

**ORIENT SEMICONDUCTOR
ELECTRONICS, LIMITED AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2023 AND 2022**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Orient Semiconductor Electronics, Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of Orient Semiconductor Electronics, Limited and subsidiaries (the "Group") as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As explained in Notes 4(3) B and 6(6), the financial statements of certain insignificant consolidated subsidiaries, investments accounted for using equity method and information disclosed in Note 13 were not reviewed by independent auditors. Total assets of these subsidiaries (including investments accounted for using equity method) amounted to NT\$711,953 thousand and NT\$861,776 thousand, constituting 4% and 5% of the consolidated total assets as at September 30, 2023 and 2022, respectively, total liabilities amounted to NT\$70,342 thousand and NT\$195,301 thousand, constituting 1% and 3% of the consolidated total liabilities as at September 30, 2023 and 2022, respectively, and the total comprehensive (loss) income (including share of profit or loss of associates and joint ventures accounted for using equity method) amounted to (NT\$7,547) thousand, (NT\$4,899) thousand, (NT\$37,328) thousand and NT\$30,818 thousand, constituting (1%), (1%), (2%) and 3% of the consolidated total comprehensive (loss) income for the three months and nine months then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries, investment accounted for using equity method and information disclosed in Note 13 been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months then ended, and its consolidated cash flows for the nine months

then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

Wang, Kuo-Hua

Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan

October 25, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 4,056,506	22	\$ 3,945,818	23	\$ 3,489,963	21
1136	Current financial assets at amortised cost	6(3)	-	-	245,600	1	-	-
1140	Current contract assets	6(21)	428,244	2	272,248	2	231,121	2
1150	Notes receivable, net	6(4)	-	-	155	-	-	-
1170	Accounts receivable, net	6(4)	4,323,086	23	3,022,087	18	3,036,263	18
1180	Accounts receivable due from related parties, net	6(4) and 7	-	-	399	-	317,435	2
1200	Other receivables		83,746	-	38,894	-	60,615	-
1210	Other receivables due from related parties	7	-	-	-	-	11	-
1220	Current tax assets		2,113	-	-	-	5,962	-
130X	Inventories	6(5)	1,590,522	9	1,818,028	11	1,931,376	12
1410	Prepayments		94,420	1	107,990	1	111,808	1
1479	Other current assets, others		30,351	-	23,812	-	20,644	-
11XX	Current Assets		<u>10,608,988</u>	<u>57</u>	<u>9,475,031</u>	<u>56</u>	<u>9,205,198</u>	<u>56</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	1,671,283	9	1,021,427	6	806,920	5
1550	Investments accounted for using equity method	6(6)	-	-	1,843	-	5,112	-
1600	Property, plant and equipment	6(7) and 8	5,116,203	28	5,220,775	31	5,298,908	32
1755	Right-of-use assets	6(8)	151,544	1	166,755	1	171,164	1
1780	Intangible assets	6(10)	79,364	1	47,547	-	36,746	-
1840	Deferred tax assets		766,279	4	973,068	6	971,247	6
1915	Prepayments for business facilities		30,786	-	20,581	-	32,929	-
1920	Guarantee deposits paid	8	28,885	-	17,098	-	3,273	-
1990	Other non-current assets, others		2,317	-	2,659	-	2,869	-
15XX	Non-current assets		<u>7,846,661</u>	<u>43</u>	<u>7,471,753</u>	<u>44</u>	<u>7,329,168</u>	<u>44</u>
1XXX	Total assets		<u>\$ 18,455,649</u>	<u>100</u>	<u>\$ 16,946,784</u>	<u>100</u>	<u>\$ 16,534,366</u>	<u>100</u>

