parties hereby expressly acknowledge that such Party is deemed not to be competing with the Company.
- 9.2.4. The Senior Executives shall abide by the Articles of Association and other systems, faithfully perform their duties and protect the interests of the Company. The Senior Executives shall not use their position and authority in the Company for securing their own or Third Parties' (including any Party to this Agreement) interests.
- 9.2.5. No Senior Executive shall be liable to the Company for any conduct carried out by the Senior Executive in the ordinary course of his duties (and the Company shall indemnify the Senior Executive against any liability to any Third Party) unless such conduct constitutes intentional misconduct, fraud, gross negligence or breach of the Laws.
- 9.2.6. The Board has the right to dismiss any Senior Executive who has engaged in malpractice or serious dereliction of duty. The general manager has the right to dismiss any other personnel of the Company who has engaged in malpractice or serious dereliction of duty.

ARTICLE 10. Supervisors

10.1. Supervisors

- 10.1.1. The Company does not have a Board of Supervisors; rather, there are two (2) supervisors, of which: Investor A shall appoint one (1) and ChipMOS BVI shall appoint one (1). The term of office of each Supervisor shall be three (3) years and the Supervisors shall be reappointed by the appointing Party to serve another term. No director or Senior Executive may concurrently serve as a supervisor.
- 10.1.2. Investor A or ChipMOS BVI may replace its appointed supervisor at any time after sending a notice in writing to the Company and sending a copy of the notice to the other Parties.
- 10.1.3. In the event that a seat of supervisor is vacated as a result of the retirement, replacement, resignation, sickness, disability or death of the supervisor, the original appointing Party of such supervisor shall immediately appoint his successor to complete the term of office of such supervisor. If there is a replacement or vacancy in the seat of the supervisor, all other Parties shall take all necessary steps to assist the appointing Party to appoint and remove its appointed Supervisor.
- 10.1.4. The Company does not pay salaries to any supervisor; however, this provision does not prohibit a supervisor who is an employee of a Company from receiving salaries as an employee. The reasonable travel expenses and allowances for the supervisors to perform their duties as supervisors shall be borne by the Company.

10.2. Power of Supervisor

Supervisors shall exercise the following powers:

- (1) Inspection of the Company's finances;

- (2) Supervision of the behavior of the directors and Senior Executive of the Company in performing their duties;
- (3) Proposing for the dismissal of any director or Senior Executive violating Laws, administrative regulations, Articles of Association or resolutions of the Board;
- (4) When the behavior of any director and management damages the interests of the Company, the Supervisor shall ask them to correct their actions;
- (5) Bringing a lawsuit against the director or management of the Company according to China's relevant Laws and regulations; and
- (6) Other powers as provided by applicable Laws and Articles of Association.

All of the above-mentioned matters shall be subject to the discretion of any supervisor.

ARTICLE 11. Business Activities and Technology Licensing

11.1. Purchase

Under the same the terms and conditions of the purchases, the Company shall give priority to purchasing from suppliers within China. The Company has the right to purchase equipment or materials abroad in its own name, or to entrust any Party to assist in the purchase.

11.2. Operation and Management Support

At the request of the Company, ChipMOS BVI and its Related Party will provide part of the operation and management support to the Company, which shall be stipulated in accordance with the Business Management Consulting Service Agreement signed by the Company and ChipMOS BVI and/or its Related Party. ChipMOS BVI and its Related Party shall strive for the Company's advantages on operation and management in the industry.

11.3. Technology Licensing and Technical Support

If required by the operation of the Company, ChipMOS BVI and its Related Party will provide technical support to the Company as agreed in other written contracts.

11.4. Stability and Growth of Core Business Team (Deleted)

11.5. Trademarks

The trademarks used by the Company shall be applied by the Company itself and legally registered.

ARTICLE 12. Labor Management

12.1. Principles of Management

All matters related to the labor management of the Company shall be handled in accordance with the provisions and procedures under the applicable Laws of China. Major matters shall be approved by the Board.

12.2. Number of Employees

The general manager shall determine the number of employees required for the effective operation of the Company within the framework of the budget formulated by the Board.

12.3. Labor Contracts

The matters concerning the employment, dismissal, resignation, remuneration, welfare, reward, confidentiality, non-competition, discipline, punishment and labor insurance of the employees of the Company shall be stipulated in the labor contracts signed between the Company and individual employees. The Company may hire foreign employees based on its needs of business and assist its foreign employees to fulfill the approval procedures in connection with their entry, employment and residence.

12.4. Terms and Conditions of Dispatched Employees

The Parties agree that the remuneration and benefits of the dispatched employees of the Parties shall be formulated by the general manager in accordance with the qualification of dispatched employees (including foreign employees) of the Parties, and shall be submitted to the Board for approval.

12.5. Labor Union

The Company shall abide by the Labor Union Law of China.

ARTICLE 13. Accounting System

13.1. Financial System

13.1.1. The Company's chief financial officer is responsible for the Company's financial management. The chief financial officer shall report to the Board and the general manager.

13.1.2. The Company's general manager and chief financial officer shall formulate the financial accounting system and procedures of the Company in accordance with relevant Laws of China, Chinese Accounting Standards, and the business and financial procedures and requirements of Investor A and ChipMOS BVI. The accounting system and procedures to be adopted by the Company shall be submitted to the Board for approval. Upon approval of the Board, the Company shall submit the financial accounting system and procedures of the Company to the relevant departments for record (if necessary).

13.1.3. The Company shall use RMB as its currency for bookkeeping.

13.1.4. All accounting records, vouchers, books and statements of the Company shall be prepared and maintained in Chinese. The Parties shall have the right to inspect the Company's accounts within the scope permitted by Company Law of China (the Company's accounts shall be kept at the Company's principal place of business), and Investor A or ChipMOS BVI may, at its costs, employ an external auditor to audit the Company's accounts.

- 13.1.5. If a foreign currency conversion is required for the purposes of preparing the Company's accounts and statements, the dividends declared to be distributed to the Parties and for other purposes, it shall be calculated on the basis of the averages of the buying and selling rates published by the People's Bank of China at the date of actual payment and collection.
- 13.2. Auditing
The Company shall employ an independent accounting firm registered in China as the Company's Auditor (the "**Auditor**") to inspect and verify the Company's annual financial statements, financial reports at the time of liquidation and any other financial documents required by the Board.
- 13.3. Financial Reports
- 13.3.1. The Company shall provide management reports to all directors on a monthly basis so that the directors can keep abreast of the Company's operations.
- 13.3.2. The Company shall submit annual financial reports (including the audited income statement and the balance sheet for the said accounting year) and the audit reports issued by the Auditor to the Parties within three (3) months after the end of each Fiscal Year.
- 13.4. Fiscal Year
The Company shall use the calendar year as its Fiscal Year, beginning on 1 January of each calendar year and ending on 31 December of the same year.
- 13.5. Bank Accounts and Foreign Exchange Management
- 13.5.1. The Company shall open one or more foreign exchange and RMB accounts with banks in China. Subject to the approval of relevant Governmental Authorities in China (if required), the Company may open foreign exchange accounts outside China.
- 13.5.2. The foreign exchange transactions of the Company shall be handled in accordance with relevant foreign exchange regulations in China.
- 13.6. Profit Distribution
- 13.6.1. After the Company has paid the enterprise income tax, the Board will determine the amount of the reserve fund, enterprise development fund and employee rewards and welfare fund (if applicable) withdrawn from the net profit after tax. The sum of these funds withdrawn annually shall be determined by the Board.
- 13.6.2. If the Company has an unrecovered loss carried forward from prior years, the net profit after tax for the current year shall first be used to make up for the carry-forward loss, and the profit distribution shall be made after completion of covering the loss. The profits retained by the Company and carried forward from the previous year to the current year may be distributed to the Parties together with the distributable profits for the current year or to the Parties after covering the loss for the current year.
- 13.7. Consolidated Financial Statements
The Parties agree that the financial statements of the Company shall be consolidated by Investor A and the Company shall submit the financial statements in accordance with the format, type and time required by Investor A.

ARTICLE 14. Taxes and Insurance

14.1. Income Tax, Customs and other Taxes

- 14.1.1. The Company shall pay taxes in accordance with the relevant tax Laws of China. The Company shall exercise its best efforts to obtain any state or local preferential tax status available to foreign-invested companies.
- 14.1.2. The Company shall exercise its efforts to obtain certification of "high-tech enterprise" in accordance with Laws.
- 14.1.3. Both the Chinese and foreign employees of the Company shall pay individual income taxes in accordance with the tax Laws of China. The Company shall withhold individual income taxes for its employees as required by the tax Laws of China.

14.2. Insurance

- 14.2.1. The Company, under the supervision of the Board, shall obtain and maintain any insurance covering the matters which are deemed to result in losses or damages or to be risks by the general manager.
- 14.2.2. The values of insured property, insured transportation and other insurances of the Company shall be calculated in either RMB or foreign currency (if appropriate). The general manager shall determine the categories and the amounts of insurance coverage under the supervision of the Board.

ARTICLE 15. Confidentiality and Non-Competition

15.1. Confidentiality

- 15.1.1. The Parties and the Company might, at times during the term of this Agreement, receive Confidential Information of other Parties. Unless otherwise provided herein, during the term of this Agreement and for two (2) years after the termination of this Agreement, those who have received the Confidential Information:
- (1) Shall maintain secrecy about such Confidential Information;
 - (2) Shall not disclose the Confidential Information to anyone, except the director, executive, employee or external counsel, accountant, assets estimator or other Third Party advisor, who needs to access to such Confidential Information for the purpose of this Agreement to fulfill his obligations and duties, or with prior written consent of the Party; and
 - (3) Shall not use the Confidential Information for personal interests in any way, other than for the purpose of this Agreement or with prior written consent of the Party.
 - (4) The receiving Party of the Confidential Information may disclose the Confidential Information when required by relevant Laws to do so (including, but not limited to, disclose to relevant supervisory institution); however, such disclosure is limited to the requirements of such relevant Laws, and the receiving Party shall provide the opportunity for the disclosing Party to review the disclosed contents and to make relevant comments (to the degree that the Laws permits).

15.1.2. The foregoing Section 15.1.1 shall not apply to the following information:

- (1) The receiving Party of the information has already known the information prior to receiving such information according to the written record;
- (2) The information has become publicly available by a means other than the receiving Party's breach of this Agreement ;
- (3) The information was received from a Third Party who did not have the obligation of maintaining secrecy;
- (4) The information was not marked as confidential, or was conveyed orally and the disclosing Party did not indicate such information as confidential information and such information does not constitute business secret; or
- (5) The information developed by the receiving Party on its own without making use of the Confidential Information.

15.1.3. Upon request by any Party, the Company shall sign other confidentiality agreements similar to Section 15.1 for the Confidential Information received from such Party or its Related Party.

15.1.4. Each Party and the Company shall cause their directors, executives, employees, other related persons of the Related Party, and the Persons who received the Confidential Information according to Section 15.1.1.(2) to comply with Section 15.1 herein.

15.2. Non-competition

15.2.1. Unless otherwise permitted in this Agreement or with prior written consent by Investor A, ChipMOS BVI and its Related Party shall not invest in other entities engaging in the same or similar business in China during the term of this Agreement. ChipMOS BVI and its Related Party shall actively generate business and growth opportunities for the Company within China. Under the same terms and conditions, the Company is given priority to work with the Chinese customers. Notwithstanding the foregoing, Investor A agrees that ChipMOS BVI and its Related Party may establish companies in China to engage in the sales and promotion of the assembly, testing and processing services for semiconductor integrated circuit device and engage in businesses other than manufacturing activities, such as providing customer services.

15.2.2. Investor A and ChipMOS BVI shall jointly set out the non-compete arrangement and rules, at a suitable time, to facilitate the Company's planned initial public offering.

15.2.3. The Parties acknowledge and agree that Investor A may conduct similar investment in the industry which the Company engages in (without consents of the other Parties), and Investor A may combine the Company with such similar company it invested in, upon the approval of the Board.

15.2.4. Regardless of any other provision in this Agreement, each Party hereby acknowledges and agrees the obligations set forth in Section 15.2 shall apply to its parent company, subsidiaries and other joint ventures held with the Third Party, and commits to cause its parent company, subsidiaries and other joint ventures held with the Third Party to perform such obligations, and to be liable for damage resulting from any violation thereof.

ARTICLE 16. Term, Termination and Liquidation

16.1. Term of Operation

16.1.1. The operation term of the Company shall be fifty (50) years from the incorporation of the Company ("**Term of Operation**"). The Company may extend the term in accordance with Section 16.1.2, or terminate this Agreement before expiration in accordance with Sections 16.2.2 and 16.2.3.

16.1.2. Company may extend its Term of Operation under the unanimous approval of the Board. On such occasion, the Company shall immediately change its relevant business registrations as required by Laws.

16.2. Termination

16.2.1. Unless the Parties extend the Term of Operation in accordance with Section 16.1.2, this Agreement shall be terminated immediately upon the expiration of the Term of Operation in accordance with Section 16.1.1.

16.2.2. The Parties may terminate this Agreement at any time in writing by mutual consent.

16.2.3. Each of Investor A and ChipMOS BVI (for the purpose of Section 16.2.3, one of Investor A and ChipMOS BVI referred to as "**Terminating Party**," both Investor A and ChipMOS BVI referred to as "**Both Parties**," and the non-terminating Party referred to as "**Terminated Party**") has the right to terminate this Agreement prior to the expiration of the Term of Operation upon a written notification to the other Parties under any of the following events:

- (1) The Terminated Party materially violates this Agreement or Articles of Association, and such violation cannot be cured by the Terminated Party within thirty (30) days after its receipt of the Terminating Party's written notification;
- (2) The Terminated Party enters into bankruptcy, liquidation or dissolution process, suspends the business operation, or becomes insolvent;
- (3) The Terminated Party Transfers all or part of the Equity Interest in violation of this Agreement, or puts all or part of the Equity Interests in pledge or other Encumbrance;
- (4) The ultimate actual controlling Person of the Terminated Party is changed (except for the circumstances set forth in the Exceptions for Change of the Actual Controlling Person under Section 6.1.1 of this Agreement);
- (5) All or substantially all of the assets of the Company are expropriated by the Governmental Authority, and thus the Company fails to operate; or;
- (6) Factors or consequences attributable to the Force Majeure (definition in Article 18.1 of this Agreement) have materially influenced the business operation of the Company for at least six (6) months, and Both Parties are unable reach a mutually agreeable solution in accordance with Article 18 of this Agreement.

The term "materially violates" referred to in this Section 16.2.3(1) means that the breach of obligations under this Agreement of one Party which causes the failure of the purpose of this Agreement, or causes great difficulties in the continuing operation of the Company.

16.3. Liquidation

- 16.3.1. If this Agreement is terminated in accordance with Section 16.2, unless otherwise agreed by the Parties, the Board shall form a liquidation committee within ten (10) days, and grant such committee the full right of representing the Company in handling all matters. The liquidation committee shall conduct the evaluation and liquidation of assets of Company in accordance with the Laws of China.
- 16.3.2. The liquidation committee shall consist of three (3) members; one shall be designated by Investor A, one shall be designated by ChipMOS BVI, and the third member shall be jointly designated by both Investor A and ChipMOS BVI. The members of the liquidation committee may include, but are not limited to, the director or other Senior Executive of the Company. If permitted by the Laws of China, the foregoing Party may designate attorneys or certified accountants as the member of the liquidation committee, or to assist in the works of the liquidation committee. The Board shall inform related authorities of the establishment status of the liquidation committee (if required).
- 16.3.3. The liquidation committee shall thoroughly check the assets and liabilities of the Company, and shall prepare the liquidation program based on the relevant provisions of this Agreement. Upon the approval of the Board, the liquidation program shall be carried out under the supervision of the liquidation committee.
- 16.3.4. The liquidation committee shall make best effort to obtain the best prices for the liquidated assets of the Company when implementing the liquidation program.
- 16.3.5. The costs of liquidation, including the remuneration of members of the liquidation committee and professional consultants, shall be paid prior to other creditors, and shall be paid from the assets of the Company.
- 16.3.6. After liquidating and distributing all the assets and discharging all the debts of the Company, all remaining assets shall be distributed to the Parties in proportion to their respective Equity Interests.
- 16.3.7. Upon the completion of procedure of liquidation, the liquidation committee shall return the business license of the Company to the relevant Registration Authority, and shall conduct all processes of annulment registration. Investor A shall retain the original documents for the required period of time in accordance with the relevant Laws of China.

16.4. Further Assurance

Each Party hereby agrees to the termination and liquidation of the Company under Article 16 and further agrees that the Board shall be deemed to have unanimously agreed to such termination or liquidation. Upon termination or liquidation, each Party agrees to promptly take all actions required by Laws to complete the termination or liquidation, and to sign all required documents. Each Party agrees to cause directors appointed by it and the Company to take all actions required by Laws to complete the termination or liquidation, and to sign all required documents.

16.5. Continue in Effect

After termination of this Agreement, Articles 15 to 20 of this Agreement shall continue to have full force and effect until the relevant obligations are performed.

ARTICLE 17. Default

17.1. Event of Default

Subject to the provisions of this Article 17, (1) if a Party fails or ceases to perform its obligations under this Agreement, and such Party fails to begin correcting such default within thirty (30) days of receipt of a written notice from the other Parties or Company, which specifies the nature of such default in a reasonable and detailed way, or fails to complete the correction with sixty (60) days of receipt of such notice; or (2) if a Party makes any representation or guarantee that is untrue or inaccurate in any significant aspect, then such Party shall be deemed to breach this Agreement.

17.2. Liabilities for Default

17.2.1. In the event of default, if the Company or a Party suffers any costs, liabilities or losses (including loss of profits of Company, but excluding any indirect damage of whatsoever nature of Company or any Party), the defaulting Party shall indemnify and hold harmless the Company and the non-defaulting Party from and against such costs, liabilities or losses (including loss of interest and reasonable attorneys' fees).

17.2.2. Without limiting the general application of the foregoing, if any Party, pursuant to this Agreement or any document delivered pursuant to this Agreement or other evidence, provides any statement, covenant, undertaking or agreement that is inaccurate, or if any Party violates such statement, covenant, undertaking or agreement, such Party ("**Indemnitor**") shall defend, indemnify and hold harmless other Parties and the Company ("**Indemnitee**") against any claims, losses, liabilities, damages, deficiencies, judgments payables, tax payments, fines, settlement amount, costs or expenses (including loss of interest, fine, and reasonable expense and loss of profits of Company, and any reasonable attorneys' fees, expert fees and personnel costs, consultant fees, and any other expenses incurred in connection with any litigation or procedure between Indemnitee, Indemnitor, and any other Third Party).

17.2.3. In the event where more than one Party defaults under this Agreement, each defaulting Party shall be held responsible for its own default.

ARTICLE 18. Force Majeure

18.1. Definition of Force Majeure

"**Force Majeure**" herein shall mean any event that happens after the Effective Date, and is beyond one Party's control and that is not foreseeable, avoidable or surmountable and that prevents the Party from performing all or part of its obligations under this Agreement. Force Majeure includes the following: earthquake, typhoon, flood, fire, war, malfunction in national or international transportation, act of Governmental Authority or public authority, epidemic, riot, strike, and other events which are unforeseeable, unavoidable and uncontrollable, including events generally accepted as Force Majeure events in international commercial practice.

18.2. Effect of Force Majeure

- 18.2.1. If a Party is prevented from or delayed in carrying out any provision of this Agreement by reason of Force Majeure, such Party shall be excused from such performance to the extent and during the period of such prevention or delay. In the event of a Force Majeure condition, the time for performance shall be extended for the period of continuance of such condition, and the Party is excused from any punishment.
- 18.2.2. A Party who invokes Force Majeure shall notify the other Parties in a timely manner in writing, and shall provide evidence of such event of Force Majeure and expected duration within fifteen (15) days of such Force Majeure. A Party who invokes Force Majeure shall exercise all reasonable efforts to overcome the Force Majeure event.
- 18.2.3. In the event of a Force Majeure condition, the Parties shall, in a timely manner, hold a consultation about searching for a just solution. The Parties shall exercise all reasonable efforts to mitigate damages of the Force Majeure event.

ARTICLE 19. Governing Law and Dispute Resolution

19.1. Governing Law

- 19.1.1. The formation, validity, effect, construction, performance, modification, and termination of this Agreement, and dispute resolution related to this Agreement, shall be governed by the Laws of China.
- 19.1.2. If any existing Laws, regulations and rules are amended or re-interpreted by new Laws, regulations and rules during the term of this Agreement, and such event causes any Party suffer a Material Adverse Effect on its economic interests under this Agreement, then the Parties shall hold a consultation and exercise its best efforts to make the necessary adjustments to maintain the current economic interests to each Party to a degree no less than existed prior to such amendment or re-interpretation of Laws, regulations, or rules. If it is impossible to make such adjustments, the Parties shall hold a consultation to determine whether to terminate this Agreement in accordance with Article 16.

19.2. Dispute Resolution

- 19.2.1. In case of any dispute, controversy or claim arising out of or relating to this Agreement, including, but not limited to, any right, obligation, and liability of this Agreement, pre-Agreement, and post-Agreement, including the formation, validity, interpretation, breach, termination or invalidity thereof ("**Dispute**"), such Dispute shall be settled by the Parties through discussions in good faith. Such discussion shall begin after a Party provides the other Parties with a written notice of the existence of the Dispute. In case no settlement can be reached through discussions within thirty (30) days after the first Party notifies the other Parties of such Dispute in writing, any Party may submit the Dispute to arbitration under Section 19.2 of this Agreement.

- 19.2.2. Any Dispute shall be submitted to China International Economic and Trade Arbitration Commission ("**CIETAC**") Shanghai Sub-Commission for arbitration which shall be conducted in accordance with the rules of CIETAC Arbitration Rules in force at the time of the execution of this Agreement. The CIETAC Arbitration Rules are deemed to be incorporated into this Section 19.2.2 and may be revised by other agreements to this Section. The place of arbitration shall be Shanghai, China. The arbitral tribunal shall be composed of three (3) arbitrators. Each of the applying Party and applied Party shall appoint one (1) arbitrator and the two (2) arbitrators-elect shall appoint the third arbitrator. If the Parties are unable to agree to a third arbitrator, such third arbitrator shall be appointed by CIETAC under the CIETAC Arbitration Rules. The third arbitrator shall not be a Person of either Mainland or Taiwan regions of China. The third arbitrator shall act as chairman of the arbitral tribunal.
- 19.2.3. If any issue raised in a Dispute ("**Related Dispute**") is substantially the same as or connected with the issue raised in a previous Dispute, and such previous Dispute has been submitted for arbitration in accordance with the Transaction Documents (including this Agreement) ("**Existing Dispute**"), or if the facts of a Related Dispute are substantially the same as the facts of an Existing Dispute, then the arbitral tribunal ("**Arbitral Tribunal**") to which Existing Dispute has already been appointed, or will be appointed, shall be appointed as the Arbitral Tribunal of Related Disputes.
- 19.2.4. Upon request by any Party who involved in the Dispute and intends to participate in the arbitration proceeding, or any Party to this Agreement, Arbitral Tribunal may agree such participation of such Party and make one final award. Each Party hereby agrees to participate in the relevant arbitration proceeding upon request by the Party who involved in the Dispute.
- 19.2.5. If two or more Disputes have been appointed to the same Arbitral Tribunal in accordance with the foregoing provision, the Arbitral Tribunal may, based on the mutual consent of all the Parties concerned or the application of one of the Parties concerned, order that all or part of the matters at issue shall be heard together in accordance with any terms or conditions as the Arbitral Tribunal determines appropriate. The Arbitral Tribunal has power to make the decision and to make interim and partial awards as the Arbitral Tribunal determines appropriate.
- 19.2.6. All arbitration proceedings, complaints, written statements, documents, and awards hereunder shall be conducted in the Chinese. All awards shall be quoted and paid in RMB.
- 19.2.7. The award rendered by the Arbitral Tribunal shall be final and binding upon the Parties participating in the arbitration proceeding.
- 19.2.8. The arbitration fees shall be paid by one Party or Parties participating in the arbitration proceeding in accordance with the award rendered by the Arbitral Tribunal.
- 19.2.9. During the period of dispute resolution, the Parties shall continue to perform their obligations under this Agreement in all respects except the matter in Dispute.

ARTICLE 20. Miscellaneous

20.1. Entering into Force

This Agreement shall become effective upon being duly executed by the Parties (Chinese entity that is not a natural person shall also affix its company seal).

20.2. Non-disclosure

Without the prior written consent of Investor A and ChipMOS BVI, neither Party shall make any public announcement concerning the Company, this Agreement, this cooperation, or Company's business except (1) to disclose to the securities regulatory authority or the stock exchange of the jurisdiction of the disclosing Party (or its Related Party) in accordance with applicable Laws or stock exchange regulations; (2) to disclose to the relevant Governmental Authority officials in accordance with applicable Laws; (3) to disclose for the purpose of the performance of this Agreement; (4) to disclose for exercise of rights and performance of obligations of a Party under this Agreement or in connection with this Agreement; (5) to disclose for other purpose of integrity after the establishment of the Company; or (6) to disclose for any dispute in connection to this Agreement. Under the foregoing circumstances, if applicable, the Party who is required to disclose shall immediately notify other Parties in writing of such announcement, and shall discuss with the other Parties in good faith the specific wording of any such announcement and take precautionary measures to prevent any disclosure of Confidential Information to the maximum extent permitted by Laws.

20.3. Waiver

No failure or delay by any of the Parties in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise by any of the Parties of any right or remedy preclude any further exercise thereof or the exercise of any other right or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by Laws.

20.4. Assignment

Except as the Permitted Transfer set forth in Article 6 in this Agreement, any right and obligation under this Agreement shall not be assigned or transferred by any Party to any Third Party without the prior written consent of the other Parties. The assignment of this Agreement shall be subject to relevant procedures under this Agreement.

20.5. Independent Contractor

Nothing contained in or relating to this Agreement shall constitute or be deemed to appoint any of the Parties as the agent of the other Parties (except with the prior written consent of such other Party) or to authorize any of the Parties to create any expenses or other obligation of whatsoever form on behalf of or in the name of the other Parties (except with the prior written consent of such other Party).

20.6. Amendment

This Agreement may be modified or amended only by executed written documents by the Parties to this Agreement.

20.7. Severability

If any provision of this Agreement is deemed invalid or unenforceable under the applicable Laws, such provision (shall be invalid or unenforceable only to the extent of such invalidity or unenforceability) shall be deemed severed from this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect. Under the forgoing circumstance, the Parties shall exercise its best efforts to enforce the provisions and commercial objectives of this Agreement and substitute for the invalid or unenforceable provision a valid and enforceable provision which conforms as nearly as possible with the original intent of the Parties.

20.8. Notices

20.8.1. All notices, requests, and other communications hereunder shall be in writing and shall be delivered, faxed, or mailed to the Parties at the following addresses, facsimile numbers or email addresses (or to such other addresses, facsimile numbers, or email addresses as notified in writing by the attention to the other Parties at least ten (10) days in advance of such change):

Investor A: Yangtze Memory Technologies Holding Co., Ltd.
Address: Room 1701, Building A, Overseas Talents Building, No. 999 Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City
Attention: Chairman Nan-Xiang Chen
Facsimile number: /
Email:

ChipMOS BVI: ChipMOS TECHNOLOGIES (BVI) LTD.
Address: No.1, Yanfa 1st Rd., Hsinchu Science Park, Hsinchu City
Attention: Chairman Teng-Yueh, Tsai
Facsimile number: 886-3-566-8980
Email:

Investor C:

Accretech (China) Co., Ltd.
Address: Room 2101C, No. 1077, Zu Chong Zhi Road, Ling Yang Building, Pudong New District, Shanghai, China
Attention: Hao Chen
Facsimile number: 021-3887-0805
Email:

Chao-Jung Tsai

Address: 11F., No. 601, Mingshui Rd., Zhongshan Dist., Taipei City
Attention: Chao-Jung Tsai
Email:

Shih-Jye Cheng

Address: No. 27-16, Aly. 10, Ln. 81, Guanghua 2nd St., Hsinchu City
Attention: Shih-Jye Cheng
Facsimile number: 886-3-566-8980
Email:

Shou-Kang Chen

Address: No. 2, Ln. 188, Yuping Rd., Neighborhood 13, Wensheng Vil., East Dist.,
Tainan City
Attention: Shou-Kang Chen
Email:

David W. Wang

Address: 9F.-3, No. 1, Sec. 4, Xinyi Rd., Taipei City
Attention: David W. Wang
Email:

20.8.2. Any notice, request, or other communication to be given, delivered or made in accordance with this Section 20.8 shall be deemed to have been given, delivered, or made as follows:

- (1) Any notices, requests, and other communications shall be deemed to have been dully received three (3) Business Days after receipt by the sender of post office's confirmation of receipt, if delivered within the country by registered or certified mail;
- (2) Any notices, requests, and other communications shall be deemed to have been dully received ten (10) Business Days after receipt by the sender of post office's confirmation of receipt, if delivered abroad by registered or certified mail;
- (3) Any notices, requests, and other communications shall be deemed to have been dully received at the time of actual delivery, if delivered in person or by courier service;
- (4) Any notices, requests, and other communications shall be deemed to have been dully received upon receipt by the sender of a confirmation of transmission, if delivered by facsimile; and
- (5) Any notices, requests, and other communications shall be deemed to have been dully received upon sending such email (the computer system of the sender shows that the email is dully delivered to the receiver's device), if delivered by email.

If more than one method described above is used by any Party, such notice, request, or other communication shall be deemed to have been received at the earliest date.

20.9. Further Effort

The Parties shall, upon each request by the other Parties, execute or attempt to execute such further documents, agreements, and contracts, and shall perform or attempt to perform such further acts as may reasonably be necessary to carry out and give full effect to the terms of this Agreement.

20.10. Expenses

Unless otherwise expressly specified in this Agreement, each Party hereto shall bear its own attorney fees, expert fees and other expenses incurred in connection with the preparation, negotiation and execution of this Agreement.

20.11. Language and Counterpart

20.11.1. This Agreement is written in Chinese.

20.11.2. This Agreement can be executed in as many originals as needed, while each original shall have the same legal effect, and each Party shall retain no less than one (1) original.

20.12. Entire Agreement

Unless otherwise agreed by the Parties, this Agreement and the Articles of Association constitute the entire agreement of the Parties relating to the subject matter addressed in this Agreement. This Agreement supersedes all prior oral or written agreements, contracts, understandings, or communications between the Parties with respect to the subject matter addressed in this Agreement. The attachments, appendices and schedules are part of this Agreement, and have the same binding force as the main part of this Agreement.

20.13. This Restatement

This Agreement is the amendment and restatement of the following agreements, and as of the execution date of this Agreement, the following agreements shall automatically terminate and will no longer be binding upon the signing parties: the "AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE of ChipMOS TECHNOLOGIES (Shanghai) LTD." and the 1st and 2nd supplemental agreements thereof made and executed among ChipMOS BVI, Investor C and other relevant parties respectively on November 30, 2016, April 10, 2017 and November 28, 2017, and the "3rd, 4th, 5th, 6th and 7th Supplemental Agreements for the AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE of Unimos Microelectronics (Shanghai) Co., Ltd." made and executed among ChipMOS BVI, Investor C and other relevant parties respectively on August 1, 2018, December 29, 2018, February 1, 2019, June 18, 2019 and August 8, 2019, and the "AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE of Unimos Microelectronics (Shanghai) Co., Ltd." made and executed among ChipMOS BVI, Investor C and other relevant parties on December 16, 2019, and the "AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE of Unimos Microelectronics (Shanghai) Co., Ltd." made and executed among ChipMOS BVI, Investor C and other relevant parties on May 11, 2020, and the "AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE of Unimos Microelectronics (Shanghai) Co., Ltd." made and executed among ChipMOS BVI, Investor C and other relevant parties on December 15, 2022.

[Signature Page Follows]

(Translation, for reference only)

Unimos Microelectronics (Shanghai) Co., Ltd.
AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

[Signature Pages]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the date first above written.

Investor A: Yangtze Memory Technologies Holding Co., Ltd.

(Seal)

Signature: _____

Name: Nan-Xiang Chen

Title: Legal Representative

ATTACHMENTS TO THE AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

(Translation, for reference only)

Unimos Microelectronics (Shanghai) Co., Ltd.
AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

[Signature Pages]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the date first above written.

ChipMOS BVI: ChipMOS TECHNOLOGIES (BVI) LTD.

(Seal)

Signature: _____

Name: Teng-Yueh, Tsai

Title: Chairman

ATTACHMENTS TO THE AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

(Translation, for reference only)

Unimos Microelectronics (Shanghai) Co., Ltd.
AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

[Signature Pages]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the date first above written.

Investor C: Accrettech (China) Co. Ltd.

(Seal)

Signature: _____

Name: Hao Chen

Title: Director / General Manager

ATTACHMENTS TO THE AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

(Translation, for reference only)

Unimos Microelectronics (Shanghai) Co., Ltd.
AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

[Signature Pages]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the date first above written.

Investor C: Chao-Jung Tsai

Signature: _____

ATTACHMENTS TO THE AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

(Translation, for reference only)

Unimos Microelectronics (Shanghai) Co., Ltd.
AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

[Signature Pages]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the date first above written.

Investor C: Shih-Jye Cheng

Signature: _____

ATTACHMENTS TO THE AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

(Translation, for reference only)

Unimos Microelectronics (Shanghai) Co., Ltd.
AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

[Signature Pages]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the date first above written.

Investor C: Shou-Kang Chen

Signature: _____

ATTACHMENTS TO THE AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

(Translation, for reference only)

Unimos Microelectronics (Shanghai) Co., Ltd.
AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

[Signature Pages]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the date first above written.

Investor C: David W. Wang

Signature: _____

ATTACHMENTS TO THE AMENDED AND RESTATED AGREEMENT FOR SINO-FOREIGN EQUITY JOINT VENTURE

ChipMOS TECHNOLOGIES (BVI) LTD.

AND

**SUZHOU ORIZA PUHUA ZHIXIN EQUITY INVESTMENT PARTNERSHIP
(L.P.)**

**SUZHOU PUHUA CHUANXIN VENTURE CAPITAL PARTNERSHIP (LIMITED
PARTNERSHIP)**

**SUZHOU PUHUA XINCHENG VENTURE CAPITAL PARTNERSHIP (LIMITED
PARTNERSHIP)**

**SUZHOU XINGWEI ENTERPRISE MANAGEMENT PARTNERSHIP (LIMITED
PARTNERSHIP)**

**GONGQINGCHENG YUANYAN VENTURE CAPITAL PARTNERSHIP
(LIMITED PARTNERSHIP)**

**GUANGDONG CORE FUTURE PHASE I VENTURE CAPITAL FUND
PARTNERSHIP (LIMITED PARTNERSHIP)**

**XIAMEN DILI HONGXIN EQUITY INVESTMENT PARTNERSHIP (LIMITED
PARTNERSHIP)**

**ZHUHAI HONGCUN ZHENGXIN ENTERPRISE MANAGEMENT
PARTNERSHIP (LIMITED PARTNERSHIP)**

**ZHUHAI HONGCUN LIXIN ENTERPRISE MANAGEMENT PARTNERSHIP
(LIMITED PARTNERSHIP)**

**ZHUHAI HONGCUN YUXIN ENTERPRISE MANAGEMENT PARTNERSHIP
(LIMITED PARTNERSHIP)**

**ZHUHAI HONGCUN RUNXIN ENTERPRISE MANAGEMENT PARTNERSHIP
(LIMITED PARTNERSHIP)**

REGARDING

UNIMOS MICROELECTRONICS (SHANGHAI) CO., LTD.

EQUITY INTEREST TRANSFER AGREEMENT

DECEMBER 21, 2023

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This Equity Interest Transfer Agreement (this "**Agreement**") is executed by the following parties in Qingpu District, Shanghai, PRC on December 21, 2023 ("**Execution Date**").

Party A: ChipMOS TECHNOLOGIES (BVI) LTD.

Registered Address: Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands

Party B1: Suzhou Oriza PuHua ZhiXin Equity Investment Partnership (L.P.)

Registered Address: Room 101, Building 18, No. 183 Suhong East Road, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone

Party B2: Suzhou Puhua Chuanxin Venture Capital Partnership (Limited Partnership)

Registered Address: Room 102, Building 18, No. 183 Suhong East Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province

Party B3: Suzhou Puhua Xincheng Venture Capital Partnership (Limited Partnership)

Registered Address: Room 102, Building 18, No. 183 Suhong East Road, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone

Party B4: Suzhou Xingwei Enterprise Management Partnership (Limited Partnership)

Registered Address: 2F, Room 202, No. 111 Suhong West Road, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone

Party B5: Gongqingcheng Yuanyan Venture Capital Partnership (Limited Partnership)

Registered Address: Jijin Town, Gongqing City, Jiujiang City, Jiangxi Province

Party B6: Guangdong Core Future Phase I Venture Capital Fund Partnership (Limited Partnership)

Registered Address: Room 704, Building A10, No.233 Science Avenue, Huangpu District, Guangzhou

Party B7: Xiamen Dili Hongxin Equity Investment Partnership (Limited Partnership)

Registered Address: Unit 431 H, 4F, Building C, Xiamen International Shipping Center, No. 93 Xiangyu Road, Xiamen Area, China (Fujian) Pilot Free Trade Zone

Party B8: Zhuhai Hongcun Zhengxin Enterprise Management Partnership (Limited Partnership)

Registered Address: 7F, No. 49 Shishan Village, Hengqin, Zhuhai

Party B9: Zhuhai Hongcun Lixin Enterprise Management Partnership (Limited Partnership)

Registered Address: Unit 102, 1F, No. 30 Shishan Village, Hengqin, Zhuhai

Party B10: Zhuhai Hongcun Yuxin Enterprise Management Partnership (Limited Partnership)

Registered Address: 6F, No. 49 Shishan Village, Hengqin, Zhuhai

Party B11: Zhuhai Hongcun Runxin Enterprise Management Partnership (Limited Partnership)

Registered Address: Unit 101, 1F, No. 30 Shishan Village, Hengqin, Zhuhai

Party B1, Party B2, Party B3, Party B4, Party B5, Party B6, Party B7, Party B8, Party B9, Party B10 and Party B11 are collectively referred to as "**Party B.**" Party A and any party of Party B are each referred to as a "**Party**" and collectively referred to as the "**Parties.**"

WHEREAS:

1. Unimos Microelectronics (Shanghai) Co., Ltd. (hereinafter referred to as the "**Target Company**" or the "**Company**") is a limited liability company duly registered and validly existing under the Laws of the PRC. As of the Execution Date of this Agreement, the registered address of the Target Company is at No. 9688, Songze Avenue, Block C, Qingpu Industrial Zone, Shanghai, with CHENG WEIHUA as its legal representative and with registered capital of RMB2,468,843,599;
2. As of the Execution Date of this Agreement, Party A is a legally registered shareholder of the Target Company, holding 45.0242% of the equity interest in the Target Company (corresponding to a capital contribution of RMB1,111,576,624 to the Target Company). The other shareholders of the Target Company, Accretech (China) Co., Ltd. (hereinafter referred to as "**Accretech**"), Chao-Jung Tsai, Shih-Jye Cheng, Shou-Kang Chen and David W. Wang (hereinafter referred to as "**Strategic Investors**"), collectively hold 4.0357% of the equity interest in the Target Company (hereinafter referred to as "**Other Transferred Equity Interest**"). On the Execution Date of this Agreement, the shareholding ratio of the Company's shareholders as registered in the SAMR registration system are set forth in Annex 1;
3. According to the terms and conditions of this Agreement, Party A agrees to transfer its 45.0242% equity interest in the Target Company to Party B, and Party B agrees to acquire 4.0357% equity interest in the Target Company held by the Strategic Investors; Party B agrees to acquire the Target Equity Interest and a total of 4.0357% equity interest in the Target Company held by the Strategic Investors and all rights and interests associated therewith in accordance with this Agreement (hereinafter referred to as this "**Transaction**").