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Current borrowings	6(12)	\$ -	-	\$ -	-	\$ 400,000	2
2130	Current contract liabilities	6(21)	91,018	1	77,879	-	90,954	1
2170	Accounts payable		3,741,142	20	3,042,415	18	3,068,666	19
2180	Accounts payable to related parties	7	429	-	736	-	1,141	-
2200	Other payables	6(13)	1,329,242	7	1,299,565	8	1,159,098	7
2220	Other payables to related parties	7	14,959	-	20,000	-	35,581	-
2230	Current tax liabilities		-	-	123,863	1	43,639	-
2250	Current provisions		41,277	-	14,439	-	13,781	-
2280	Current lease liabilities		27,909	-	27,958	-	27,986	-
2320	Long-term liabilities, current portion	6(14) and 8	29,648	-	-	-	-	-
2365	Current refund liabilities		16,765	-	21,068	-	33,222	-
2399	Other current liabilities, others		88,789	1	56,398	-	77,844	1
21XX	Current Liabilities		<u>5,381,178</u>	<u>29</u>	<u>4,684,321</u>	<u>27</u>	<u>4,951,912</u>	<u>30</u>
Non-current liabilities								
2540	Non-current portion of non-current borrowings	6(14) and 8	1,149,314	6	1,148,962	7	743,962	5
2580	Non-current lease liabilities		112,975	1	133,352	1	139,440	1
2635	Non-current preference share liabilities	6(16)	1,002,881	5	1,003,851	6	1,004,178	6
2640	Net defined benefit liability, non-current		113,556	1	185,658	1	317,069	2
2645	Guarantee deposits received		38,407	-	39,864	-	42,324	-
25XX	Non-current liabilities		<u>2,417,133</u>	<u>13</u>	<u>2,511,687</u>	<u>15</u>	<u>2,246,973</u>	<u>14</u>
2XXX	Total Liabilities		<u>7,798,311</u>	<u>42</u>	<u>7,196,008</u>	<u>42</u>	<u>7,198,885</u>	<u>44</u>
Equity attributable to owners of parent								
Share capital								
3110	Share capital - common stock	6(17)(18)	5,553,083	30	5,553,299	33	5,553,795	34
3120	Preference share		1,801,800	10	1,801,800	11	1,801,800	11
Capital surplus								
3200	Capital surplus	6(19)	238,387	1	238,171	1	237,782	1
Retained earnings								
3310	Legal reserve	6(20)	346,070	2	192,241	1	192,241	1
3320	Special reserve		192,793	1	157,357	1	157,357	1
3350	Unappropriated retained earnings		2,467,051	14	2,000,701	12	1,676,268	10
Other equity interest								
3400	Other equity interest		58,154	-	(192,793)	(1)	(283,762)	(2)
31XX	Equity attributable to owners of the parent		<u>10,657,338</u>	<u>58</u>	<u>9,750,776</u>	<u>58</u>	<u>9,335,481</u>	<u>56</u>
3XXX	Total equity		<u>10,657,338</u>	<u>58</u>	<u>9,750,776</u>	<u>58</u>	<u>9,335,481</u>	<u>56</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 18,455,649</u>	<u>100</u>	<u>\$ 16,946,784</u>	<u>100</u>	<u>\$ 16,534,366</u>	<u>100</u>

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(21) and 7	\$ 4,702,077	100	\$ 3,808,937	100	\$ 11,954,154	100	\$ 11,936,056	100
5000 Operating costs	6(5)(10)(26)(27) and 7	(3,639,066)	(77)	(3,197,389)	(84)	(9,828,783)	(82)	(9,920,196)	(83)
5900 Net operating margin		<u>1,063,011</u>	<u>23</u>	<u>611,548</u>	<u>16</u>	<u>2,125,371</u>	<u>18</u>	<u>2,015,860</u>	<u>17</u>
Operating expenses	6(10)(26)(27)								
6100 Selling and administrative expenses		(246,493)	(5)	(191,150)	(5)	(616,278)	(5)	(580,313)	(5)
6300 Research and development expenses		(107,820)	(3)	(82,113)	(2)	(288,074)	(3)	(246,722)	(2)
6450 Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	12(2)	<u>234</u>	<u>-</u>	<u>13,754</u>	<u>-</u>	<u>7,620</u>	<u>-</u>	<u>(21,052)</u>	<u>-</u>
6000 Total operating expenses		(<u>354,079</u>)	(<u>8</u>)	(<u>259,509</u>)	(<u>7</u>)	(<u>896,732</u>)	(<u>8</u>)	(<u>848,087</u>)	(<u>7</u>)
6500 Net other income	6(8)	<u>-</u>	<u>-</u>	<u>257</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>54</u>	<u>-</u>
6900 Operating profit		<u>708,932</u>	<u>15</u>	<u>352,296</u>	<u>9</u>	<u>1,228,640</u>	<u>10</u>	<u>1,167,827</u>	<u>10</u>
Non-operating income and expenses									
7100 Interest income	6(22)	6,877	-	1,441	-	29,561	-	3,967	-
7010 Other income	6(23) and 7	11,614	-	70,607	2	156,877	1	92,671	1
7020 Other gains and losses	6(24)	75,688	2	94,609	2	75,888	1	209,755	1
7050 Finance costs	6(25)	(9,253)	-	(6,595)	-	(27,250)	-	(18,656)	-
7060 Share of (loss) profit of associates and joint ventures accounted for using equity method	6(6)	(<u>115</u>)	<u>-</u>	<u>461</u>	<u>-</u>	(<u>362</u>)	<u>-</u>	<u>33,955</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>84,811</u>	<u>2</u>	<u>160,523</u>	<u>4</u>	<u>234,714</u>	<u>2</u>	<u>321,692</u>	<u>2</u>
7900 Profit before income tax		<u>793,743</u>	<u>17</u>	<u>512,819</u>	<u>13</u>	<u>1,463,354</u>	<u>12</u>	<u>1,489,519</u>	<u>12</u>
7950 Income tax expense	6(28)	(<u>207,042</u>)	(<u>4</u>)	(<u>79,978</u>)	(<u>2</u>)	(<u>182,574</u>)	(<u>1</u>)	(<u>268,931</u>)	(<u>2</u>)
8200 Profit for the period		<u>\$ 586,701</u>	<u>13</u>	<u>\$ 432,841</u>	<u>11</u>	<u>\$ 1,280,780</u>	<u>11</u>	<u>\$ 1,220,588</u>	<u>10</u>

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	\$ 121,197	2	(\$ 107,257)	(3)	\$ 215,500	2	(\$ 175,336)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	-	-	(2,030)	-	-	-	(2,419)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		121,197	2	(109,287)	(3)	215,500	2	(177,755)	(1)
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations		23,310	1	30,649	1	30,903	-	52,213	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(6)	-	-	-	-	-	-	5,199	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)	6,063	-	(6,352)	-	4,544	-	(11,704)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		29,373	1	24,297	1	35,447	-	45,708	-
8300	Total other comprehensive income (loss) for the period		\$ 150,570	3	(\$ 84,990)	(2)	\$ 250,947	2	(\$ 132,047)	(1)
8500	Total comprehensive income for the period		\$ 737,271	16	\$ 347,851	9	\$ 1,531,727	13	\$ 1,088,541	9
Profit, attributable to:										
8610	Owners of parent		\$ 586,701	13	\$ 432,841	11	\$ 1,280,780	11	\$ 1,220,588	10
Comprehensive income attributable to:										
8710	Owners of parent		\$ 737,271	16	\$ 347,851	9	\$ 1,531,727	13	\$ 1,088,541	9
Basic earnings per share										
9750	Basic	6(29)	\$ 0.82		\$ 0.65		\$ 1.80		\$ 1.78	
9850	Diluted		\$ 0.79		\$ 0.58		\$ 1.73		\$ 1.63	