NOW THEREFORE, based on the principle of equality and mutual benefits, the Parties have reached the following agreement on the matters related to this Transaction.

ARTICLE 1. DEFINITIONS AND INTERPRETATIONS

- 1.1. In this Agreement and in the recitals of this Agreement, unless otherwise interpreted according to the context, the following terms shall have the meanings ascribed to each of them respectively below:

Agreement	means the Equity Interest Transfer Agreement executed by the Parties, including its schedules and annexes (which may be amended and/or supplemented in accordance with this Agreement).
Transaction	has the meaning ascribed to it in the recitals of this Agreement.
Transaction Price	has the meaning ascribed to it in Subsection 2) of Section 2.1.
Target Company or Company	means Unimos Microelectronics (Shanghai) Co., Ltd.
Target Equity Interest	means 45.0242% of the equity interest in the Target Company held by Party A (corresponding to a capital contribution of RMB1,111,576,624 to the Target Company).
Strategic Investors	has the meaning ascribed to it in the recitals of this Agreement.
Other Transferred Equity Interest	has the meaning ascribed to it in the recitals of this Agreement.
Equity Transfer by Strategic Investors	has the meaning ascribed to it in Subsection 2) of Section 2.1.
Agreements on Equity Interest Transfer by Strategic Investors	has the meaning ascribed to it in Subsection 2) of Section 2.1.
Confidential Information	includes any proprietary, secret, or confidential data and materials related to the Company, its Business, or owned by the Parties of this Agreement, or disclosed by either Party at any time or for the negotiation of this Agreement, and the relevant contents of this Agreement.

Force Majeure Event	refers to objective circumstances that are unforeseeable, unavoidable and insurmountable, including earthquakes, typhoons, floods, fires, wars, and other force majeure events that are unforeseeable and cannot be prevented or avoided in terms of their occurrence and consequences, as well as any changes in applicable Laws, the promulgation of new applicable Laws, or any government actions (limited to government actions that adversely affect the Company's Business due to changes or new promulgations of applicable Laws), which cause the performance of this Agreement impossible or cause this Agreement unable to be performed in accordance with the agreed terms and conditions.
Party Making the Change	has the meaning ascribed to it in Section 11.3.
First Tranche Price	has the meaning ascribed to it in Section 2.2.
First Tranche Price Payment Date	has the meaning ascribed to it in Section 2.2.
Second Tranche Price	has the meaning ascribed to it in Section 2.2.
Indebtedness	means the payment or repayment obligation of indebtedness, regardless of whether as a primary debtor or guarantor, whether currently or in the future, whether it is determined or contingent, or whether it is required to be disclosed in the financial statements in accordance with applicable accounting standards.
Penalty	means any fines, penalties, fees, or compensations imposed by Government Authorities, including but not limited to administrative sanctions, liquidated damages, late payment fees, idle land fees, penalty interest, etc.
Laws	means any constitutional provisions, treaties, conventions, laws, administrative regulations, ordinances, local regulations, departmental regulations, local government regulations, provisions, notices, guidelines, securities exchange rules, industry self-regulatory association rules, legal interpretations, judicial interpretations and other normative documents that have legal effect and are applicable to the Parties or this Transaction.
Articles of Association	means the fundamental regulations governing the organization and operations of the Company, which are subject to review and approval by the Company's highest authority and are jointly signed by the Company's shareholders, regardless of whether they are titled as Articles of Association of the Company, Articles of Association or under any other similar name.

Equity Transfer	means the act of Party A transferring the Target Equity Interest to Party B in accordance with the terms and conditions of this Agreement.
Transfer Price	has the meaning ascribed to it in Section 2.1.
Equity Interest Return	has the meaning ascribed to it in Section 7.4.
Transition Period	has the meaning ascribed to it in Section 4.1.
SAMR	means the State Administration for Market Regulation of the PRC or its local corresponding authorities.
Change of Registration	means the registration or recordation procedures for the following matters with SAMR: (1) change of shareholders of the Target Equity Interest and Other Transferred Equity Interest from Party A and Strategic Investors to Party B; and (2) other change of registration procedures related to this Transaction (including the registration /recordation procedures related to the change of the Articles of Association and the directors and supervisors of the Target Company constituted or elected in accordance with the Transaction Documents), and obtaining a new Business License or the Notice of Approval for the Recordation for the Change issued by the SAMR to the Target Company.
Completion Date of Change of Registration	means the date when the registration or recordation procedures for Change of Registration are completed in the SAMR, which is the date when obtaining the new Business License or the Notice of Approval for the Recordation for the Change issued by the SAMR to the Target Company.
Business Day	means each day other than a statutory public holiday, a holiday and a day on which the stock exchange is closed in the PRC.
Closing Date	has the meaning ascribed to it in Section 2.2.
Abbreviated Agreement	has the meaning ascribed to it in Section 13.8.
Controlling Shareholders	means the shareholders of the Target Company, other than Party A and Strategic Investors, as of the Execution Date of this Agreement.

Related Party	The Related Party of a certain entity shall mean: (i) if it is a non-natural person entity, any other entity that directly or indirectly Controls, is Controlled by, or is jointly controlled with such entity, either directly or through one or more intermediary entities; or (ii) if it is a natural person, any other natural person who directly or indirectly controls such person or is a Family Member of such person. For the purposes of this this definition, "Family Member" with respect to an individual means the spouse, children who have reached the age of 18 and their spouses, parents and the parents of their spouses, brothers and sisters and their spouses, brothers and sisters of their spouses, and other family members who have close relations to such individual. "Control" or "Controlled by" means the possession of more than fifty percent (50%) of the voting rights at the shareholders' meeting of such entity, directly or indirectly, or the power to direct or determine the voting, or, although holding less than fifty percent (50%) of the shares, the power to appoint the general manager or any other senior management officer responsible for the daily operations of the entity (excluding the situation where the appointment or removal of the aforementioned personnel is subject to a veto right only), or the management committee, board of directors or the majority of members of the similar decision-making authority (excluding the situation where the appointment or removal of the aforementioned personnel is subject to a veto right only), or the power as a trustee, executor, or in any other capacity to give instructions or authority over the business, management, policies, and decisions of a certain entity (whether exercised or not).
Performing Party B	has the meaning ascribed to it in Section 7.3.
Proposing Termination Party B	has the meaning ascribed to it in Section 7.3.
Breaching Party B	has the meanings ascribed to it in Section 7.3 and Section 7.4 respectively.
Non-Breaching Party B	has the meaning ascribed to it in Section 7.3.
Non-Liable Party B	has the meaning ascribed to it in Section 7.4.
Approval	means all approvals, authorizations, consents, licenses, permits, etc., the completion of all declarations, registrations, recordations, notifications, etc., as well as all certificates or other documentary evidence of any of the forgoing.

Encumbrance	means any encumbrance granted to any Person or arising due to contractual or statutory reasons, including (1) mortgage, pledge, lien, other security interests, priority rights, proxy voting rights, or transfer restrictions on specific property; (2) seizure, attachment, or freezing measures on specific property; and (3) claims of ownership, possession, use, disposal, or income rights attached to specific property.
Person	means a natural person, corporation, enterprise, partnership, trust, government or any Government Authority or any other entity.
RMB	means the lawful currency of the PRC.
Daily Business or Daily Business Operation	means the daily operations carried out by a company in accordance with past practices (including in terms of quantity and frequency) and as specified from time to time in such company's business license.
Tax	means various forms of taxes and similar charges imposed, withheld or assessed by the central or local government of the PRC or other jurisdictions with governing authority, as well as interests, fines, surcharges, late fees, or Penalties related to the above. The term "Taxation" used in this Agreement, unless otherwise specified, should be interpreted as the same as "Tax".
Losses	has the meaning ascribed to it in Section 8.2.
New Register of Shareholders	has the meaning ascribed to it in Section 2.2.
Business	means all business that the Company is legally entitled to engage in, which includes but is not limited to the assembly and testing services of semiconductor and integrated circuit, technology development, technology service and the sales of relevant products, etc.
Business License	means the Company's business license issued by the SAMR.
Renminbi	means Renminbi (Yuan), the lawful currency of the PRC, unless otherwise specified in this Agreement.
Government Authority	means any government or its administrative division that has jurisdiction over the Target Company, any department, agency, or functional department of any government or its administrative division, any court or arbitration tribunal, and any regulatory authority of any securities exchange.

Material Adverse Effect	means any event, change, or impact that, either individually or in conjunction with any other event, change, or impact: (i) causes or would be expected to cause a material loss, material burden, or material adverse effect on the Business, operations, assets, Indebtedness (including contingent liabilities), operating performance, financial condition, or prospects of the Company, and causes this Agreement unable to be performed; or (ii) causes or would be expected to cause material harm to the ability of the Company to perform its material obligations under this Agreement (including any annexes to this Agreement), and causes this Agreement unable to be performed; or (iii) causes or would be expected to cause material harm to the validity and enforceability of this Agreement (including any annexes to this Agreement) against the Company, and causes this Agreement unable to be performed.
Intellectual Property Rights	means any patent rights, trademarks, service marks, rights (registered or unregistered); applications for the foregoing; trade or business names; copyrights (including rights in software); know-how; secret recipe and processes, supplier and customer lists, and other confidential and proprietary knowledge and information; rights to protection of goodwill and reputation, Internet domain names; rights in database, and all rights and forms of protection of a nature similar to any of the foregoing or having the same effect anywhere in the world, as well as all rights under licenses and consents in relation to any of the protection and forms of protection referred to in this definition.

1.2. Unless otherwise specified in the context, the following terms in this Agreement shall be interpreted as follows:

- 1) The terms Article, Section, Item and Paragraph in this Agreement refer to the corresponding provisions of this Agreement.
- 2) "Including" and similar words should be interpreted as "including but not limited to."
- 3) The reference to any Law or statutory provision shall be deemed to include any revisions, amendments, consolidations or re-enactments thereof that have been made or may from time to time be made.
- 4) All the pronouns (including both gender-specific pronouns and gender-neutral pronouns) include the masculine, feminine and neutral gender.
- 5) In any litigation, remedy, judicial proceeding, legal instrument, legal status, court, official or any other legal context, any mention of non-Chinese legal terms shall be construed to include the legal concept that bears the closest resemblance to such non-Chinese legal terms under the PRC Laws.

- 6) The headings contained in this Agreement are for reference purposes only and shall not affect in any way the interpretation of this Agreement.
- 7) The written form includes words that are reproduced in an easily readable and maintainable form.

ARTICLE 2. TRANSACTION ARRANGEMENT

2.1. Transaction

1) Equity Transfer

Party B agrees to acquire a total of 45.0242% equity interest (corresponding to a registered capital of RMB1,111,576,624) of the Target Company held by Party A for a total purchase price of Renminbi nine hundred and seventy-nine million, two hundred and seventy-six thousand, three hundred and fifty Yuan (RMB979,276,350.00) ("**Transfer Price**") based on a pre-money valuation of Renminbi two billion, one hundred and seventy-five million Yuan (RMB2,175,000,000.00).

Transferor	Transferee	Transferred Equity Interest	Corresponding Transfer Price (Renminbi)
Party A	Party B1	Equity interest corresponding to a registered capital of RMB197,507,608 (representing 8.0000% of the equity interest in the Target Company)	174,000,000.00
	Party B2	Equity interest corresponding to a registered capital of RMB57,265,855 (representing 2.3195% of the equity interest in the Target Company)	50,450,000.00
	Party B3	Equity interest corresponding to a registered capital of RMB76,051,780 (representing 3.0805% of the equity interest in the Target Company)	67,000,000.00
	Party B4	Equity interest corresponding to a registered capital of RMB64,189,972 (representing 2.6000% of the equity interest in the Target Company)	56,550,000.00
	Party B5	Equity interest corresponding to a registered capital of RMB192,399,652 (representing 7.7931% of the equity interest in the Target Company)	169,500,000.00
	Party B6	Equity interest corresponding to a registered capital of RMB54,484,857 (representing 2.2069% of the equity interest in the Target Company)	48,000,000.00
	Party B7	Equity interest corresponding to a registered capital of RMB148,130,705 (representing 6.0000% of the equity interest in the Target Company)	130,500,000.00
	Party B8	Equity interest corresponding to a registered capital of RMB79,293,239 (representing 3.2118% of the equity interest in the Target Company)	69,856,650.00

Transferor	Transferee	Transferred Equity Interest	Corresponding Transfer Price (Renminbi)
	Party B9	Equity interest corresponding to a registered capital of RMB79,351,150 (representing 3.2141% of the equity interest in the Target Company)	69,906,675.00
	Party B10	Equity interest corresponding to a registered capital of RMB89,090,744 (representing 3.6086% of the equity interest in the Target Company)	78,487,050.00
	Party B11	Equity interest corresponding to a registered capital of RMB73,811,062 (representing 2.9897% of the equity interest in the Target Company)	65,025,975.00

2) Equity Transfer by Strategic Investors

The Parties agree that, upon the signing of this Agreement, Party A shall procure and ensure that each of the Strategic Investors listed in Annex 5 to this Agreement enters into an equity interest transfer agreement with Party B8 and issues a waiver of right of first refusal in connection with this Transaction (collectively referred to as "**Agreements on Equity Interest Transfer by Strategic Investors**"). Party B8 shall acquire the Company's equity interest held by the Strategic Investors in the following proportions, the following equity transfer collectively referred to as "**Equity Transfer by Strategic Investors**", and shall pay a total of Renminbi eighty-seven million, seven hundred and seventy-six thousand, four hundred and seventy-five Yuan (RMB87,776,475.00) as the consideration for the equity interest transfer by the Strategic Investors ("**Strategic Investors Transfer Price**"). The Strategic Investors Transfer Price and the Transfer Price is collectively referred to as the "**Transaction Price**."

Transferor	Transferee	Other Transferred Equity Interest	Corresponding Transfer Price (Renminbi)
Accretech	Party B8	Equity interest corresponding to a registered capital of RMB34,964,934 (representing 1.4162% of the equity interest in the Target Company)	30,802,350.00
Chao-Jung Tsai	Party B8	Equity interest corresponding to a registered capital of RMB33,187,500 (representing 1.3443% of the equity interest in the Target Company)	29,238,525.00
Shih-Jye Cheng	Party B8	Equity interest corresponding to a registered capital of RMB27,656,250 (representing 1.1202% of the equity interest in the Target Company)	24,364,350.00
Shou-Kang Chen	Party B8	Equity interest corresponding to a registered capital of RMB3,062,100 (representing 0.1240% of the equity interest in the Target Company)	2,697,000.00
David W. Wang	Party B8	Equity interest corresponding to a registered capital of RMB765,525 (representing 0.0310% of the equity interest in the Target Company)	674,250.00

2.2. Payment of Transfer Price

1) Payment and Closing

A. First Tranche Price

Within fifteen (15) Business Days from the date on which the conditions precedent to Closing set forth in Section 3.1 hereof are satisfied as confirmed by Party B or waived by Party B in the manner set forth in Section 3.2, Party B shall pay 70% of the Transfer Price as agreed in Subsection 1) of Section 2.1 hereof (i.e., Renminbi six hundred and eighty-five million, four hundred and ninety-three thousand, four hundred and forty-five Yuan (RMB685,493,445.00)) and 100% of the Strategic Investors Transfer Price as agreed in Subsection 2) of Section 2.1 hereof (i.e., Renminbi eighty-seven million, seven hundred and seventy-six thousand, four hundred and seventy-five Yuan (RMB87,776,475.00), which together with the aforesaid Transfer Price shall be referred to as the "**First Tranche Price**") to the bank account designated by Party A as specified in Annex 6 and the bank accounts designated by the Strategy Investors, after withholding and paying any applicable income tax (if any) and other taxes that Party B is required by law to withhold and pay on behalf of Party A and the Strategy Investors based on the total amount of the Transaction Price. The date on which all of the aforementioned payments have been made in full shall be referred to as the "**First Tranche Price Payment Date.**"

B. Second Tranche Price

Subject to the provisions of Section 3.3 of this Agreement, on the first Business Day after the expiration of 6 months from the First Tranche Price Payment Date, Party B shall pay 30% of the Transfer Price as agreed in Subsection 1) of Section 2.1 hereof (i.e., Renminbi two hundred and ninety-three million, seven hundred and eighty-two thousand, nine hundred and five Yuan (RMB293,782,905.00), "**Second Tranche Price**") to the bank account designated by Party A as specified in Annex 6.

- 2) For the avoidance of doubt, Party B's obligations to pay the Transaction Price under this Agreement are several and not joint. The First Tranche Price Payment Date shall be referred to as the closing date ("**Closing Date**"). The Parties agree that regardless of when the Change of Registration is processed, Party B shall have the full ownership of the Target Equity Interest as well as all other associated titles and interests originally owned by Party A effective from the Closing Date, including but not limited to the directors and supervisors of the Company appointed by Party B shall enjoy and exercise the relevant powers from the Closing Date.

3) Capital Contribution Certificate and Register of Shareholders

The Company shall, within 5 Business Days from the Closing Date, issue to each Party B a capital contribution certificate and deliver to each Party B the register of shareholders in which Party B is registered as a shareholder of the Company in accordance with the shareholding ratio set forth in Section 2.3 of this Agreement ("**New Register of Shareholders**"). The capital contribution certificate shall include the following information: Company name, date of incorporation, registered capital, shareholder's name, subscribed capital contribution, shareholding ratio, date of capital contribution payment, capital contribution certificate number and issuance date. The capital contribution certificate shall be signed by the chairman of the Company and affixed with the Company seal. The Company will register and retain the New Register of Shareholders, which will be signed by all shareholders and affixed with the Company seal and kept by the board of directors, and an original copy shall also be provided to Party B.

2.3. Shareholding Structure after the Transaction

From the Closing Date, the subscribed capital contribution and shareholding ratio of each shareholder in the Company will be changed as follows:

Shareholder's Name	Registered Capital (Renminbi)	Shareholding Ratio (%)
Controlling Shareholders	1,257,630,666	50.9401
Party B1	197,507,608	8.0000
Party B2	57,265,855	2.3195
Party B3	76,051,780	3.0805
Party B4	64,189,972	2.6000
Party B5	192,399,652	7.7931
Party B6	54,484,857	2.2069
Party B7	148,130,705	6.0000
Party B8	178,929,548	7.2475
Party B9	79,351,150	3.2141
Party B10	89,090,744	3.6086
Party B11	73,811,062	2.9897
Total	2,468,843,599	100.0000

2.4. Execution of Transactions Documents and SAMR Change

1) Execution of Transactions Documents

Party A agrees to use commercially reasonable efforts to cause the Company and the Controlling Shareholders to execute, concurrently with the execution of this Agreement, prior to the Closing Date or at such other time agreed by Party B, a new Articles of Association, a waiver of right of first refusal in connection with this Transaction and a resolution of the board of directors (the foregoing documents and this Agreement collectively referred to as the "**Transaction Documents**"), the contents of which shall be in accordance with the contents of this Agreement and to the satisfaction of Party B.

2) SAMR Change

The registration and recordation procedures for this Transaction (including the Equity Transfer and the Equity Transfer by Strategic Investors) shall be handled by Party A and the Company, with the other shareholders and Party B providing the necessary cooperation. The Parties agree to sign such necessary and reasonable legal documents as may be required from time to time by the SAMR and other competent authorities to facilitate the expeditious completion of the registration and recordation procedures required for this Transaction.

ARTICLE 3. CONDITIONS PRECEDENT TO CLOSING

3.1. Conditions Precedent to Closing

Unless otherwise waived in writing by Party B, Party B's obligation to fulfill the payment of the First Tranche Price shall be subject to the satisfaction of all the following conditions precedent:

- 1) The Company shall have made a resolution of the board of directors, approving the execution of the Transaction Documents, approving this Transaction and the execution of the new Articles of Association, and the other shareholders of the Company shall have waived their rights of first refusal to purchase the equity interest to be transferred in this Transaction (except for the transfer where the other shareholder is the transferor in this Transaction);
- 2) The Transaction Documents, including this Agreement, the Agreements on Equity Interest Transfer by Strategic Investors, the new Articles of Association, and the Abbreviated Agreement, resolutions and other documents as may be necessary to complete the Change of Registration, shall have been duly executed and delivered;
- 3) Party A's parent company (ChipMOS TECHNOLOGIES INC., "**ChipMOS TECHNOLOGIES**") shall have obtained approval from its board of directors for Party A's execution of the Transaction Documents and the approval of this Transaction, and shall have made the necessary announcements in accordance with the relevant applicable Laws;
- 4) The Company's Controlling Shareholders shall have obtained approval from its board of directors for the Company's execution of the relevant Transaction Documents and approve this Transaction;

- 5) The Company and all shareholders shall have obtained all necessary Approvals, registrations, recordations, consents, permits, or exemptions from all relevant Government Authorities or third parties for the execution and performance of the Transaction Documents and this Transaction (including the completion of the relevant Change of Registration in connection with this Transaction, the withholding and payment of income taxes, Tax filings, foreign exchange registrations, and any other government Approvals required for this Transaction);
- 6) The shareholders' meeting of the Company shall have appointed the candidates nominated/appointed by Party B and the Controlling Shareholders as directors and supervisors of the Company in accordance with the Articles of Association, the board of directors of the Company shall have been formally constituted as prescribed by the Articles of Association, and the relevant procedures for Change of Registration of the new directors and supervisors shall have completed;
- 7) The representations and warranties of Party A contained in Annex 4 to this Agreement shall continue to be fully true, complete and accurate. Party A shall have fulfilled all covenants indicated in the Transaction Documents to be performed by it on or prior to the Closing Date, without any material violation of the provisions of the Transaction Documents;
- 8) To the best knowledge of Party A, no event, fact, condition, change, or other circumstance has occurred that has had, or would reasonably be expected to have, a Material Adverse Effect with respect to the performance of this Transaction or the Company's assets, financial structure, Indebtedness, technologies, profit prospects, reputation and normal operations, and that would cause this Agreement unable to be performed;
- 9) To the best knowledge of Party A, there is no relevant applicable Law, judgment, arbitral award, ruling, or injunction from a court, arbitration institution, or relevant government regulatory authority that would restrict, prohibit or revoke this Transaction. Additionally, there is no pending or threatened litigation, arbitration, judgment, arbitral award, ruling or injunction that has had or would have a Material Adverse Effect on this Transaction and would cause this Agreement unable to be performed;
- 10) Party A shall have issued to Party B a Closing Certificate (the content and format of which shall be as set forth in Annex 2 to this Agreement), confirming that all the conditions precedent set forth in Items 1) to 9) above have been satisfied. Party A shall have also provided Party B with the copies or scanned copies of all documents set forth in the Checklist of Closing Deliverables in Annex 3 to this Agreement for verification.

3.2. Satisfaction of Conditions Precedent to Closing

After all Closing conditions are satisfied or waived in writing by Party B, Party A shall provide Party B with the Closing Certificate (the content and format of which shall be as set forth in Annex 2 to this Agreement), and the copies or scanned copies of all documents set forth in the Checklist of Closing Deliverables in Annex 3 to this Agreement (excluding any such documents that are waived by Party B; the same shall apply below). If at any time Party A becomes aware of any fact or circumstance that may prevent the satisfaction of any condition, it shall immediately notify Party B. Within five (5) Business Days after receiving the Closing Certificate and all documents set forth in the Checklist of Closing Deliverables, Party B shall render a written notice to Party A confirming that all the conditions precedent to Closing as set forth in Section 3.1 have been satisfied or deemed satisfied, or render a written notice to Party A detailing the sufficient and reasonable grounds for believing that any of the conditions precedent to Closing as set forth in Section 3.1 has not been satisfied. If Party B fails to render any written notice within the forgoing five (5) Business Days indicating whether the conditions set forth in Section 3.1 have been satisfied or not, it shall be deemed that all the conditions precedent to Closing as set forth in Section 3.1 have been satisfied. The foregoing five (5) Business Days period shall commence from the day following Party B's receipt of such Closing Certificate.

3.3. Conditions Precedent to Payment of Second Tranche Price

Unless Party B provides evidence to prove the existence of the following circumstances, Party B shall timely pay to Party A the Second Tranche Price in accordance with Paragraph B, Subsection 1) of Section 2.2 of this Agreement:

- 1) The occurrence of an event, fact, condition, change or other circumstance which has had, or would reasonably be expected to have, a Material Adverse Effect with respect to the performance of this Transaction or the Company's assets, financial structure, Indebtedness, technologies, profit prospects, reputation, and normal operations, and that would cause this Agreement unable to be performed;
- 2) The existence of the relevant applicable Laws, judgment, arbitral award, ruling or injunction from a court, arbitration institution or relevant government regulatory authority that would restrict, prohibit, or revoke this Transaction, or the existence of any pending or threatened litigation, arbitration, judgment, arbitral award, ruling, or injunction that has had or would have a Material Adverse Effect on this Transaction and would cause this Agreement unable to be performed.

3.4. Allocation of Rights and Liabilities for Closing

Unless otherwise specified in this Agreement, Party A shall indemnify, defend and hold Party B harmless from and against any and all Losses suffered by Party B under this Agreement after the Closing Date, resulting from an event caused by Party A prior to the Closing Date or an event occurring prior to the Closing Date which should have been disclosed by Party A but is failed to be disclosed.

- 3.5. Unless otherwise specified in this Agreement, the failure of any Party B to fulfill its obligations under this Agreement shall not affect the continuing performance of the other Party B. In the event that the Performing Party B determines, pursuant to Section 7.3 of this Agreement, to continue fulfilling the obligations of either the Proposing Termination Party B or the Breaching Party B in connection with the acquisition of the Target Equity Interest under this Agreement, Party B shall have the right, within six (6) months after making such written determination, to acquire, directly or through its designated entity, the Target Equity Interest to be acquired by the non-performing Party B.

ARTICLE 4. OBLIGATIONS OF PARTY A PRIOR TO CLOSING

- 4.1. During the period from the Execution Date of this Agreement to the Closing Date ("Transition Period"), Party A shall use commercially reasonable efforts to cause the Company to conduct its Business in the Daily Business Operation, maintain the integrity of the business organization, preserve the relationships with third parties, retain existing officers and employees (except to the extent where such circumstances are not attributable to the Company or Party A), and maintain the current condition of all assets and properties owned or used by the Company (subject to normal wear and tear).
- 4.2. During the Transition Period, within the normal working hours of the Company, Party A shall provide, and use commercially reasonable efforts to procure the Company to provide, the relevant information concerning the Company as reasonably requested by Party B and its representatives. Additionally, in the event of any actual or anticipated breach of this Agreement by the Company or its shareholders, or upon the occurrence of an event which would be expected to have a Material Adverse Effect on this Transaction, Party A shall give, and use commercially reasonable efforts to procure the Company to give a prompt and timely notice of such circumstances to Party B in writing.
- 4.3. Without limiting the conduct of Daily Business, unless obtaining the prior written consent of Party B, during the Transition Period, Party A shall use commercially reasonable efforts to procure the Company not to engage in the following actions (excluding actions related to this Transaction):
- 1) dissolve, close, liquidate or deregister the Company, change or restructure the Company's capital structure or the occurrence of any event resulting in a change of control thereof;
 - 2) restructure, increase or decrease the equity interest or registered capital of the Company held by the Company's shareholders, or purchase the equity interest in the Company held by the Company's shareholders, or grant, issue, sell, transfer or deliver any equity interest or other securities of the Company, including securities, options, warrants or subscription rights convertible into any equity interest, or enter into any of the foregoing agreements in connection therewith, or provide for or amend any terms of the foregoing securities (other than for the purposes of this Transaction);
 - 3) declare or pay any dividends or distributions of its assets, or repurchase its other securities (if any);
 - 4) make a material change in the operation, nature or scope of the Company's Business;
 - 5) amend its Articles of Association or engage in restructuring, merger, acquisition or other activities that would dilute the equity interest in the Company held by Party B after the Closing;

- 6) any merger or alliances of the Company, or except for the Company's Daily Business Operation, any sale or transfer of all or substantially all of the its assets; the Company's purchase or acquisition of all (or substantially all) of another company's business and/or assets, establishment of any branch, or formation of joint ventures with others;
 - 7) provide any guarantee or any other form of security other than those required for the Company's Daily Business;
 - 8) appoint or dismiss senior management officers such as the general manager, executive vice president or chief financial officer, or other important positions or key employees.
- 4.4. During the Transition Period, without obtaining the written consent of Party B, none of Party A and its shareholders, directors, senior management officers, employees, representatives, Related Parties or agents shall, and Party A shall use commercially reasonable efforts to procure that the Company and its shareholders, directors, senior management officers, employees, representatives, Related Parties or agents shall not, with respect to any content involved hereunder or any information in connection with the Transaction or other material transaction matters: (a) make or initiate any inquiry, discussion, or extend an offer invitation to any other potential investor; (b) attempt or enter into new negotiations or discussions with any other potential investors; (c) execute or enter into any agreement or memorandum with any other potential investor; or (d) accept an offer invitation from any other potential investor for discussions or negotiations, or accept any due diligence investigation conducted by any other potential investor, and shall (x) terminate any ongoing negotiations or discussions with any other potential investor; and (y) promptly reject any inquiries, discussions or offer invitation received.

ARTICLE 5. REPRESENTATIONS AND WARRANTIES

- 5.1. In addition to the matters which have been disclosed to Party B, Party A shall make the representations and warranties set forth in Annex 4 to this Agreement and ensure that any and all the representations and warranties are true, complete and accurate on the Execution Date of this Agreement as well as on the Closing Date.
- 5.2. Neither the information actual known or presume to be known to Party B about the Company nor any investigation conducted by Party B or on behalf of Party B shall prejudice Party B's right to claim for indemnification pursuant to Article 8, or reduce any indemnification amount available under such provisions, and shall not affect any representations and warranties made by Party A.
- 5.3. All warranties made by Party A shall remain valid for the period stated therein. The rights and remedies of Party B in respect of any breach of warranty by Party A shall not be affected by any of the following circumstances: payment of the Transfer Price by Party B, termination or failure to terminate this Agreement by Party B, or failure to exercise or delay in exercising any rights or remedies by Party B.
- 5.4. Within two (2) months after the Completion Date of Change of Registration, Party A shall proceed with the corresponding filing with the Investment Commission of the Ministry of Economic Affairs of Taiwan in respect of this Transaction, and provide Party B with copies of the relevant information for the filing within ten (10) days after the completion of the filing procedures for retention.

- 5.5. For a period of twenty-four (24) months after the Closing Date, neither Party A nor any of its shareholders, directors, officers, employees, representatives, Related Parties or agents shall (i) solicit, induce, attempt to hire or employ any employee or supplier of the Company; (ii) assist other person or economic entity in soliciting or inciting an employee to terminate his or her employment with the Company; or (iii) incite customers, suppliers, partners or other entities to terminate their cooperation with the Company, or instigate a change in the business relationship between the Company and them, resulting in the occurrence of an event, fact, condition, change or other circumstance which has had, or would reasonably be expected to have, a Material Adverse Effect with respect to the Company's assets, financial structure, Indebtedness, technologies, profit prospects and normal operations.
 - 5.6. In view of the fact that Party A's Related Parties engage in similar business operations as the Company, for the avoidance of doubt, the Parties acknowledge that the normal business operations of Party A and its Related Parties, which are conducted in compliance with laws and regulations, fair market competition, and commercial ethics and moral standards, and free from any malicious attempts to snatch orders, do not fall under the circumstances described in Section 5.5 of this Agreement.
 - 5.7. Party B hereby represents and warrants to Party A that each of the following representations and warranties is true, accurate and complete in all respects on the Execution Date of this Agreement as well as on the Closing Date:
 - 1) Party B is a limited liability company or partnership established and existing under the Laws of the place of its incorporation.
 - 2) Party B has the full power and authority to enter into, execute, and deliver this Agreement and the other Transaction Documents to which it is a party, and to carry out the transactions contemplated under this Agreement and the other Transaction Documents.
 - 3) Party B has obtained all necessary and appropriate authorization to duly execute and deliver this Agreement and the other Transaction Documents to which it is a party, and to carry out the transactions contemplated under this Agreement and the other Transaction Documents.
 - 4) Subject to the due authorization, execution and delivery of this Agreement and the other Transaction Documents by the other parties to this Agreement and such other Transaction Documents, this Agreement and the other Transaction Documents constitute legally valid and binding obligations of Party B and are enforceable against Party B in accordance with the terms set forth therein.
 - 5) Party B has sufficient funds to fully pay the Transaction Price to Party A and the Strategic Investors in accordance with this Agreement.
 - 5.8. All warranties made by Party B shall remain valid for the period stated therein. The rights and remedies of Party A in respect of any breach of warranty by Party B shall not be affected by any of the following circumstances: termination or failure to terminate this Agreement by Party A, or failure to exercise or delay in exercising any rights or remedies by Party A.
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ARTICLE 6. EXPENSES AND TAXATION

- 6.1. All Taxes generated from the completion of this Transaction and payable by one Party shall be borne by such Party as required under the applicable Laws, and such Party shall promptly submit to the competent tax authorities any tax declarations, reports and other documents in relation to the Taxes and as required under the applicable Laws. Under no circumstances shall Party B be held liable for any tax obligations (including income tax and stamp duty) of Party A and the Strategic Investors arising from the completion of this Transaction. Party B shall withhold from the Transaction Price and pay the relevant Taxes on behalf of Party A and the Strategic Investors in accordance with the applicable Laws.
- 6.2. Unless otherwise specified in this Agreement or other Transaction Documents, the Parties shall bear their own transaction costs.

ARTICLE 7. EFFECTIVENESS, SUPPLEMENTATION, AMENDMENT, MODIFICATION AND TERMINATION

- 7.1. This Agreement shall become effective upon being signed by the legal representatives or authorized representatives of the Parties and affixed with their respective company seals.
- 7.2. This Agreement may be amended or modified by mutual agreement of the Parties hereto. Any amendment or modification shall be in writing and shall become effective upon being signed by the Parties to this Agreement.
- 7.3. This Agreement may be terminated in the following manner:
 - 1) by mutual written agreement of the Parties indicating the effective date of termination;
 - 2) by any Party B by serving a written notification to Party A, if any of the following matters occurs due to the reasons not attributable to Party B (for the avoidance of doubt, except in cases where all Party B are required to terminate, the effectiveness of such termination shall only apply to the requesting Party B and shall not affect the validity of this Agreement between the other Parties):
 - (i) If the Change of Registration relating to this Transaction is not completed within ninety (90) Business Days following the Execution Date of this Agreement or on such other date as mutually agreed upon by the Parties;
 - (ii) If the Closing to this Transaction fails to take place within one hundred and twenty (120) Business Days following the Execution Date of this Agreement or on such other date as mutually agreed upon by the Parties (i.e., the First Tranche Price Payment Date is not concluded);
 - (iii) If the representations or warranties made by Party A are found to be materially false or contain significant omissions, and Party A fails to take effective remedies within thirty (30) days following a written notice given by Party B, which renders this Agreement unable to be performed;
 - (iv) If Party A breaches the agreements, covenants and/or obligations under this Agreement and fails to take effective remedies within thirty (30) days following a written notice given by Party B, which renders this Agreement unable to be performed;

- (v) The existence of the relevant applicable Laws, judgment, arbitral award, ruling, or injunction from a court, arbitration institution, or relevant government regulatory authority in respect of this Transaction, which renders this Agreement unable to be performed.

For the avoidance of doubt, the Parties acknowledge that if any Party B intends to terminate this Agreement based on the provisions indicated above (hereinafter referred to as the "**Proposing Termination Party B**" in this Section), and the total Target Equity Interest to be acquired by the Proposing Termination Party B, either individually or collectively, under this Agreement does not exceed 15% (inclusive) of the total equity interest of the Company, the Proposing Termination Party B may terminate this Agreement in accordance with the foregoing provisions; if the total Target Equity Interest to be acquired by the Proposing Termination Party B, either individually or collectively, under this Agreement exceeds 15% (exclusive) of the total equity interest of the Company, the Proposing Termination Party B shall firstly notify Party A and the other Party B of its intention to terminate this Agreement. The other Party B ("**Performing Party B**") shall, within three (3) months of receiving such notice, provide written confirmation to Party A indicating whether they agree to acquire all the Target Equity Interest to be acquired by the Proposing Termination Party B under this Agreement in accordance with the commercial terms set forth in this Agreement. If the Performing Party B refuses such acquisition or fails to respond within the aforementioned three-month period, the Proposing Termination Party B shall not terminate this Agreement individually based on the foregoing provisions; provided, however, that all Party B shall have the right to jointly initiate a termination against Party A. If a Performing Party B confirms in writing its agreement to such acquisition, it shall have the right, within six (6) months from the date of issuing such written confirmation, to acquire directly or through its designated entity all the Target Equity Interest to be acquired by the Proposing Termination Party B under this Agreement.

- 3) by Party A in whole or in part by serving a written notification to the other Parties, if any of the following matters occurs due to the reasons not attributable to Party A (for the avoidance of doubt, except in cases where Party A terminates this Agreement in whole in accordance with this Agreement, if the termination is due to the reasons attributable to any Party B, the effectiveness of such termination shall only apply to Party A and the defaulting Party B and shall not affect the validity of this Agreement between the other Parties):
 - (i) If the Change of Registration relating to this Transaction is not completed within ninety (90) Business Days following the Execution Date of this Agreement or on such other date as mutually agreed upon by the Parties;
 - (ii) If the Closing to this Transaction fails to take place within one hundred and twenty (120) Business Days following the Execution Date of this Agreement or on such other date as mutually agreed upon by the Parties (i.e., the First Tranche Price Payment Date is not concluded);
 - (iii) If any Party B fails to pay any of the Transaction Price as stipulated in Section 2.2 of this Agreement and such failure continues within thirty (30) days following a written notice given by Party A;

- (iv) If the representations or warranties made by Party B are found to be materially false or contain significant omissions, and Party B fails to take effective remedies within thirty (30) days following a written notice given by Party A, which renders this Agreement unable to be performed;
- (v) If Party B breaches the agreements, covenants and/or obligations under this Agreement and fails to take effective remedies within thirty (30) days following a written notice given by Party B, which renders this Agreement unable to be performed;
- (vi) The existence of the relevant applicable Laws, judgment, arbitral award, ruling, or injunction from a court, arbitration institution, or relevant government regulatory authority in respect of this Transaction, which renders this Agreement unable to be performed.

For the avoidance of doubt, the Parties acknowledge that:

- (i) If Party A intends to partially terminate this Agreement and the total Target Equity Interest to be acquired by the Party B involved in the termination ("**Breaching Party B**"), either individually or collectively, under this Agreement does not exceed 15% (inclusive) of the total equity interest of the Company, Party A shall notify all Party B of its intention to terminate this Agreement. The Party B other than the Breaching Party B ("**Non-Breaching Party B**") shall, within three (3) months of receiving such notice, provide written confirmation to Party A indicating whether they agree to acquire all the Target Equity Interest to be acquired by the Breaching Party B under this Agreement in accordance with the commercial terms set forth in this Agreement. If the Non-Breaching Party B refuses such acquisition or fails to respond within the aforementioned three-month period, Party A shall be entitled to partially terminate this Agreement based on the foregoing provisions. If a Non-Breaching Party B confirms in writing its agreement to such acquisition, it shall have the right, within six (6) months from the date of issuing such written confirmation, to acquire directly or through its designated entity all the Target Equity Interest to be acquired by the Breaching Party B under this Agreement.
- (ii) If the total Target Equity Interest to be acquired by the Breaching Party B involved in the proposed partial termination by Party A, either individually or collectively, under this Agreement exceeds 15% (exclusive) of the total equity interest of the Company, Party A shall notify all Party B of its intention to terminate this Agreement. The Non-Breaching Party B shall, within three (3) months of receiving such notice, provide written confirmation to Party A indicating whether they agree to acquire all the Target Equity Interest to be acquired by the Breaching Party B under this Agreement in accordance with the commercial terms set forth in this Agreement. If the Non-Breaching Party B refuses such acquisition or fails to respond within the aforementioned three-month period, it shall be deemed that the Non-Breaching Party B has waived such acquisition and Party A shall be entitled to terminate this Agreement in its entirety. If a Non-Breaching Party B confirms in writing its agreement to such acquisition, it shall have the right, within six (6) months from the date of issuing such written confirmation, to acquire directly or through its designated entity all the Target Equity Interest to be acquired by the Breaching Party B under this Agreement.