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent									Total equity
		Share Capital		Retained Earnings				Other equity interest			
		Ordinary share	Preference share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised (losses) gains from financial assets measured at fair value through other comprehensive income	Unearned compensation	
<u>Nine months ended September 30, 2022</u>											
Balance at January 1, 2022		\$ 5,554,319	\$ 1,801,800	\$ 234,897	\$ 53,719	\$ 106,988	\$ 1,385,221	(\$ 41,911)	(\$ 115,445)	(\$ 7,523)	\$ 8,972,065
Profit for the period		-	-	-	-	-	1,220,588	-	-	-	1,220,588
Other comprehensive income (loss)		-	-	-	-	-	-	45,708	(177,755)	-	(132,047)
Total comprehensive income (loss)		-	-	-	-	-	1,220,588	45,708	(177,755)	-	1,088,541
Distribution of 2021 earnings:											
Legal reserve		-	-	-	138,522	-	(138,522)	-	-	-	-
Special reserve		-	-	-	-	50,369	(50,369)	-	-	-	-
Cash dividend	6(20)	-	-	-	-	-	(733,916)	-	-	-	(733,916)
Share-based payment transactions	6(17)(18)	(524)	-	94	-	-	-	-	-	6,430	6,000
Disposal of investments accounted for using equity method		-	-	2,791	-	-	-	-	-	-	2,791
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(2)	-	-	-	-	-	(6,734)	-	6,734	-	-
Balance at September 30, 2022		\$ 5,553,795	\$ 1,801,800	\$ 237,782	\$ 192,241	\$ 157,357	\$ 1,676,268	\$ 3,797	(\$ 286,466)	(\$ 1,093)	\$ 9,335,481
<u>Nine months ended September 30, 2023</u>											
Balance at January 1, 2023		\$ 5,553,299	\$ 1,801,800	\$ 238,171	\$ 192,241	\$ 157,357	\$ 2,000,701	(\$ 11,936)	(\$ 180,857)	\$ -	\$ 9,750,776
Profit for the period		-	-	-	-	-	1,280,780	-	-	-	1,280,780
Other comprehensive income		-	-	-	-	-	-	35,447	215,500	-	250,947
Total comprehensive income		-	-	-	-	-	1,280,780	35,447	215,500	-	1,531,727
Distribution of 2022 earnings:											
Legal reserve		-	-	-	153,829	-	(153,829)	-	-	-	-
Special reserve		-	-	-	-	35,436	(35,436)	-	-	-	-
Cash dividend	6(20)	-	-	-	-	-	(625,165)	-	-	-	(625,165)
Share-based payment transactions	6(17)(18)	(216)	-	216	-	-	-	-	-	-	-
Balance at September 30, 2023		\$ 5,553,083	\$ 1,801,800	\$ 238,387	\$ 346,070	\$ 192,793	\$ 2,467,051	\$ 23,511	\$ 34,643	\$ -	\$ 10,657,338

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,463,354	\$ 1,489,519
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(26)	737,561	849,147
Amortization expense	6(10)(26)	33,843	19,215
(Gain) loss on expected credit impairment	12(2)	(7,620)	21,052
Losses on financial assets at fair value through profit or loss	6(24)	-	1,261
Interest expense	6(25)	27,250	18,656
Interest income	6(22)	(29,561)	(3,967)
Dividend income	6(23)	(118,745)	(54,660)
Compensation cost of share-based payments	6(17)	-	6,000
Share of loss (profit) of associates and ventures accounted for using the equity method	6(6)	362	(33,955)
Loss (gain) on disposal of property, plant and equipment	6(24)	1,259	(20,230)
Gain on disposal of non-current assets held for sale	6(24)	-	(51,624)
Impairment loss on non-financial assets	6(24)	4,443	-
Scrapping inventory and loss on decline in market value	6(5)	186,802	21,740
Gain arising from lease modifications	6(8)	(1)	(2,150)
Reclassification of exchange differences on translation of foreign financial statements to foreign exchange losses		(32)	2,957
Changes in operating assets and liabilities			
Changes in operating assets			
(Increase) decrease in contract assets		(155,996)	64,969
Decrease in notes receivable		155	146
Increase in accounts receivable		(1,291,051)	(156,134)
Decrease in accounts receivable due from related parties		399	140,974
Increase in other receivables		(42,495)	(3,175)
Decrease in other receivables due from related parties		-	60,118
Decrease (increase) in inventories		48,438	(99,117)
Decrease (increase) in prepayments		13,929	(2,877)
Increase in other current assets, others		(6,415)	(4,466)
Decrease in other non-current assets, others		353	1,181
Changes in operating liabilities			
Increase in contract liabilities		13,139	1,920
Increase (decrease) in accounts payable		696,251	(171,573)
(Decrease) increase in accounts payable to related parties		(307)	396
Decrease in other payables		(48,848)	(224,925)
Increase in other payables to related parties		-	29,279
Increase in current provisions		26,838	3,425
Increase in other current liabilities		28,045	31,021
Decrease in net defined benefit liability		(72,102)	(170,131)
Cash inflow generated from operations		1,509,248	1,763,992
Interest received		29,691	3,870
Income tax paid		(86,215)	-
Net cash flows from operating activities		<u>1,452,724</u>	<u>1,767,862</u>

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in non-current financial assets at fair value through other comprehensive income		(\$ 434,357)	(\$ 689,654)
Proceeds from liquidation of financial assets at fair value through other comprehensive income	6(2)	-	22,082
Decrease in current financial assets at amortised cost		247,862	11,465
Acquisition of property, plant and equipment (including prepayment for equipment)	6(30)	(583,495)	(938,808)
Proceeds from disposal of non-current assets held for sale		-	956,393
Proceeds from disposal of property, plant and equipment		17,765	31,519
(Increase) decrease in refundable deposits		(11,770)	152,434
Acquisition of intangible assets	6(10)	(65,666)	(22,827)
Decrease in long-term accounts receivable due from related parties		-	92,292
Dividends received		118,745	54,660
Net cash flows used in investing activities		(710,916)	(330,444)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(31)	-	1,571,958
Decrease in short-term borrowings	6(31)	-	(1,472,073)
Decrease in short-term notes and bills payable	6(31)	-	(50,000)
Proceeds from long-term borrowings	6(31)	30,000	458,262
Repayments of long-term borrowings	6(31)	-	(362,694)
Decrease in guarantee deposits received	6(31)	(1,459)	(14,698)
Payments of lease liabilities	6(31)	(20,925)	(26,802)
Interest paid		(33,164)	(27,304)
Cash dividends paid	6(20)	(625,165)	(733,916)
Net cash flows used in financing activities		(650,713)	(657,267)
Effect of exchange rate changes on cash and cash equivalents		19,593	(13,359)
Net increase in cash and cash equivalents		110,688	766,792
Cash and cash equivalents at beginning of period		3,945,818	2,723,171
Cash and cash equivalents at end of period		\$ 4,056,506	\$ 3,489,963

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. History and Organisation

(1) Orient Semiconductor Electronics Limited (the “Company”) was incorporated in Kaohsiung City in June 1971 under the provisions of the Company Act of the Republic of China (R.O.C.). The address of the Company’s registered office is at No. 9, Central 3rd Street, Nanzih District, Kaohsiung City. The Company and its subsidiaries (collectively referred herein as the “Group”), were primarily engaged in various types of integrated circuits, semiconductor components, computer motherboards, various types of electronic inventory, manufacturing, combination, processing and export of computer and communication circuit boards.

(2) The Company was listed on the Taiwan Stock Exchange starting from April 1994.

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

These financial statements were authorised for issuance by the Board of Directors on October 25, 2023.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

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

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

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

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

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

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

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

4. Summary of Significant Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2022.

- B. Subsidiaries included in the consolidated financial statements:

Investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
Orient Semiconductor Electronics Limited	OSE Philippines INC. (“OSEP”)	(a) Integrated circuit and semiconductor components.	-	93.67%	93.67%	Notes 1 and 2
		(b) Research, design, manufacture, assembly, processing, test and after-sales service of aforementioned products.				
Orient Semiconductor Electronics Limited	OSE International Limited (“OSE BVI”).	Investments in various production business.	100%	100%	100%	-
Orient Semiconductor Electronics Limited	Coreplus (HK) Limited (“COREPLUS”)	Accepted orders, purchased materials and outsourcing processing of components combination business.	100%	100%	100%	Note 3
Orient Semiconductor Electronics Limited	Hua-Cheng Investment Co. (“Hua-Cheng”)	Reinvestments in various business.	100%	100%	100%	-
OSE International Limited	OSE Philippines INC. (“OSEP”)	(a) Integrated circuit and semiconductor components.	-	6.33%	6.33%	Notes 1 and 2
		(b) Research, design, manufacture, assembly, processing, test and after-sales service of aforementioned products.				
Corplus (HK) Limited	Value-Plus Technology (Suzhou) Co. (Value-Plus (Suzhou))	Adhesive processing, plug-in welding processing and related test, combination processing, technique maintenance and after-sale service of the surface of base plate of electronic components	100%	100%	100%	Note 3

Note 1: Since the Company directly held 93.67% of equity interest of OSEP and the equity held by the Company's subsidiary (OSE BVI) was 6.33% , the equity held in total was 99.99%.