- 4) If any Agreement on Equity Interest Transfer by Strategic Investors is terminated or becomes unable to be performed (except in the case where the Agreement on Equity Interest Transfer by Strategic Investors is terminated or unable to be performed due to the breach of the Strategic Investor), Party A shall promptly serve a notice to all Party B. The Party B other than Party B8 shall, within three (3) months of receiving such notice, provide written confirmation to Party A indicating whether they agree to acquire the Company's equity interest held by the Strategic Investor whose agreement has been terminated or become unable to be performed in accordance with the commercial terms set forth in the Agreement on Equity Interest Transfer by Strategic Investors. If all the Party B other than Party B8 refuse such acquisition or fail to respond within the aforementioned three-month period, Party A shall be entitled to terminate this Agreement in its entirety by serving another written notice to all Party B, except in the case where the Strategic Investor refuses other Party B to continue acquiring its equity interest in the Company. If one or all of the Party B other than Party B8 confirm in writing their agreement to such acquisition, they shall have the right, within six (6) months from the date of issuing such written confirmation and in accordance with Section 3.5 of this Agreement, to acquire directly or through its designated entity the Company's equity interest held by the Strategic Investor whose agreement has been terminated or unable to be performed.

7.4. Effect of Termination

- 1) Upon termination of this Agreement pursuant to the foregoing Subsection 1) of Section 7.3, unless otherwise agreed by the Parties at that time, the Parties hereto shall, in accordance with the principle of fairness, reasonableness and good faith, return any consideration received from the other Party under this Agreement (if applicable), restore the equity status prior to the signing of this Agreement, and pursue compensation from any relevant liable parties (if applicable).
- 2) If Party B terminates this Agreement partially or in its entirety pursuant to the foregoing Subsection 2) of Section 7.3, it shall be resolved in accordance with the following circumstances:
 - A. If Party A is liable for the termination and Party B has paid the Transfer Price to Party A and/or withheld and paid the relevant Taxes in connection with this Transaction at the time of termination, Party A shall refund the paid Transfer Price and related Taxes to the Non-Breaching Party B which proposes the termination and pay such Non-Breaching Party B simple interest at an annual rate of 3% on the paid Transfer Price and Taxes, calculated from the actual payment date of the paid Transfer Price and relevant Taxes to the date of full refund. After Party A has made the foregoing payments to such Party B, Party A shall have the right to request the Company and such Party B to cooperate in completing the change of registration procedure for the restoration of Party A's equity interest ("**Equity Interest Return**"), and such Party B shall, within fifteen (15) Business Days upon receipt of the written notice from Party A, cooperate in executing and delivering to Party A the documents for Change of Registration concerning the transfer of the Company's equity interest held by Party B to Party A. All Taxes related to the Equity Interest Return shall be borne by Party A. The Company shall, in accordance with Party A's instruction, issue a capital contribution certificate to Party A to prove the restoration of Party A's shareholder identification and cooperate in handling the relevant Change of

Registration. If there is a delay in completing the Equity Interest Return due to Party B's failure to cooperate in executing the documents concerning the Equity Interest Return or due to other reasons attributable to Party B, Party B shall pay Party A liquidated damages at an annual rate of 3% simple interest based on the Transfer Price represented by the Target Equity Interest held by such Party B until the Equity Interest Return is completed. For the avoidance of doubt, the effectiveness of such termination shall only apply to the requesting Party B and shall not affect the validity of this Agreement between the other Parties.

- B. If Party B terminates this Agreement for reasons not attributable to Party A, the Parties hereto shall, in accordance of the principle of fairness, reasonableness and good faith, return any consideration received from the other Party under this Agreement, restore the equity status prior to the signing of this Agreement, and pursue compensation from the relevant liable parties. If at the time of the termination, Party B has withheld and paid the relevant Taxes in connection with the Equity Transfer for Party A, Party A shall proportionally refund the relevant withholding Taxes to Party B. If Party B later pursues compensation from the relevant liable parties and obtains compensation, such compensation shall be prioritized to be paid to Party A within the amount of Taxes refunded by Party A to Party B and the amount of Taxes paid by Party A in connection with this Transaction, in order to protect Party A from the Losses of such Taxes.
- 3) If Party A partially terminates this Agreement pursuant to the foregoing Subsection 3) of Section 7.3, it shall be resolved in accordance with the following circumstances:
- A. If Party B is liable for the termination and the Change of Registration has been completed at the time of the termination, Party A shall have the right to request the Company and the Breaching Party B to cooperate in completing the change of registration procedure for the restoration of Party A's equity interest, and the Breaching Party B shall, within fifteen (15) Business Days upon receipt of the written notice from Party A, cooperate in executing and delivering to Party A the documents for Change of Registration concerning the transfer of the Company's equity interest held by Party B to Party A. The Company shall, in accordance with Party A's instruction, issue a capital contribution certificate to Party A to prove the restoration of Party A's shareholder identification and cooperate in handling the relevant Change of Registration. All Taxes related to the Equity Interest Return shall be borne by the Breaching Party B. If there is a delay in completing the Equity Interest Return due to the Breaching Party B's failure to timely cooperate in completing the execution of the documents concerning the Equity Interest Return in accordance with this provision or due to other reasons attributable to the Breaching Party B, the Breaching Party B shall pay Party A liquidated damages at an annual rate of 3% simple interest based on the corresponding Transfer Price of the Breaching Party B, and the calculation shall commence from the due date of the obligation to cooperate in executing the documents or the date when Party B's liability is determined to the date until the Equity Interest Return is completed. Within fifteen (15) Business Days after the completion of Party A's Equity Interest Return (based on the date of completing the Change of Registration for the Equity Interest Return), (i) if the Breaching Party B has paid the Transfer Price to Party A at that time, Party A shall refund the paid Transfer Price to the Breaching Party B (after deducting any taxes withheld and paid

by the Breaching Party B on behalf of Party A and any taxes paid by Party A in connection with this Transaction); if Party A fails to make the refund in a timely manner, Party A shall pay liquidated damages to the Breaching Party B at an annual rate of 3% simple interest on the amount to be refunded; or (ii) if the Breaching Party B has not paid the Transfer Price to Party A at that time, the Breaching Party B shall refund to Party A the taxes (stamp duty and income tax, if any) paid by Party A in connection with this Transaction. For the avoidance of doubt, the effectiveness of such termination shall only apply to the requesting Party B and shall not affect the validity of this Agreement between the other Parties.

- B. If Party A terminates this Agreement for the reasons not attributable to Party B, the Parties hereto shall, in accordance with the principle of fairness, reasonableness and good faith, return any consideration received from the other Party under this Agreement, restore the equity status prior to the signing of this Agreement, and pursue compensation from the relevant liable parties. If at the time of the termination, Party B has withheld and paid the relevant Taxes in connection with the Equity Transfer, Party A shall proportionally refund the relevant Taxes to the Party B whose agreement has been terminated. If Party B pursues compensation from the relevant liable parties and obtains compensation, such compensation shall be prioritized to be paid to Party A within the amount of Taxes refunded by Party A to Party B and the amount of Taxes paid by Party A in connection with this Transaction, in order to protect Party A from the Losses of such Taxes.
- 4) If Party A terminates this Agreement in its entirety pursuant to the foregoing Subsection 2) or 4) of Section 7.3, it shall be resolved in accordance with the following circumstances:
- A. Regarding the Party B which is not liable for the full termination of this Agreement (hereinafter referred to as the "**Non-Liable Party B**" in this Section), the Parties agree to perform in accordance with Paragraph B, Subsection 3) of Section 7.4.
 - B. Regarding the Party B which is liable for the full termination of this Agreement (hereinafter referred to as the "**Breaching Party B**" in this Section), if the Change of Registration has been completed at the time of the termination, Party A shall have the right to request, within fifteen (15) Business Days following the termination of this Agreement, the Company and the Breaching Party B to cooperate in completing the change of registration procedure for the restoration of Party A's equity interest, and the Breaching Party B shall, within fifteen (15) Business Days upon receipt of the written notice from Party A, cooperate in transfer of its equity interest in the Company to Party A (hereinafter referred to as the "**Equity Interest Return by Breaching Party B**" in this Section) and completing the execution of the corresponding documents for Change of Registration. The Company shall, in accordance with Party A's instruction, issue a capital contribution certificate to Party A to prove the restoration of Party A's shareholder identification and cooperate in handling the relevant Change of Registration. All Taxes related to the foregoing Equity Interest Return by Breaching Party B and the Equity Interest Return by the Non-Liable Party B shall be borne by such Breaching Party B and compensated to the Non-Liable Party B and Party A. If there is a delay in completing the Equity Interest Return due to the Breaching Party B's failure to timely cooperate in completing the execution of the documents concerning the Equity Interest Return in

accordance with this provision or due to other reasons attributable to the Breaching Party B, the Breaching Party B shall pay Party A liquidated damages at an annual rate of 3% simple interest based on the Transfer Price represented by the Target Equity Interest held by such Breaching Party B, and the calculation shall commence from the due date of the obligation to cooperate in completing the Equity Interest Return by Breaching Party B to the date until the Equity Interest Return by Breaching Party B is completed. Within fifteen (15) Business Days after the completion of the Equity Interest Return by Breaching Party B, (i) if the Breaching Party B has paid the Transfer Price to Party A, Party A shall refund the paid Transfer Price to the Breaching Party B after deducting any and all taxes involved by Party A and the Non-Liable Party B in the Equity Transfer, the Equity Interest Return by Breaching Party B and the Equity Interest Return by the Non-Liable Party B (including all taxes paid by Party A and the taxes withheld and paid by the Breaching Party B on behalf of Party A); if the deducted amount is paid by the Non-Liable Party B, Party A shall refund it to the Non-Liable Party B; if Party A fails to make the refund in a timely manner, Party A shall pay liquidated damages to the Breaching Party B at an annual rate of 3% simple interest on the amount to be refunded; or (ii) if the Breaching Party B has not paid the Transfer Price to Party A at that time, the Breaching Party B shall refund to Party A all taxes involved by Party A in the Equity Transfer (including all taxes paid by Party A and the taxes withheld and paid by the Breaching Party B on behalf of Party A), and the Breaching Party B shall refund to the Non-Breaching Party B all taxes involved by the Non-Breaching Party B in the Equity Transfer (including all taxes paid by the Non-Breaching Party B and the taxes withheld and paid by the Non-Breaching Party B on behalf of Party A).

- 5) Upon termination of this Agreement, all rights and obligations of the Parties hereunder shall be terminated, and the non-breaching Party shall have the right to require the breaching Party to bear the liability for damages for breach of contract in accordance with this Agreement and to pursue compensation from other relevant liable parties.

ARTICLE 8. BREACH AND INDEMNITY

- 8.1. The Parties to this Agreement shall strictly comply with the provisions of this Agreement. Each of the following events shall constitute an event of breach:
 - 1) If either Party to this Agreement fails to perform or fails to properly and fully perform the obligations or covenant stipulated in this Agreement, and such failure causes Material Adverse Effect on the Company, Party A, or Party B; or
 - 2) If any Party to this Agreement makes any representation or warranty in this Agreement that is untrue, inaccurate, or incomplete in any material respect and causes Material Adverse Effect on the Company, Party A or Party B.

- 8.2. Party A agrees that, regardless of whether disclosed to Party B, in the event that Party B directly or indirectly suffers, incurs, or experiences any losses, Taxes, interest, expenses, and costs (including but not limited to reasonable attorney's fees) (collectively referred to as "Losses"), as a result of Party A's breach of representations, warranties, covenants, obligations under this Agreement, or any claims brought against Party B or its Related Parties, directors, partners, shareholders, employees, agents and representatives, whether by third-party claims, claims between the Parties to this Agreement or otherwise, Party A shall indemnify, defend for and hold harmless Party B from such losses.
- 8.3. Party B agrees, severally but not jointly, that regardless of whether disclosed to Party A, for any Losses (including but not limited to reasonable legal fees) suffered, incurred or arising directly or indirectly by Party A as a result of Party B's breach of representations, warranties, covenants, obligations under this Agreement, or any claims brought against Party A or its Related Parties, directors, partners, shareholders, employees, agents and representatives, whether by third parties claims, claims between the Parties to this Agreement or otherwise, Party B in breach shall indemnify, defend for and hold harmless Party A from such losses.
- 8.4. In the event that Party B fails to pay the corresponding equity transfer price to Party A in accordance with Section 2.2 of this Agreement, Party B in breach shall pay Party A liquidated damages equal to one ten-thousandth (1/10,000) of the delayed payment of the equity transfer price for each day of delay, except in cases where such delayed payment is caused by Party A, Force Majeure Events, or reasons caused by Government Authorities.
- 8.5. After the occurrence of a breach event, the breaching party shall compensate the non-breaching party for any Losses incurred as a result of the breach (including but not limited to reasonable attorney's fees).
- 8.6. The Parties agree that if this Transaction fails to be completed or if this Agreement is terminated due to the reasons attributable to the Controlling Shareholders or the Company, neither Party shall be held liable to the other Party for any breach, and shall act in accordance with Subsection 1) of Section 7.4 of this Agreement.

ARTICLE 9. FORCE MAJEURE

- 9.1. In the event of a Force Majeure Event that hinders a Party from performing its obligations under this Agreement, the affected Party shall promptly notify the other Party without any delay and provide detailed information and supporting documents concerning such event within fifteen (15) days from the date of notification, explaining the reasons for the inability or delay in fulfilling its obligations under this Agreement. The Parties shall seek to find and implement a mutually acceptable resolution through negotiation.
- 9.2. In the event of a Force Majeure Event, the Party affected by the Force Majeure Event shall not be liable to any other Party for any damages, increased costs, or Losses suffered as a result of the non-performance or delayed performance of its obligations under this Agreement due to the Force Majeure Event, and such non-performance or delayed performance shall not be considered a breach of this Agreement. The Party claiming a Force Majeure event shall take appropriate measures to minimize or eliminate the impact of the Force Majeure Event and shall make reasonable efforts to resume the performance of the obligations delayed or hindered by the Force Majeure Event in the shortest possible time.

- 9.3. In the event that a Force Majeure Event or the effects of a Force Majeure Event hinder one Party or the Parties from fulfilling their obligations under this Agreement for a period of one (1) month or more, the unaffected Party shall have the right to terminate this Agreement and be relieved of its obligations as specified in this Agreement, or to delay the performance of this Agreement.
- 9.4. For the avoidance of doubt, the Parties acknowledge that if either Party breaches its obligations under this Agreement not attributable to a Force Majeure Event and subsequently experiences a Force Majeure Event, such Party shall not be entitled to invoke the Force Majeure clause as a defense to its performance of obligations under this Agreement.

ARTICLE 10. GOVERNING LAW AND DISPUTE RESOLUTION

- 10.1. The formation, validity, interpretation, performance, and resolution of disputes of this Agreement shall be governed by the Laws of the PRC and interpreted accordingly. However, if specific matters related to this Agreement are not regulated by the published Laws of the PRC, they shall be referred to general international commercial practices within the permissible scope of the PRC Laws.
- 10.2. Any disputes arising from or in connection with the execution of this Agreement shall be resolved through friendly negotiations between the Parties. If any dispute cannot be resolved through negotiation within fifteen (15) days after the dispute arises, either Party shall have the right to submit the dispute to Shanghai International Economic and Trade Arbitration Commission for arbitration in accordance with the arbitration rules of Shanghai International Economic and Trade Arbitration Commission in effect at the time the arbitration notice is submitted. The arbitration shall be conducted by three arbitrators appointed by Shanghai International Economic and Trade Arbitration Commission in accordance with its arbitration rules. The place of arbitration shall be Shanghai. The applicant shall appoint one (1) arbitrator, and the respondent shall appoint one (1) arbitrator. The third arbitrator shall be jointly selected by the two (2) arbitrators appointed by the parties; if they fail to agree on the appointment, Shanghai International Economic and Trade Arbitration Commission shall appoint the third arbitrator in accordance with its arbitration rules. The third arbitrator shall not be a person of either Chinese Mainland or Taiwan regions of the PRC, and shall serve as the presiding arbitrator of the arbitral tribunal. The arbitration shall be conducted in Chinese. The arbitration costs shall be borne by the Party who loses the arbitration, except as otherwise determined by the arbitration award.
- 10.3. During the period of dispute resolution, the Parties shall retain their respective rights and continue to perform their respective obligations under this Agreement.

ARTICLE 11. NOTICES AND DELIVERY

- 11.1. Any notice or other communication (“**Notice**”) relating to this Agreement sent by one Party to the other Parties shall be in writing and shall be deemed properly delivered only if it is sent to the notified party at the following mailing address, contact number, or email address, and includes the names of the respective contacts as mentioned below.

Party A: ChipMOS TECHNOLOGIES (BVI) LTD.
Attention: Silvia Su
Address: No.1, R&D Road 1, Hsinchu Science Park, Hsinchu City
Contact number:
E-mail:

Party B1:
Suzhou Oriza PuHua ZhiXin Equity Investment Partnership (L.P.)
Attention: Lu Pu
Address: Room 101, Building 18, Dongshahu Equity Investment Center, No. 183 Suhong East Road, Suzhou Industrial Park, Jiangsu Province
Contact number:
E-mail:

Party B2:
Suzhou Puhua Chuanxin Venture Capital Partnership (Limited Partnership)
Attention: Jing Yang
Address: No. 58 Weiwen Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province
Contact number:
E-mail:

Party B3:
Suzhou Puhua Xincheng Venture Capital Partnership (Limited Partnership)
Attention: Jing Yang
Address: No. 58 Weiwen Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province
Contact number:
E-mail:

Party B4:
Suzhou Xingwei Enterprise Management Partnership (Limited Partnership)
Attention: Zhen Dong
Address: Antai, No. 111 Suhong West Road, Suzhou Industrial Park
Contact number:
E-mail:

Party B5:
Gongqingcheng Yuanyan Venture Capital Partnership (Limited Partnership)
Attention: Zhongbin Cao
Address: Room 903, South Tower, Baoli International Plaza, Haizhu District, Guangzhou City, Guangdong Province
Contact number:
E-mail:

Party B6:

Guangdong Core Future Phase I Venture Capital Fund Partnership (Limited Partnership)
Attention: Zhongbin Cao
Address: Room 903, South Tower, Baoli International Plaza, Haizhu District, Guangzhou
City, Guangdong Province
Contact number:
E-mail:

Party B7:

Xiamen Dili Hongxin Equity Investment Partnership (Limited Partnership)
Attention: Haowei Chen
Address: 1st Floor, Building G1, TCL International E City, No. 1001 Zhongshanyuan Road,
Nanshan District, Shenzhen City, Guangdong Province
Contact number:
E-mail:

Party B8:

Zhuhai Hongcun Zhengxin Enterprise Management Partnership (Limited Partnership)
Attention: Shujin Lu
Address: No. 9688 Songze Avenue, Qingpu District, Shanghai Municipality
Contact number:
E-mail:

Party B9

Zhuhai Hongcun Lixin Enterprise Management Partnership (Limited Partnership)
Attention: Shujin Lu
Address: No. 9688 Songze Avenue, Qingpu District, Shanghai Municipality
Contact number:
E-mail:

Party B10:

Zhuhai Hongcun Yuxin Enterprise Management Partnership (Limited Partnership)
Attention: Yuan Liu
Address: No. 9688 Songze Avenue, Qingpu District, Shanghai Municipality
Contact number:
E-mail:

Party B11:

Zhuhai Hongcun Runxin Enterprise Management Partnership (Limited Partnership)
Attention: Yuan Liu
Address: No. 9688 Songze Avenue, Qingpu District, Shanghai Municipality
Contact number:
E-mail:

- 11.2. The various methods of communication provided for in the preceding paragraph shall be deemed to have been delivered at the following times:
- 1) If the Notice is delivered in person, it shall be deemed delivered upon receipt by the notified party;
 - 2) Notice sent by mail should be sent via registered mail or express delivery. Registered mail shall be considered as delivered to the notified party on the seventh (7th) day after it is sent. If delivered by express delivery, it shall be considered delivered on the day the Notice is received, refused, or returned for any reason at the address specified in Section 11.1 above.
 - 3) Notice sent by e-mail shall be deemed delivered when the notified party acknowledges receipt in the mail system.
- 11.3. If there is any change in the above communication address or notification method of either Party (the “Party Making the Change”), the Party Making the Change shall notify the other Party within seven (7) days after the change. Failure to provide timely notification as agreed, the Party Making the Change shall be responsible for any Losses incurred as a result.
- 11.4. In the event of any disputes arising during the performance of this Agreement that are brought before a judicial proceeding, the Parties agree that the above-mentioned communication methods shall serve as the designated address for service of legal documents, including court or arbitration institution correspondence, and shall be subject to the aforementioned methods of service.

ARTICLE 12. DISCLOSURE OF INFORMATION

- 12.1. The terms and provisions of this Agreement and its annexes (including all provisions, even the existence of this Agreement and any related investment documents) shall be deemed Confidential Information, and neither Party to this Agreement shall disclose it to any third party, unless otherwise provided.
- 12.2. After the Execution Date of this Agreement, if either Party intends to disclose this Transaction through press conferences, industry or professional media, marketing materials, or any other means, it shall consult and confirm with the other Party in advance to establish a unified publicity plan (including but not limited to the scope of information that can be disclosed, content of press releases, etc.). Without the prior written consent of the Parties, neither Party shall disclose any information beyond the agreed publicity plan.
- 12.3. Each Party shall keep confidential any proprietary, secret, or confidential data and information, including but not limited to any information related to the Company, its business, or belonging to the other Party, disclosed by the other Party at any time or for the purpose of negotiating this Agreement, or establishing or operating the Company under this Agreement (“**Confidential Information**”). Each Party shall not disclose such Confidential Information to any third party or Person outside of the Parties to this Agreement, the Company, the professional advisors, and relevant Government Authorities, without the prior written consent of the other Party.
- 12.4. The Parties agree and undertake to ensure that the directors they appoint do not use any Confidential Information for any purpose other than exercising their directorial powers or carrying out the Company’s Business. However, this does not apply if the director reports their work to their nominating party, provided that the nominating party complies with the confidentiality obligations of this Agreement.

- 12.5. The limitations described in Article 12 above shall not apply to the disclosure of information in any of the following circumstances:
- (i) any disclosure or usage in accordance with any applicable Laws applicable to the Parties and their Related Parties, or requirements from regulatory authorities (including the disclosure of the English translated version of this Agreement submitted by Party A and its Related Parties to Nasdaq, provided that, except for the aforementioned English translation of this Agreement, any disclosure of the terms and conditions of this Transaction and any related information concerning Party B, which is not stipulated or described in this Agreement, shall be subject to prior confirmation by Party B);
 - (ii) any matters related to this Agreement or any other agreements made pursuant to this Agreement that may require disclosure or use in any judicial proceedings, or reasonably disclosed to tax authorities;
 - (iii) disclosure to the respective professional advisors of the Parties, provided that such advisors are requested to abide by the provisions regarding confidentiality of such Confidential Information as set forth in Section 12 of this Agreement, as if they were parties to this Agreement;
 - (iv) information that has become publicly known, not as a result of the actions of either Party to this Agreement;
 - (v) all other Parties have granted prior written consent for disclosure or use of such information;
 - (vi) the disclosure made by the Parties to their shareholders as necessary to fulfill internal decision-making procedures.

ARTICLE 13. MISCELLANEOUS

- 13.1. Any matters not covered by this Agreement shall be subject to further negotiation between the Parties, and a supplementary agreement may be signed as a valid annex of this Agreement.
- 13.2. The annexes to this Agreement constitute an integral part of this Agreement and serve as supplementary materials with equal legal validity. In the event of any inconsistency between the annexes and the main text of this Agreement, the provisions stipulated in the main text of this Agreement shall prevail.
- 13.3. To ensure the full implementation of the rights, powers, and remedies granted to the Parties under this Agreement, upon a reasonable request by one Party, the other Party shall undertake all necessary further actions and measures, or cause all necessary further actions and measures to be taken, and shall duly execute any other relevant documents or obtain the necessary signatures, as may be reasonably required.
- 13.4. This Agreement, together with the other Transaction Documents and their annexes, constitutes the entire agreement reached by the Parties with respect to this Transaction, and supersedes any prior agreements or letters of intent (whether in written or oral form, including any form of communication) between the Parties regarding this Transaction. This Agreement (including any amendments or modifications thereto, as well as the other Transaction Documents) contains the sole and entire agreement between the Parties with respect to the subject matters contemplated under this Agreement.

- 13.5. If any provision of this Agreement is deemed invalid or unenforceable under applicable Law, such provision shall be deemed null and void without affecting the validity of the remaining provisions of this Agreement. The Parties to this Agreement shall engage in good faith negotiations to determine a new provision within the permissible legal boundaries, with the aim of preserving the original intent of the invalidated and unenforceable provision to the fullest extent possible.
- 13.6. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, successors, and assignees. Except as provided herein, neither Party shall assign or transfer any rights or obligations under this Agreement without the prior written consent of the other Party.
- 13.7. Unless otherwise specified in this Agreement, the failure or delay of either party to exercise any rights, powers, or privileges under this Agreement shall not be construed as a waiver of such rights, powers, and privileges. The exercise of any rights, powers, and privileges in part or in whole shall not preclude the exercise of any other rights, powers, and privileges.
- 13.8. For the purpose of administrative procedures such as Change of Registration, Party A and Party B shall each sign several abbreviated versions of this Agreement (“**Abbreviated Agreement**”) in accordance with the respective equity transfer percentage stipulated in Section 2.1 of this Agreement, at the appropriate time. The terms of the Abbreviated Agreement shall not conflict with the terms of this Agreement and shall not be deemed as an amendment or replacement of this Agreement or any of its provisions. For clarity, in the event of any conflict or inconsistency between the terms of the Abbreviated Agreement and this Agreement, the provisions of this Agreement shall prevail.
- 13.9. This Agreement is made in fifteen (15) counterparts, with each Party retaining one (1) original copy. Other copies will be used for registration purposes (if necessary), and each copy shall have the same legal effect.

[Signature Page Follows]

[This page serves as the signature page for the Equity Interest Transfer Agreement of Unimos Microelectronics (Shanghai) Co., Ltd.. There is no text provided below.]

ChipMOS TECHNOLOGIES (BVI) LTD.

By: _____

Signature Page

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Suzhou Oriza PuHua ZhiXin Equity Investment Partnership (L.P.) (Seal)

By: _____

Signature Page

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Suzhou Puhua Chuanxin Venture Capital Partnership (Limited Partnership) (Seal)

By: _____

Signature Page

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Suzhou Puhua Xincheng Venture Capital Partnership (Limited Partnership) (Seal)

By: _____

Signature Page

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Suzhou Xingwei Enterprise Management Partnership (Limited Partnership) (Seal)

By: _____

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Gongqingcheng Yuanyan Venture Capital Partnership (Limited Partnership) (Seal)

By: _____

Signature Page

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**Guangdong Core Future Phase I Venture Capital Fund Partnership (Limited Partnership)
(Seal)**

By: _____

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Xiamen Dili Hongxin Equity Investment Partnership (Limited Partnership) (Seal)

By: _____

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Zhuhai Hongcun Zhengxin Enterprise Management Partnership (Limited Partnership) (Seal)

By: _____

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Zhuhai Hongcun Lixin Enterprise Management Partnership (Limited Partnership) (Seal)

By: _____

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Zhuhai Hongcun Yuxin Enterprise Management Partnership (Limited Partnership) (Seal)

By: _____

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Zhuhai Hongcun Runxin Enterprise Management Partnership (Limited Partnership) (Seal)

By: _____

Signature Page

ANNEX 1 SHAREHOLDING RATIO AS REGISTERED WITH SAMR

No.	Name of Investors	The Amount of Subscribed Capital (Renminbi)	The Amount of Paid-in Capital (Renminbi)	Ratio of Contributions (%)
1	Controlling Shareholder	1,257,630,666	1,257,630,666	50.9401
2	ChipMOS TECHNOLOGIES (BVI) LTD.	1,111,576,624	1,111,576,624	45.0242
3	Accrettech (China) Co., Ltd.	34,964,934	34,964,934	1.4162
4	Chao-Jung Tsai	33,187,500	33,187,500	1.3443
5	Shih-Jye Cheng	27,656,250	27,656,250	1.1202
6	Shou-Kang Chen	3,062,100	3,062,100	0.1240
7	David W. Wang	765,525	765,525	0.0310
Total	—	2,468,843,599	2,468,843,599	100.0000

ANNEX 1

ANNEX 2 CLOSING CERTIFICATE

Date: []

To: [Party B]

To whom it may concern,

This Closing Certificate (this "**Certificate**") is issued pursuant to Section 3.1 of the Equity Interest Transfer Agreement (the "**Agreement**") entered into by and between Party A and Party B on December 21, 2023.

The terms, statements, and undefined terms used in this Certificate shall, unless otherwise explicitly specified, have the same meanings as those set forth in the Agreement.

On the date of signing this Certificate, we hereby confirm that:

- (a) The Company has made a resolution of the board of directors, approving the execution of the Transaction Documents, approving this Transaction and the execution of the new Articles of Association, and the other shareholders of the Company have waived their rights of first refusal to purchase the equity interest to be transferred in this Transaction (except for the transfer where the other shareholder is the transferor in this Transaction);
- (b) The Transaction Documents, including this Agreement, the Agreements on Equity Interest Transfer by Strategic Investors, the new Articles of Association, and other Abbreviated Agreements, resolutions and other documents as may be necessary to complete the Change of Registration, have been executed and delivered;
- (c) Party A's parent company ChipMOS TECHNOLOGIES has obtained approval from its board of directors for Party A's execution of the Transaction Documents and the approval of this Transaction, and has made the necessary announcements in accordance with the relevant applicable Laws;
- (d) The Company's Controlling Shareholders have obtained approval from its board of directors for the Company's execution of the Transaction Documents and the approval of this Transaction;
- (e) The Company and all shareholders have obtained all necessary Approvals, registrations, recordations, consents, permits, or exemptions from all relevant Government Authorities or third parties for the execution and performance of the Transaction Documents and this Transaction (including the completion of the relevant Change of Registration in connection with this Transaction, the withholding and payment of income taxes, Tax filings, foreign exchange registrations, and any other government Approvals required for this Transaction);

- (f) The representations and warranties of Party A contained in Annex 4 to the Agreement continue to be fully true, complete and accurate. Party A has fulfilled all covenants indicated in the Transaction Documents to be performed by it on or prior to the Closing Date, without any material violation of the provisions of the Transaction Documents;
- (g) To the best knowledge of Party A, no event, fact, condition, change, or other circumstance has occurred that has had, or would reasonably be expected to have, a Material Adverse Effect with respect to the performance of this Transaction or the Company's assets, financial structure, Indebtedness, technologies, profit prospects, reputation, and normal operations, and that would cause this Agreement unable to be performed;
- (h) To the best knowledge of Party A, there is no PRC Law, judgment, arbitral award, ruling or injunction from a court, arbitration institution, or relevant government regulatory authority that would restrict, prohibit, or revoke this Transaction. Additionally, there is no pending or threatened litigation, arbitration, judgment, arbitral award, ruling, or injunction that has had or would have a Material Adverse Effect on this Transaction and would cause this Agreement unable to be performed;
- (i) The conditions precedent for Party B to fulfill the Closing obligations set forth in Section 3.1 of the Agreement have been satisfied as of the signing date of this Certificate.

We hereby confirm the above.

Party A
ChipMOS TECHNOLOGIES (BVI) LTD.

By: _____

Name: Teng-Yueh, Tsai

Title: Director

ANNEX 2

ANNEX 3 CHECKLIST OF CLOSING DELIVERABLES

No.	Documents
1.	Resolution of the board of directors of the company approving this Transaction (to be provided by the Company)
2.	Agreements on Equity Interest Transfer by Strategic Investors executed by Strategic Investors (to be provided by Party A)
3.	Documents certifying the waiver of each shareholder of the Company (including Strategic Investors) to waive their rights of first refusal (to be provided by Party A and the Company)
4.	Business registration information showing that Party B has been registered as a shareholder of the Company (to be provided by the Company)
5.	The board of directors and supervisors of the Company have been formally constituted in accordance with the Articles of Association, and the relevant Change of Registration procedures for the appointment of new directors and supervisors have been completed (to be provided by the Company)
6.	Tax filing certificate for this Transaction (to be provided by the Company)
7.	Documents proving the payment of stamp duty by the Parties (to be provided by Party A and Party B)
8.	Foreign exchange registration filing documents allowing the remittance of Party B's funds (to be provided by the Company)
9.	Announcement documents indicating that Party A's parent company, ChipMOS TECHNOLOGIES, has obtained the approval of its board of directors in respect of Party A's execution of the Transaction Documents and approval of this Transaction (to be provided by Party A)
10.	The Company's Controlling Shareholders have obtained approval from its board of directors for the Company's execution of the Transaction Documents and the approval of this Transaction (to be provided by the Company)

ANNEX 4 PARTY A'S REPRESENTATIONS AND WARRANTIES

1. Authority. Party A has full legal capacity and authority to sign each Transaction Document and fulfill the obligations stated therein. The Transaction Documents, when executed, constitutes legally binding obligation of Party A.
2. Non-Contravention. To the best knowledge of Party A, the signing and performance of the Transaction Documents do not violate or conflict with any provisions in the Articles of Association or other constitutional documents. Party A has obtained all necessary third-party consents or authorizations (if required) for the Transactions contemplated under the Transaction Documents.
3. Incorporation and Good Standing. The Company is a legally incorporated and valid existing entity. Party A confirms that for the period from the incorporation of the Company to February 7, 2017 (exclusive, hereinafter referred to as the “**Party A Commitment Period**”), the registered capital of the Company has been fully paid on time in accordance with the provisions of its valid articles of association at that time, and it complies with the requirements of the PRC Laws. There is no situation of unpaid, delayed payment, false registration, or capital withdrawal. During the Party A Commitment Period, all the articles of association of the Company have been lawfully and effectively registered (if required), and are valid and enforceable. The business scope of the Company as detailed in its articles of association complies with the requirements of Chinese laws. The company strictly operates within the business scope prescribed in the articles of association and in accordance with the PRC Laws. All the licenses, approvals, and permits required for the Company’s business activities under the PRC Laws have been lawfully applied for and obtained, and all these licenses are valid and in force during the Party A Commitment Period. The Company has passed the annual inspection of its licenses and permits by the relevant Government Authorities (if applicable). During the Party A Commitment Period, the Company’s documents, including the board of directors’ and shareholders’ meeting records (if applicable), have been properly kept and accurately recorded with matters that should be recorded in such documents. From February 7, 2017 (inclusive) to the Closing Date, to the best knowledge of Party A, Party A is not aware of any violation of the aforementioned matters by the Company.
4. Financial Statements. Party A confirms that during the Party A Commitment Period, all audit accounts and management accounts of the Company (including transfer accounts) (“**Financial Statements**”) have been prepared in accordance with the PRC Laws and accurately reflect the Company’s financial condition. The financial records and documents of the Company have been compiled with the PRC Laws and accounting standards. All the documents including ledgers, equity change records, financial statements, and all other company records are kept in accordance with the requirements under the PRC Laws and the business practices, and are fully controlled and recorded by the Company. During the Party A Commitment Period, the Company does not have any off-the-books cash sales revenue, off-balance sheet Indebtedness, improper use of company funds by shareholders, significant internal control weaknesses, or irregular fund transfers between the Company and

shareholders. From February 7, 2017 (inclusive) to the Closing Date, to the best knowledge of Party A, Party A is not aware of any violation of the aforementioned matters by the Company.

5. Undisclosed Liabilities. Party A represents and warrants that during each accounting year within the Party A Commitment Period, there are no undisclosed significant liabilities (referring to liabilities exceeding RMB 2,000,000) in the Company's balance sheet. To the best knowledge of Party A, Party A is not aware of any guarantees or assurances provided by the Company to others, or any mortgages, pledges, or other security interests created on its assets, or any violations of any executed credit, loan, or lending agreements prior to completion of the Change of Registration.
6. Capital Structure. To the best knowledge of Party A, the equity structure of the registered capital as stated in the Articles of Association and any amendments thereto registered with the SAMR is in full compliance with the provisions stated in the Articles of Association and any amendments provided to Party B. Party A has fully paid up its subscribed capital and there are no circumstances of false contribution, overstatement of registered capital, misappropriation of registered capital, or any other violation of applicable Laws and regulations regarding the subscribed capital of the Company. To the best knowledge of Party A, there are no disputes between the Company and Party A regarding the Company's equity, equity transfer proceeds, or capital contributions, and all historical equity transfers involving Party A were genuine and valid, with fair transaction pricing. To the best knowledge of Party A, as of the Closing Date, the Company has never promised or actually issued any equities, shares, bonds, subscription rights, options, or similar rights or interests beyond the aforementioned shareholder equity, to any Person in any form. There are no nominee arrangements or similar arrangements regarding the Target Equity Interest, nor are there any security interests such as pledge or mortgage or any type of encumbrances (including, but not limited to, any sales or other ownership retention agreements subject to conditions, any leases with the nature of granting any security interest, and any documents designating a third party as the beneficiary of loss compensation) or any other third-party rights (including, but not limited to, any options or any conversion or preferential rights) in relation to any Person's equity interest. There are no circumstances where the Target Equity Interest is being compulsorily sold or disposed of.
7. Absence of Certain Changes. As of the Closing Date, except as acknowledged in writing by Party B or as otherwise provided in this Agreement or disclosed to Party B, to the best knowledge of Party A, Party A is not aware of the following actions taken by the Company:
 - 1) Providing guarantees, collateral, mortgages, pledges, or other forms of security rights to any other Person;
 - 2) Waiving any claims against others or waiving any rights to seek compensation;
 - 3) Making material modifications to any existing contracts or agreements that are apparently detrimental to the Company;

- 4) Appointing or dismissing senior management personnel of the Company, including directors, general managers, vice general managers, and chief financial officers, or modifying their employment contracts;
 - 5) Transferring or granting others the right to use the Company's Intellectual Property Rights, except for the Daily Business activities of the Company;
 - 6) Experiencing material adverse changes in the Company's financial condition or engaging in transactions or activities outside the Company's normal business operations that have a Material Adverse Effect on the Company;
 - 7) Adopting any resolutions of shareholder meetings/general meetings or board meetings that are different from the Company's routine matters, except for resolutions formed to fulfill the matters acknowledged by Party B in this Agreement;
 - 8) Declaring, paying, preparing to declare, or preparing to pay any dividends, distributions, or other forms of shareholder dividends;
 - 9) Spinning-off, merging with third parties, acquiring third-party shares, assets, or businesses; or
 - 10) Any acts or omissions that lead to the occurrence of the above situations.
8. Taxation. Party A confirms that during the Party A Commitment Period, the Company has completed all tax registrations required by the PRC Laws, has appropriately paid the taxes indicated in its financial statements, and maintains the financial records for proper taxation and payment. The Company has not engaged in any tax evasion, underpayment, or arrears, and is not required to pay any fines, surcharges, Penalties, late fees, or interest related to taxes. During the Party A Commitment Period, the Company has not engaged in any uncorrected tax violations or irregularities, and has not been involved in any unresolved tax disputes or litigation. The Company deducts and withholds individual income tax from its employees in accordance with the Law. During the Party A Commitment Period, all tax benefits and financial subsidies obtained by the Company were lawfully obtained and have not been revoked or cancelled by the Government Authorities. To the best knowledge of Party A from February 7, 2017 (inclusive) until the Closing Date, Party A is not aware of any violations of the aforementioned provisions by the Company.
9. Contracts. Party A confirms that all Material Agreements or Contracts entered into by the Company during the Party A Commitment Period are lawful, valid, and enforceable, and there is no major breach by the Company. From February 7, 2017 (inclusive) until the Closing Date, to the best knowledge of Party A, Party A is not aware of any violation by the Company of the aforementioned provisions. The term "Material Agreements or Contracts" referred to herein includes all contracts, agreements, or other forms of documents or arrangements with a contract amount exceeding RMB 5,000,000.