Note 2: OSEP has stopped operation in the fourth quarter of 2011 and was dissolved and liquidated on July 31, 2023.

Note 3: The financial statements of the entity as of and for the nine months ended September 30, 2023 and 2022 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income taxes

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There have been no significant changes as of September 30, 2023. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand and petty cash	\$ 153	\$ 189	\$ 204
Checking accounts and demand deposits	2,963,273	3,356,169	2,989,759
Time deposits	<u>1,093,080</u>	<u>589,460</u>	<u>500,000</u>
	<u>\$ 4,056,506</u>	<u>\$ 3,945,818</u>	<u>\$ 3,489,963</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. The Group’s time deposits have been transferred to “financial assets at amortised cost – current” as the maturity periods were more than three months, please refer to Note 6(3) for details.

C. Aforementioned time deposits had maturities not exceeding three months and were not pledged as collateral, and were classified as cash equivalents according to its nature.

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

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items:			
Unlisted stocks	\$ 10,613	\$ 10,613	\$ 23,160
Listed stocks	<u>1,660,670</u>	<u>1,010,814</u>	<u>783,760</u>
	<u>\$ 1,671,283</u>	<u>\$ 1,021,427</u>	<u>\$ 806,920</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,671,283, \$1,021,427 and \$806,920 as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

B. In August 2022, the Group received \$22,082 due to the liquidation of the unlisted company which were reinvested by the Group, and the cumulative losses on investment amounting to \$6,734, which have been transferred from other equity to retained earnings.

C. For the three months and nine months ended September 30, 2023 and 2022, the Group has financial assets at fair value through other comprehensive income recognised in comprehensive income (loss) due to changes of fair value in the amounts of \$121,197, (\$107,257), \$215,500 and (\$175,336), respectively.

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

(3) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Time deposits with maturity over three months	<u>\$ -</u>	<u>\$ 245,600</u>	<u>\$ -</u>

A. For the three months and nine months ended September 30, 2023 and 2022, the interest income from demand and time deposits was recognised under interest income from bank deposits, please refer to Note 6(22).

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

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group’s investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable (including related parties)

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ -	\$ 155	\$ -
Less: Loss allowance	-	-	-
	<u>\$ -</u>	<u>\$ 155</u>	<u>\$ -</u>
Accounts receivable	\$ 4,328,552	\$ 3,035,158	\$ 3,062,849
Less: Loss allowance	(5,466)	(13,071)	(26,586)
	<u>\$ 4,323,086</u>	<u>\$ 3,022,087</u>	<u>\$ 3,036,263</u>
Accounts receivable due from related parties	\$ -	\$ 399	\$ 317,435
Less: Loss allowance	-	-	-
	<u>\$ -</u>	<u>\$ 399</u>	<u>\$ 317,435</u>

A. For details of the aging analysis of notes and accounts receivable which were based on the dates past due and information relating to credit risk, please refer to Note 12(2).

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, accounts and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$3,356,874.

C. The Group has no notes and accounts receivable pledged to others as collateral.

D. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$0, \$155 and \$0, respectively. As at September 30, 2023, December 31, 2022 and September 30, 2022, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$4,323,086, \$3,022,486 and \$3,353,698, respectively.

(5) Inventories

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Raw materials	\$ 1,407,418	\$ 1,585,642	\$ 1,744,148
Supplies	138,943	157,344	158,196
Work in progress	470,989	315,903	283,408
Finished goods	<u>42,935</u>	<u>40,867</u>	<u>29,259</u>
	2,060,285	2,099,756	2,215,011
Less: Allowance for valuation loss	(469,763)	(281,728)	(283,635)
	<u>\$ 1,590,522</u>	<u>\$ 1,818,028</u>	<u>\$ 1,931,376</u>

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

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 3,604,334	\$ 3,187,396
Scrapping inventory and loss on decline in market value	41,389	14,063
Others	(6,657)	(4,070)
	<u>\$ 3,639,066</u>	<u>\$ 3,197,389</u>
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 9,660,151	\$ 9,916,978
Scrapping inventory and loss on decline in market value	186,802	21,740
Others	(18,170)	(18,522)
	<u>\$ 9,828,783</u>	<u>\$ 9,920,196</u>

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, the fire insurance amounts of inventories were \$14,429,512, \$15,234,807 and \$15,237,162, respectively.

(6) Investments accounted for using equity method

	<u>2023</u>	<u>2022</u>
At January 1	\$ 1,843	\$ 467,174
Disposal of investments accounted for using equity method	(1,527)	-
Share of profit or loss of investments accounted for using equity method	(362)	33,955
Transfers to non-current assets held for sale	-	(500,812)
Changes in other equity interest	46	4,795
At September 30	<u>\$ -</u>	<u>\$ 5,112</u>

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Amount</u>	<u>Shareholding ratio</u>	<u>Amount</u>	<u>Shareholding ratio</u>	<u>Amount</u>	<u>Shareholding ratio</u>
Associates:						
OSE PROPERTIES, INC.	\$ -	-	\$ 1,843	39.99%	\$ 5,112	39.99%
SCS HIGHTECH INC.	-	18.17%	-	18.17%	-	18.17%
	<u>\$ -</u>		<u>\$ 1,843</u>		<u>\$ 5,112</u>	

A. The carrying amount of the Group's investment in SCS HIGHTECH, INC. has been recognised as zero, and there is no further legal or constructive obligation to accrue additional losses. The company has been approved to nullify the registration in 2004 and is still pending liquidation.

B. The Group's investee, OSE Properties, Inc., was dissolved and liquidated on July 31, 2023.

C. In April 2022, the Board of Directors of the Group resolved to dispose ATP Electronics Taiwan Inc. In June 2022, the Group signed a share transfer agreement to sell 18.31% of ownership for proceeds of \$501,962. All proceeds from the sale had been collected in accordance with the agreement and the equity settlement and transfer was completed in September 2022. Additionally, please refer to Note 6(11) for the details of the transfer to non-current assets held for sale.

D. As of September 30, 2023, December 31, 2022 and September 30, 2022, there were no investments accounted for using equity method pledged as collaterals.

E. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had no significant associate.

F. The Group's share of the operating results in all individually immaterial associates is summarized below:

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
(Loss) profit	(\$ 115)	\$ 461
Other comprehensive income, net of tax	-	-
Total comprehensive (loss) income for the period	<u>(\$ 115)</u>	<u>\$ 461</u>
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
(Loss) profit	(\$ 362)	\$ 33,955
Other comprehensive income, net of tax	-	5,199
Total comprehensive (loss) income for the period	<u>(\$ 362)</u>	<u>\$ 39,154</u>

G. For the three months and nine months ended September 30, 2023 and 2022, the Group's investments accounted for using equity method were derived from the investees' financial statements which were reviewed by auditors during the same period.

(7) Property, plant and equipment

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Property, plant and equipment			
- Owner-occupied	\$ 5,115,473	\$ 5,219,945	\$ 5,298,045
- Operating leases	<u>730</u>	<u>830</u>	<u>863</u>
	<u>\$ 5,116,203</u>	<u>\$ 5,220,775</u>	<u>\$ 5,298,908</u>