10. Apart from the contracts that have been disclosed to Party B, to the best knowledge of Party A, as of the Closing Date, Party A confirms that it is not aware of the existence of the following contracts:

- 1) Contracts, agreements or documents that seriously damage the interests of the Company;
- 2) Contracts, agreements or documents that substantially restrict the Company's daily operation;
- 3) Contracts, agreements, or documents that have a significant impact or are likely to have a significant impact on the transactions under this Agreement, but have not been disclosed to Party B, which should have been disclosed to Party B; or
- 4) The existence of severe violations by the Company of contracts, agreements, or documents in which the Company is a party or which are binding on the Company, and which have a Material Adverse Effect on the Company's operations.

11. Intellectual Property Rights.

- 1) In August 2002, ChipMOS TECHNOLOGIES (Bermuda) LTD. (hereinafter referred to as "**ChipMOS Bermuda**", later merged with ChipMOS TECHNOLOGIES) signed a Technology Transfer Agreement with the Target Company. The agreement stipulated that ChipMOS Bermuda would transfer wafer and semiconductor product packaging and testing related technologies to the Target Company for a period of 10 years. After the merger of ChipMOS TECHNOLOGIES and ChipMOS Bermuda, ChipMOS TECHNOLOGIES and the Target Company signed an Assumption Agreement in 2016, which stipulated that ChipMOS TECHNOLOGIES would assume all rights and obligations of ChipMOS Bermuda under the aforementioned Technology Transfer Agreement. However, since the earlier Technology Transfer Agreement had expired, it was not included in the Assumption Agreement. When ChipMOS TECHNOLOGIES merged with ChipMOS Bermuda, ChipMOS TECHNOLOGIES acquired the co-ownership of the intellectual property rights with the Target Company as stipulated in the earlier Technology Transfer Agreement, including but not limited to the Joint Patents and trade secrets described in Subsection 5) of Section 16 of this Annex 4.
- 2) In October 2011, ChipMOS Bermuda entered into a Technology Transfer Agreement with the Target Company, which stipulated that ChipMOS Bermuda would transfer the technology related to wafer and semiconductor product packaging and testing to the Target Company for a period of 10 years. Later, due to the merger of ChipMOS TECHNOLOGIES and ChipMOS Bermuda, ChipMOS TECHNOLOGIES and the Target Company signed an Assumption Agreement in 2016, which stipulated that ChipMOS TECHNOLOGIES would assume all rights and obligations of ChipMOS Bermuda under the Technology Transfer Agreement.

- 3) In May 2016, ChipMOS TECHNOLOGIES signed a Technology Transfer and License Agreement with the Target Company, and subsequently signed supplementary agreements in August 2016 and January 2017. These agreements stipulated that ChipMOS TECHNOLOGIES would transfer and license the technology related to LCD driver packaging and testing and wafer bumping to the Target Company for a period of 23 years.
- 4) In 2020, ChipMOS TECHNOLOGIES and the Target Company signed a Termination Agreement, which stipulated the termination of the technical cooperation between ChipMOS TECHNOLOGIES and the Target Company. It was agreed that the Target Company would continue to use the authorized technology, and the Target Company granted ChipMOS TECHNOLOGIES the right to use the improved technology based on the authorized technology. ChipMOS TECHNOLOGIES agreed to permanently and irrevocably waive the rights granted to the Target Company's improved technology (the "**Aforementioned Technology**") acquired in the Termination Agreement. In light of the above, ChipMOS TECHNOLOGIES and the Target Company hereby acknowledge and commit that the Parties have the right to independently implement or use other improved technologies that they individually or jointly own, and each Party shall independently enjoy the benefits of implementing or using their respective individually or jointly owned improved technologies. Neither Party shall claim any infringement liability for the Aforementioned Technology in any manner against the other Party or any Person allowed to use it by the other Party.
- 5) Except for the above, Party A confirms that there are no other forms of possession, use, or sharing of the Company's tangible/intangible assets during the Party A Commitment Period.
- 6) During the Party A Commitment Period, Party A confirms that all patents, trademarks, software copyrights and domain names owned by the Company have been formally registered or recorded in accordance with the Law, and there are no issues that could potentially render any Intellectual Property Right invalid or unenforceable. From February 7, 2017 (inclusive) until the Closing Date, to the best knowledge of Party A, Party A is not aware of any violation of the aforementioned provisions by the Company.
- 7) During the Party A Commitment Period, Party A confirms that, except as disclosed to Party B, the Company has not granted any third party the license to use any patents, proprietary technologies, copyrights, trademarks, or any other Intellectual Property Rights of the Company, whether exclusive or non-exclusive, except for the licenses that may arise in the Daily Business Operation. From February 7, 2017 (inclusive) until the Closing Date, to the best knowledge of Party A, Party A is not aware of any violation of the aforementioned provisions by the Company.

- 8) During the Party A Commitment Period, Party A is not aware of any infringement of third-party Intellectual Property Rights, trade secrets, proprietary information, or any similar rights by the Company. To Party A's knowledge, there are no pending or potential claims, disputes or litigation proceedings against the Company regarding any infringement of third-party Intellectual Property Rights, trade secrets, proprietary information, or any similar rights. From February 7, 2017 (inclusive) until the Closing Date, to the best knowledge of Party A, Party A is not aware of any violation of the aforementioned provisions by the Company.
 - 9) To the best knowledge of Party A, as of the Closing Date, Party A confirms that it is not aware of any legal proceedings regarding intellectual property disputes where the Company is a Party or receiving any notices or claims questioning the Company's ownership of any Intellectual Property Right.
12. Environment, Health and Safety. During the Party A Commitment Period, Party A confirms that the Company has consistently complied with all applicable PRC Laws regarding environmental protection in its business operations and has not engaged in any activities that violate such Laws. During the Party A Commitment Period, the Company has not been subject to any public investigations or penalties by government environmental departments due to any illegal or non-compliant environmental activities. During the Party A Commitment Period, the Company has obtained all necessary environmental permits required by environmental protection laws, regulations, rules, and provisions (including, but not limited to, any environmental impact assessments, environmental completion acceptance, and pollutant discharge permits for the construction projects). During the Party A Commitment Period, there are no ongoing claims, legal actions, lawsuits, or investigations against the Company related to its violation of environmental Laws or any actual or anticipated liability, obligations, or responsibilities under environmental Laws. To the best knowledge of Party A, from February 7, 2017 (inclusive) until the Closing Date, Party A is not aware of any violation of the aforementioned provisions by the Company.
13. Litigations and other legal proceedings. As of the Closing Date, to the best knowledge of Party A, Party A confirms that it is not aware of any circumstances that may have a Material Adverse Effect on the Company or have a significant negative impact on the formation, validity and enforceability of the Transaction Documents and the transactions contemplated therein, whether completed or pending:
- 1) Punishments, injunctions or instructions imposed by Government Authorities on Party A or the Company;
 - 2) Civil litigation, criminal litigation, administrative litigation, arbitration or other proceedings, disputes or claims of rights pertaining to Party A or the Company, including.

14. Compliance with Laws. During the Party A Commitment Period, Party A confirms that all activities of the Company, in all material aspects, comply with applicable Laws and requirements of relevant Government Authorities at all times and there are no circumstances where any Laws have been violated to the extent that it has a Material Adverse Effect on the Company. During the Party A Commitment Period, the Company has all the necessary permits, licenses, exemptions, consents, authorizations, registrations, or recordations (“Business Permits”) required by applicable Laws for its operations, and all such Business Permits have been obtained legally and remain valid. During the Party A Commitment Period, there are no ongoing or potential administrative penalties, administrative reconsideration or administrative litigation proceedings or other government investigations or proceedings against the Company. From February 7, 2017 (inclusive) until the Closing Date, to the best of the knowledge of Party A, Party A is not aware of any violation of the aforementioned provisions by the Company.
 15. Employee Matters.

During the Party A Commitment Period, Party A confirms that:

 - 1) There are no pending labor disputes or conflicts between the Company and its current employees or former employees. The Company is not aware of any potential labor disputes or conflicts. The Company does not have any outstanding financial obligations for severance pay or any similar compensation or indemnity expenses related to employment relationships;
 - 2) The Company has duly paid and/or withheld and remitted all social insurance contributions or employee benefits, including pension, housing, medical, unemployment and other relevant legal and contractual obligations as required by Laws, agreements and commitments;
 - 3) In addition to legally required employee benefits, social security and severance payments, the Company does not provide or promise any other on-the-job, off-the-job, termination, retirement, or pension benefits, protections or compensations to its employees.
 16. Special Matters.
 - 1) In June 2002, Party A invested in the Company by issuing convertible bonds (demand notes) overseas to raise funds for the Company from ChipMOS Bermuda (which was later merged with ChipMOS TECHNOLOGIES). According to the relevant provisions of the Principles for Investment or Technical Cooperation Review in the Chinese Mainland Region, the issuance of convertible bonds (demand notes) did not require the Approval of Taiwan Investment Commission.
-

- 2) In March 2002, ChipMOS Bermuda and Shanghai Qingpu Industrial Park Development (Group) Co., Ltd. signed an investment agreement (hereinafter referred to as the “**Investment Agreement**”). Party A and ChipMOS TECHNOLOGIES confirm that the Investment Agreement has been fulfilled and completed, and there are no disputes or potential disputes between the parties. The Company, based on the Investment Agreement, holds all the properties it owns, and the Company has legal, valid and unencumbered ownership of such properties in accordance with applicable Laws. It is the sole and lawful beneficial owner of such properties and has the right to freely transfer such properties. The Company has obtained the land and property legally and in compliance with regulations based on the Investment Agreement. The Company has signed appropriate land transfer agreements with the relevant authorities, obtained land use approvals, and has the right to possess and use the land in accordance with the Laws. The Company has also made timely and full payments for the land transfer fees, land use fees and other related expenses, and the land development and use have not violated the provisions of the relevant land transfer contracts, land transfer agreements, land use approvals or land use certificates. If the Company and Party B incur administrative penalties or any other Losses due to the aforementioned matters, Party A commits to provide unconditional and full compensation.
- 3) The Company signed a land transfer contract in 2002, and some of the land remained idle until it was reclaimed in 2008. The idle period of the land exceeded 2 years, resulting in non-compliance issues. If these matters lead to any administrative penalties or other Losses for the Company and Party B, Party A commits to provide unconditional and full compensation.
- 4) In February 2017, Party A transferred its equity interest to Shanghai Zuzhu Business Consulting Partnership (Limited Partnership), Accretech (China) Co., Ltd., Tibet Unigroup GuoWei Investment Co., Ltd., Gongqingcheng Changhou Investment Management Ltd., Shih-Jye Cheng, Chao-Jung Tsai, Shou-Kang Chen and David W. Wang. The equity transfer was a genuine expression of intent by all parties involved, and the transferees have made payments to Party A in accordance with the respective equity transfer agreements. Among them, Chao-Jung Tsai actually paid US\$1,773,768.48, fulfilling the payment obligation of RMB 12,187,500 as stipulated in the equity transfer agreement; David W. Wang actually paid US\$40,914.72, fulfilling the payment obligation of RMB 281,125 as stipulated in the equity transfer agreement; Shih-Jye Cheng actually paid US\$1,478,132.74, fulfilling the payment obligation of RMB 10,156,250 as stipulated in the equity transfer agreement. The remaining parties made the respective payments in RMB, fulfilling the payment obligation as stipulated in the corresponding equity transfer agreement. Party A has fulfilled its tax declaration obligations regarding such equity transfer, and there is no situation where the tax authorities deem the equity transfer to be undervalued and require additional tax payment.

- 5) ChipMOS TECHNOLOGIES and the Target Company jointly own four valid authorized patents, as detailed in the table below (hereinafter referred to as “**Joint Patents**”). Without the Company’s consent, ChipMOS TECHNOLOGIES shall not be allowed to authorize any third party to use the Joint Patents, nor can it initiate any patent infringement lawsuits against third parties regarding the Joint Patents. The profits obtained by the company from implementing the shared patents belong solely to the company and no fees need to be paid to Party A. To avoid ambiguity, ChipMOS TECHNOLOGIES has the right to continue using the shared patents free of charge and to abide by the provisions of the “Patent Joint Ownership Agreement” signed with the target company. Apart from the aforementioned shared patents, Party A and its Related Parties do not have any other jointly owned or used assets with the target company. To the best knowledge of Party A, Party A confirms that there is a certain difference in the technological advancement of the shared patents compared to the business conducted by the current target company. The technology used by the target company for its current main Business is developed independently and does not depend on these patents.

	Patent Name	Patent No.	Duration of Patent Right	Right Holder	Patent Type	Current Legal Status
Target Patent Rights	Chip packaging structure (place of registration: Taiwan, China)	Invention No. 1302373	2008.10.21-2026.7.17	Unimos Microelectronics (Shanghai) Co., Ltd. ChipMOS TECHNOLOGIES INC.	Invention Patent	Valid
	Chip packaging structure (place of registration: Taiwan, China)	Invention No. 1318443	2009.12.11-2026.7.11	Unimos Microelectronics (Shanghai) Co., Ltd. ChipMOS TECHNOLOGIES INC.	Invention Patent	Valid
	Chip encapsulation structure	CN200610030115.0	2006.8.16-2026.8.15	Unimos Microelectronics (Shanghai) Co., Ltd. ChipMOS TECHNOLOGIES INC.	Invention Patent	Valid
	Chip packaging structure	CN200610099222.9	2006.7.21-2026.7.20	Unimos Microelectronics (Shanghai) Co., Ltd. ChipMOS TECHNOLOGIES INC.	Invention Patent	Valid

- 6) Party A acknowledges that the projects undertaken by the Company, including "Unimos Microelectronics (Shanghai) Co., Ltd. Engineering Project," "New Gold Bump Plating Process Construction Project" and "New Storage Chip Packaging and Testing Technology Transformation Project" have fulfilled all the relevant formalities in accordance with Laws and regulations, such as project approval, environmental protection and fire safety, etc.. The actual commencement of "Unimos Microelectronics (Shanghai) Co., Ltd. Engineering Project" occurred before the commencement date stated in the construction permit and the issuance date of the planning permit of construction engineering, which indicates a defect in "construction before approval." Party A acknowledges that if the Company or Party B suffers Losses due to incomplete or non-compliant procedures in the production line, Party A undertakes to unconditionally provide full indemnification.
17. Information Provision. Party A confirms that it has provided full disclosure to Party B of any documents, statements and information that may have a substantial adverse impact on Party A's ability to fulfill its obligations under this Agreement and other Transaction Documents, or that may have a Material Adverse Effect on Party B's willingness to enter into this Agreement and other Transaction Documents, once disclosed to Party B. To the best knowledge of Party A, all documents, materials and information provided to Party B prior to and after the signing of this Agreement are true, accurate, without omission and not misleading. As of the Closing Date, to the best knowledge of Party A, the Company does not possess any documents, statements or information that are reasonably considered to have a Material Adverse Effect on either Party under this Agreement or may have a Material Adverse Effect on Party B's willingness to enter into this Agreement, once disclosed to Party B.
18. Anti-unfair Competition and Anti-commercial Bribery. During the Party A Commitment Period, Party A confirms that the Company's products, Business or technology have never constituted unfair competition against third parties. During the Party A Commitment Period, the Company or any directors, management personnel or employees do not engage in any actions that violate anti-commercial bribery laws and regulations ("**Anti-bribery Laws**"), including promising, authorizing or paying any valuable assets, or promising or authorizing the provision of any valuable assets to any third party (including but not limited to any government officials, political parties, party officials or candidates for party positions). During the Party A Commitment Period, the Company has established appropriate internal control systems (including but not limited to accounting systems and procurement systems) to ensure the compliance with Anti-bribery Laws. From February 7, 2017 (inclusive) until the Closing Date, to the best knowledge of Party A, Party A is not aware of any violation of the aforementioned provisions by the Company.

Under this Agreement, “Anti-bribery Laws” refer to (i) relevant articles of the Criminal Law of the PRC (including Articles 93, 163, 164, 389, 390, 391, 392, and 393); (ii) relevant articles of the Anti-Unfair Competition Law of the PRC (including Articles 7 and 9); (iii) the Interim Regulations issued by the State Administration for Industry and Commerce on Prohibiting Acts of Commercial Bribery; and (iv) any other applicable Laws, regulations, and provisions that are revised and supplemented from time to time in relation to commercial bribery, anti-corruption or related matters in any circumstances.

ANNEX 4

ANNEX 5 EQUITY TRANSFER BY STRATEGIC INVESTORS

No.	Party A	Party B	Target Equity Interest	Transfer Price
1.	Accretech (China) Co., Ltd.	Zhuhai Hongcun Zhengxin Enterprise Management Partnership (Limited Partnership)	1.4162% (corresponding to a capital contribution of RMB34,964,934 in the Company)	Renminbi Thirty million, eight hundred and two thousand, three hundred and fifty Yuan (RMB30,802,350.00)
2.	Shih-Jye Cheng		1.1202% (corresponding to a capital contribution of RMB27,656,250 in the Company)	Renminbi Twenty-four million, three hundred and sixty-four thousand, three hundred and fifty Yuan (RMB24,364,350.00)
3.	Chao-Jung Tsai		1.3443% (corresponding to a capital contribution of RMB33,187,500 in the Company)	Renminbi Twenty-nine million, two hundred and thirty-eight thousand, five hundred and twenty-five Yuan (RMB29,238,525.00)
4.	David W. Wang		0.0310% (corresponding to a capital contribution of RMB765,525 in the Company)	Renminbi Six hundred and seventy-four thousand, two hundred and fifty Yuan (RMB674,250.00)
5.	Shou-Kang Chen		0.1240% (corresponding to a capital contribution of RMB3,062,100 in the Company)	Renminbi Two million, six hundred and ninety-seven thousand Yuan (RMB2,697,000.00)

ANNEX 6 BANK ACCOUNT DESIGNATED BY PARTY A

**CHIPMOS TECHNOLOGIES (BVI) LTD.
Bank Account Information
CNY**

**BENEFICIARY: CHIPMOS TECHNOLOGIES (BVI) LTD.
ACCOUNT NO.:
BENEFICIARY'S BANK:
BANK ADDRESS:
SWIFT CODE:
THRU BANK:**

ANNEX 6

List of Principal Subsidiaries

<u>Name</u>	<u>Place of Incorporation</u>
ChipMOS TECHNOLOGIES (BVI) LTD.	British Virgin Islands
ChipMOS U.S.A., INC.	U.S.A.
ChipMOS SEMICONDUCTORS (Shanghai) LTD.	People's Republic of China

ChipMOS TECHNOLOGIES, INC.
Insider Trading Policy

I. Introduction

This Insider Trading Policy (this “Policy”) of ChipMOS TECHNOLOGIES, Inc. (“ChipMOS” or the “Company”) explains that, due to the Securities Regulations¹ and the obligations owed to the Company, the directors, Officers and employees² of the Company shall prevent trading in Company securities as an insider of the Company using material non-public information relating to the Company. Noncompliance with securities laws or noncompliance with this Policy constitutes grounds for disciplinary action, including termination of employment.

II. Certain Definitions

- (a) **“Material” information**³. Information is generally regarded as “material” if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if it otherwise is information that a reasonable investor would want to know before making an investment decision, regardless of whether the information is positive or negative. It is important to remember that materiality will be judged with the benefit of hindsight.

Information regarding the following subjects⁴, even if preliminary, is reasonably likely to be found material in particular situations:

- (i) significant changes in the Company's prospects;
- (ii) significant write-downs in assets or increases in reserves;
- (iii) developments regarding significant litigation or government agency investigations, including threatened litigation or investigations;
- (iv) liquidity problems;

¹ Including the securities regulations of the Republic of China (Taiwan) and the United States.

² Please note that the covered person is more extensive under Article 157-1, Paragraphs 1 and 7 of Taiwan’s Securities and Exchange Act, as follows:

(1) a director, supervisor, and/or officer of the company, and/or a natural person designated to exercise powers as representative pursuant to Article 27, Paragraph 1 of Taiwan’s Company Act.

(2) shareholders holding more than ten percent of the shares of the company.

(3) any person who has learned the information by reason of occupational or controlling relationship.

(4) a person who, though no longer among those listed in one of the preceding three subparagraphs, has only lost such status within the last six months.

(5) any person who has learned the information from any of the persons named in the preceding four subparagraphs.

The calculation of shares held by shareholders referred to in subparagraphs 1 and 2 shall include shares held by their spouses and minor children and those held under the names of other parties.

³ According to Article 157-1, Paragraph 1 of Taiwan’s Securities and Exchange Act, material information shall refer to “any information that will have a material impact on the price of the securities of the issuing company”; according to Paragraph 2 of the same Article, material information shall also include “any information that will have a material impact on the ability of the issuing company to pay principal or interest”.

⁴ This is meant to be a non-exhaustive list.

- (v) changes in earnings estimates or unusual gains or losses in major operations;
- (vi) major changes in management;
- (vii) changes in dividends;
- (viii) extraordinary borrowings;
- (ix) award or loss of a significant contract;
- (x) changes in debt ratings;
- (xi) proposals, plans or agreements involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, or assets purchases or sales;
- (xii) public or private offerings; and
- (xiii) pending statistical reports (such as, consumer price index, money supply and retail figures, or interest rate developments).

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or securities price should it occur. Thus, information concerning an event that would have a large effect on securities price, such as a merger, may be material even if the possibility that the event will occur is relatively small.

- (b) **“Non-public” information.** Information is “non-public” unless it has been publicly disclosed. To be publicly disclosed the information must have been disseminated in a manner designed to reach investors generally, such as through announcement of material information, public filings with the securities regulators, press releases, or newswire services, etc. and the investors must be given the opportunity to absorb the information. The fact that information has been provided to a few members of the public does not make it publicly disclosed for insider trading purposes. Only disclosing part of inside information does not constitute public dissemination. So long as any material portion of inside information has yet to be publicly disclosed, the information is considered “non-public.”

Even after information relating to the Company is publicly disclosed, you must wait until at least 48 hours⁵ after the information was publicly disclosed before you can treat the information as public. It may be necessary to allow additional time for the information to be absorbed by the marketplace.

Non-public information may include:

- (i) information available to a select group of analysts or brokers or institutional investors;
- (ii) undisclosed facts that are the subject of rumors, even if the rumors are widely circulated and reported in the media; and

⁵Article 157-1, Paragraphs 1 and 2 of Taiwan’s Securities and Exchange Act requires at least 18 hours after the information was publicly disclosed.

- (iii) information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and at least 48 hours⁶ have elapsed, which is sufficient for the market to respond to a public announcement of the information.

All non-public information relating to the Company is and remains the property of the Company. A director, Officer or employee of the Company coming into possession of such information acquires no interests or right in the information, and merely holds it as an incident to his or her employment. Directors, Officers and employees in possession of material non-public information relating to the Company hold the information as trustees for the benefit of the Company and its shareholders and are under fiduciary responsibilities.

- (c) A **“family member”** of a person includes any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships. Directors, Officers and employees of ChipMOS are expected to be responsible for compliance with this Policy by their family members.
- (d) **“Company securities”** means shares, options, warrants or any other security of ChipMOS, or financial products issued or created over or in respect of any of the Company’s securities (e.g. derivatives), whether or not they are traded on the Taiwan Stock Exchange and, for the avoidance of doubt, includes American depositary receipts (ADRs) and American depositary shares (ADSs).
- (e) **“Designated Officer”** means the Chief Executive Officer of ChipMOS.

III. Behavior to Follow

If a director, Officer or employee of the Company or any of their respective family members (each an “Insider” and collectively, “Insiders”) has material non-public information relating to ChipMOS (sometimes also referred to as “inside information”), each such Insider and each such Insider’s respective family members shall not purchase, sell or trade Company securities or engage in any other action to take advantage of, or pass on to others, that information.

If an Insider has material non-public information relating to a company other than ChipMOS, each such Insider and each such Insider’s respective family members shall not purchase, sell or trade securities of the other company or engage in any other action to take advantage of, or pass on to others, that information.

⁶ See supra note 5.

No Insider may purchase, sell or trade in Company securities during any and each period specified in an announcement of a "Notice of Trading Restriction" (See Annex II for Form of Notice of Trading Restriction) provided by a Designated Officer during which period the Company imposes a prohibition on such Insider's purchase or sale of or trading in any Company securities (each, a "Trading Restriction"). The existence of a Trading Restriction is material non-public information. No Insider other than a Designated Officer may disclose to any person that a Trading Restriction has been designated. For example, if the Company is negotiating a material transaction such as a merger, a Trading Restriction could be imposed until the negotiations or transaction is terminated or publicly disclosed, to prohibit Company securities trading by Insiders including directors and Officers of the Company who are likely to be aware of related material non-public information relating to such negotiations.

Each Insider and each of such Insider's respective family members shall not tip or disclose to any person (including, without limitation, family members, analysts, investors, and members of the investment community and news media) any material non-public information relating to ChipMOS or relating to any other company, unless authorized in writing to do so in advance by a Designated Officer. In any instance in which such information is disclosed, the Company will take such steps as it believes to be necessary to preserve the confidentiality of the information, which may include requiring the person(s) to whom information is disclosed to agree in writing to comply with the terms of this Policy and/or to sign a confidentiality agreement. All inquiries regarding material non-public information about the Company must be referred to a Designated Officer.

No Insider may give to anyone trading advice of any kind relating to ChipMOS or relating to any other company while in possession of material non-public information about the Company, except that Insiders should advise others not to trade if doing so might violate the law or this Policy. The Company strongly discourages all Insiders from giving trading advice about the Company to third parties even when not in possession of material non-public information about the Company.

Insiders must avoid speculative financial activities beyond their means. No Insider may trade in any interest or position relating to the future price of Company securities, such as a put, call or short sale, nor may any Insider "day trade," i.e., buy and sell Company securities on the same day. Insiders must not engage in any speculative financial activities involving the Company's securities, or derivatives based on the Company's securities, such as options trading and short sales.

IV. Window Period

1. Procedures – Directors, Officer, or person designated by the Designated Officer

A director, Officer, or person designated by the Designated Officer (or their family members) may purchase or sell Company securities during the period which commences at the opening of the first trading day after the lapse of 24 hours following public dissemination of quarterly or annual earnings releases and terminates at the 15th day of the third month of the fiscal quarter following the last fiscal quarter covered by such earnings release (each such period is referred to as a “window period”), provided the director, Officer, or person designated by the Designated Officer is not aware of any material non-public information and a Trading Restriction is not applicable to such director or executive officer. In addition, according to the Company’s “Corporate Governance Best Practice Principles”, a director shall not trade the Company’s securities during the period starting from the 30 days prior to the publication date of the annual financial report and the 15 days prior to the publication date of the quarterly financial report. In certain circumstances a particular director, Officer or person designated by the Designated Officer may not personally be in possession of such material non-public information but because such information will be generally available to directors, Officers or such persons designated by the Designated Officer of the Company such director, Officer may be presumed to have possession of such information. An “Officer” is any officer of the Company with the title Chief Executive Officer, Principal Financial Officer, Accounting Division Head, Vice President, any officer reported by the Company to the competent authority in accordance with Taiwan’s securities regulations, or Sales Division Head (or equivalent thereof).

2. Procedures – All Other Employees

An employee who is not a director, Officer, or person designated by the Designated Officer may buy or sell Company securities during or outside a window period, provided the employee is not aware of any material non-public information relating to ChipMOS and a Trading Restriction is not applicable to such employee.

V. Laws and Regulations Prohibiting Insider Trading to Supersede this Policy

The prohibitions and restrictions on transactions stipulated in this Policy, if Taiwan’s Securities and Exchange Act, United States federal securities laws and other relevant laws and regulations provide stricter restrictions, such restrictions shall prevail.

VI. Consequences of Failure to Comply with this Policy

Buying or selling securities on the basis of material non-public information (or passing that information on to another party who buys or sells) may subject both the individual and the Company to severe civil and criminal liability under Taiwan and United States securities laws⁷. Under these laws, civil penalties may include three times the amount of profit realized or loss avoided, and criminal penalties may include imprisonment.

⁷According to Article 171, Paragraph 1 of Taiwan’s Securities and Exchange Act, any person that violates Article 157-1, Paragraph 1 or 2 of Taiwan’s Securities and Exchange Act shall be punished with imprisonment for not less than three years and not more than ten years, and in addition thereto, a fine of not less than NT\$10 million and not more than NT\$200 million may be imposed

Noncompliance with securities laws or noncompliance with this Policy by an Insider constitutes grounds for disciplinary action, including termination of employment and, if appropriate, legal proceedings on behalf of the Company will be pursued against such Insider. Any exceptions to the Policy, if permitted, may only be granted by prior written approval by a Designated Officer.

VII. Directors, Officers Are Responsible for Subordinates

Directors and Officers and directors may also be responsible for the insider trading of their subordinates if they know or recklessly disregard the fact that the subordinate is likely to engage in insider trading and fail to take steps to prevent the abuse. Directors and Officers must carefully supervise all subordinates who come into possession of inside information and alert a Designated Officer if you believe that a subordinate is participating in insider trading or is tipping others.

VIII. Others

For assistance in preventing inadvertent violations of and avoiding even the appearance of an improper transaction under this Policy, or if you are in doubt regarding any aspect of this Policy, you are advised to consult with a Designated Officer before buying, selling, trading (or otherwise making any transfer, gift, pledge or loan of) any Company securities.

IX. Acknowledgment and Certification (only applicable to Directors, Officers and Persons Designated by the Designated Officer)

You are required to sign the Certification of Compliance attached hereto as Annex I to acknowledge and certify that you have complied with the Policy.

X. Amendment History

This Policy was enacted on November 8, 2018
The first amendment thereto was made on August 4, 2022.

ANNEX I

CERTIFICATION OF COMPLIANCE (only applicable to Directors, Officers and Persons Designated by the Designated Officer)

RETURN BY [] [insert return deadline date]

TO: []

FROM: []

RE: INSIDER TRADING POLICY OF CHIPMOS TECHNOLOGIES, INC.

I have received, reviewed and understand the above-referenced Insider Trading Policy and undertake, as a condition to my present and continued employment (or, if I am not an employee, affiliation with) ChipMOS TECHNOLOGIES, Inc., to comply fully with the policies and procedures contained therein.

I hereby certify, to the best of my knowledge, that during the calendar year ending December 31, 202_, I have complied fully with all policies and procedures set forth in the above-referenced Insider Trading Policy.

SIGNATURE DATE

TITLE

Annex II

Form of Notice of Trading Restriction

CHIPMOS TECHNOLOGIES, INC. CONFIDENTIAL MEMORANDUM

TO: DISTRIBUTION

FROM: [Designated Officer]

SUBJECT: TRADING RESTRICTION IN EFFECT

DATE: [DATE]

CC: BOARD OF DIRECTORS

Effective immediately a trading restriction is in effect. As a result, trading in securities and derivatives of securities of ChipMOS TECHNOLOGIES, Inc. (the "Company") is prohibited until further notice. Please review the Company's Insider Trading Policy (the "Policy") for your duties and obligations.

Individuals with a sale in progress should contact a Designated Officer (as defined in the Policy) for further instructions.

CERTIFICATIONS

I, Shih-Jye Cheng, certify that:

1. I have reviewed this annual report on Form 20-F of ChipMOS TECHNOLOGIES INC.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 11, 2024

/s/ Shih-Jye Cheng

Name: Shih-Jye Cheng

Title: Chairman and President

CERTIFICATIONS

I, Silvia Su, certify that:

1. I have reviewed this annual report on Form 20-F of ChipMOS TECHNOLOGIES INC.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 11, 2024

/s/ Silvia Su

Name: Silvia Su
Title: Vice President, Finance and Accounting Management Center

**ChipMOS TECHNOLOGIES INC.
CERTIFICATION**

Pursuant to 18 U.S.C. §1350, the undersigned, Shih-Jye Cheng, Chairman and President of ChipMOS TECHNOLOGIES INC. (the "Company"), hereby certifies, to his knowledge, that the Company's Annual Report on Form 20-F for the year ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.

Date: April 11, 2024

/s/ Shih-Jye Cheng

Name: Shih-Jye Cheng

Title: Chairman and President

**ChipMOS TECHNOLOGIES INC.
CERTIFICATION**

Pursuant to 18 U.S.C. §1350, the undersigned, Silvia Su, Vice President of the Finance and Accounting Management Center of ChipMOS TECHNOLOGIES INC. (the "Company"), hereby certifies, to her knowledge, that the Company's Annual Report on Form 20-F for the year ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.

Date: April 11, 2024

/s/ Silvia Su

Name: Silvia Su
**Title: Vice President, Finance and Accounting
Management Center**

CHIPMOS TECHNOLOGIES INC.
INCENTIVE-BASED COMPENSATION RECOVERY POLICY

1. Policy Purpose. The purpose of this ChipMOS TECHNOLOGIES INC. (the “Company”) Incentive-Based Compensation Recovery Policy (this “Policy”) is to enable the Company to recover Erroneously Awarded Compensation in the event that the Company is required to prepare an Accounting Restatement. This Policy is intended to comply with the requirements set forth in Listing Rule 5608 of the corporate governance rules of The NASDAQ Stock Market (the “Listing Rule”) and shall be construed and interpreted in accordance with such intent. Unless otherwise defined in this Policy, capitalized terms shall have the meaning ascribed to such terms in Section 7. This Policy shall become effective on December 1, 2023.
2. Policy Administration. This Policy shall be administered by the Compensation Committee of the Board (the “Committee”) unless the Board determines to administer this Policy itself. The Committee has full and final authority to make all determinations under this Policy. All determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company, its affiliates, its stockholders and Executive Officers. Any action or inaction by the Committee with respect to an Executive Officer under this Policy in no way limits the Committee’s actions or decisions not to act with respect to any other Executive Officer under this Policy or under any similar policy, agreement or arrangement, nor shall any such action or inaction serve as a waiver of any rights the Company may have against any Executive Officer other than as set forth in this Policy.
3. Policy Application. This Policy applies to all Incentive-Based Compensation received by a person: (a) after October 2, 2023, and beginning service as an Executive Officer; (b) who served as an Executive Officer at any time during the performance period for such Incentive-Based Compensation; (c) while the Company had a class of securities listed on a national securities exchange or a national securities association; and (d) during the three completed fiscal years immediately preceding the Accounting Restatement Date. In addition to such last three completed fiscal years, the immediately preceding clause (d) includes any transition period that results from a change in the Company’s fiscal year within or immediately following such three completed fiscal years; provided, however, that a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to twelve months shall be deemed a completed fiscal year. For purposes of this Section 3, Incentive-Based Compensation is deemed received in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, Incentive-Based Compensation that is subject to both a Financial Reporting Measure vesting condition and a service-based vesting condition shall be considered received when the relevant Financial Reporting Measure is achieved, even if the Incentive-Based Compensation continues to be subject to the service-based vesting condition.
4. Policy Recovery Requirement. In the event of an Accounting Restatement, the Company must recover, reasonably promptly, Erroneously Awarded Compensation, in amounts determined pursuant to this Policy. The Company’s obligation to recover Erroneously Awarded Compensation is not dependent on if or when the Company files restated financial statements. Recovery under this Policy with respect to an Executive Officer shall not require the finding of any misconduct by such Executive Officer or such Executive Officer being found responsible for the accounting error leading to an Accounting Restatement. In the event of an Accounting Restatement, the Company shall satisfy the Company’s obligations under this Policy to recover any amount owed from any applicable Executive Officer by exercising its sole and absolute discretion in how to accomplish such recovery. The Company’s recovery obligation pursuant to this Section 4 shall not apply to the extent that the Committee, or in the absence of the Committee, a majority of the independent directors serving on the Board, determines that such recovery would be impracticable and:
 - a. The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Stock Exchange;
 - b. Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the Stock Exchange, that recovery would result in such a violation, and must provide such opinion to the Stock Exchange; or

- c. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Code.
5. Policy Prohibition on Indemnification and Insurance Reimbursement. The Company is prohibited from indemnifying any Executive Officer or former Executive Officer against the loss of Erroneously Awarded Compensation. Further, the Company is prohibited from paying or reimbursing an Executive Officer for purchasing insurance to cover any such loss.
6. Required Policy-Related Filings. The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including disclosures required by U.S. Securities and Exchange Commission filings.
7. Definitions.
- a. “Accounting Restatement” means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
- b. “Accounting Restatement Date” means the earlier to occur of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if the Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.
- c. “Board” means the board of directors of the Company.
- d. “Code” means the U.S. Internal Revenue Code of 1986, as amended. Any reference to a section of the Code or regulation thereunder includes such section or regulation, any valid regulation or other official guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such section or regulation.
- e. “Erroneously Awarded Compensation” means, in the event of an Accounting Restatement, the amount of Incentive-Based Compensation previously received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts in such Accounting Restatement, and must be computed without regard to any taxes incurred or paid by the relevant Executive Officer; provided, however, that for Incentive-Based Compensation based on stock price or total stockholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (i) the amount of Erroneously Awarded Compensation must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Incentive-Based Compensation was received; and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Stock Exchange.
- f. “Executive Officer” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. An executive officer of the Company’s parent or subsidiary is deemed an “Executive Officer” if the executive officer performs such policy making functions for the Company.
- g. “Financial Reporting Measure” means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measure; provided, however, that a Financial Reporting Measure is not required to be presented within the Company’s financial statements or included in a filing with the U.S. Securities and Exchange Commission to qualify as a “Financial Reporting Measure.” For purposes of this Policy, “Financial Reporting Measure” includes, but is not limited to, stock price and total stockholder return.
- h. “Incentive-Based Compensation” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

- i. “Stock Exchange” means The NASDAQ Stock Market.
8. Acknowledgment. Each Executive Officer shall sign and return to the Company, within 30 calendar days following the later of (i) the effective date of this Policy first set forth above or (ii) the date the individual becomes an Executive Officer, the Acknowledgement Form attached hereto as Exhibit A, pursuant to which the Executive Officer agrees to be bound by, and to comply with, the terms and conditions of this Policy.
9. Committee Indemnification. Any members of the Committee, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.
10. Severability. The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision shall be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.
11. Amendment; Termination. The Board may amend this Policy from time to time in its sole and absolute discretion and shall amend this Policy as it deems necessary to reflect the Listing Rule. The Board may terminate this Policy at any time.
12. Other Recovery Obligations; General Rights. To the extent that the application of this Policy would provide for recovery of Incentive-Based Compensation that the Company recovers pursuant to Section 304 of the Sarbanes-Oxley Act or other recovery obligations, the amount the relevant Executive Officer has already reimbursed the Company will be credited to the required recovery under this Policy. This Policy shall not limit the rights of the Company to take any other actions or pursue other remedies that the Company may deem appropriate under the circumstances and under applicable law. To the maximum extent permitted under the Listing Rule, this Policy shall be administered in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code.
13. Successors. This Policy is binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.
14. Governing Law; Venue. This Policy and all rights and obligations hereunder are governed by and construed in accordance with the internal laws of the State of Delaware, excluding any choice of law rules or principles that may direct the application of the laws of another jurisdiction. All actions arising out of or relating to this Policy shall be heard and determined exclusively in the Court of Chancery of the State of Delaware or, if such court declines to exercise jurisdiction or if subject matter jurisdiction over the matter that is the subject of any such legal action or proceeding is vested exclusively in the U.S. federal courts, the U.S. District Court for the District of Delaware.

EXHIBIT A

**CHIPMOS TECHNOLOGIES INC.
INCENTIVE-BASED COMPENSATION RECOVERY POLICY**

ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the ChipMOS TECHNOLOGIES INC. (the "Company") Incentive-Based Compensation Recovery Policy (the "Policy").

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy. Further, by signing below, the undersigned agrees that the terms of the Policy shall govern in the event of any inconsistency between the Policy and the terms of any employment agreement to which the undersigned is a party, or the terms of any compensation plan, program or agreement under which any compensation has been granted, awarded, earned or paid.

EXECUTIVE OFFICER

Signature

Print Name

Date