A. Property, plant and equipment for self-use

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment under installation</u>	<u>Total</u>
Cost and revaluation increment:							
January 1, 2023	\$ 7,083,750	\$ 15,393,819	\$ 3,188	\$ 58,341	\$ 418,410	\$ 645,318	\$ 23,602,826
Additions	-	17,051	-	-	286	620,072	637,409
Disposals	-	(70,619)	(1,122)	(129)	(25,604)	-	(97,474)
Transfers	193,263	590,090	-	-	7,333	(788,188)	2,498
Impact of changes in foreign exchange rate	-	3,089	61	83	386	-	3,619
September 30, 2023	<u>\$ 7,277,013</u>	<u>\$ 15,933,430</u>	<u>\$ 2,127</u>	<u>\$ 58,295</u>	<u>\$ 400,811</u>	<u>\$ 477,202</u>	<u>\$ 24,148,878</u>
Depreciation and impairment:							
January 1, 2023	\$ 4,920,862	\$ 13,051,014	\$ 2,937	\$ 58,009	\$ 350,059	\$ -	\$ 18,382,881
Depreciation expense	111,899	595,213	-	16	14,620	-	721,748
Impairment loss (Note)	126	3,805	2	81	429	-	4,443
Disposals	-	(51,721)	(1,070)	(116)	(25,461)	-	(78,368)
Impact of changes in foreign exchange rate	-	2,254	56	76	315	-	2,701
September 30, 2023	<u>\$ 5,032,887</u>	<u>\$ 13,600,565</u>	<u>\$ 1,925</u>	<u>\$ 58,066</u>	<u>\$ 339,962</u>	<u>\$ -</u>	<u>\$ 19,033,405</u>

Note: Certain property, plant and equipment of the Group's EMS Group were impaired because the economic benefits will not be as expected. The Group wrote down the carrying amount of the assets based on the recoverable amount and recognised an impairment loss accordingly.

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment under installation</u>	<u>Total</u>
Cost and revaluation increment:							
January 1, 2022 (Note)	\$ 7,031,115	\$ 14,745,469	\$ 4,187	\$ 59,325	\$ 376,097	\$ 927,623	\$ 23,143,816
Additions	-	75	-	-	-	724,174	724,249
Disposals	(28,720)	(397,553)	(1,047)	(1,000)	(5,608)	-	(433,928)
Transfers	73,163	771,817	-	-	44,173	(883,668)	5,485
Impact of changes in foreign exchange rate	-	21,405	93	200	465	70	22,233
September 30, 2022	<u>\$ 7,075,558</u>	<u>\$ 15,141,213</u>	<u>\$ 3,233</u>	<u>\$ 58,525</u>	<u>\$ 415,127</u>	<u>\$ 768,199</u>	<u>\$ 23,461,855</u>
Depreciation and impairment:							
January 1, 2022 (Note)	\$ 4,809,885	\$ 12,524,278	\$ 3,930	\$ 58,965	\$ 344,036	\$ -	\$ 17,741,094
Depreciation expense	96,782	719,844	5	16	10,605	-	827,252
Disposals	(20,891)	(394,243)	(1,042)	(1,000)	(5,604)	-	(422,780)
Transfers	-	-	-	-	-	-	-
Impact of changes in foreign exchange rate	-	17,572	86	189	397	-	18,244
September 30, 2022	<u>\$ 4,885,776</u>	<u>\$ 12,867,451</u>	<u>\$ 2,979</u>	<u>\$ 58,170</u>	<u>\$ 349,434</u>	<u>\$ -</u>	<u>\$ 18,163,810</u>
Carrying amount, net:							
September 30, 2023	<u>\$ 2,244,126</u>	<u>\$ 2,332,865</u>	<u>\$ 202</u>	<u>\$ 229</u>	<u>\$ 60,849</u>	<u>\$ 477,202</u>	<u>\$ 5,115,473</u>
December 31, 2022	<u>\$ 2,162,888</u>	<u>\$ 2,342,805</u>	<u>\$ 251</u>	<u>\$ 332</u>	<u>\$ 68,351</u>	<u>\$ 645,318</u>	<u>\$ 5,219,945</u>
September 30, 2022	<u>\$ 2,189,782</u>	<u>\$ 2,273,762</u>	<u>\$ 254</u>	<u>\$ 355</u>	<u>\$ 65,693</u>	<u>\$ 768,199</u>	<u>\$ 5,298,045</u>

Note: In July 2021, the Group transferred part of buildings and structures held for its own use to non-current assets held for sale, and the related cost and accumulated depreciation amounted to \$124,639 and \$123,359, respectively. Information relating to non-current assets held for sale is provided in Note 6(11).

B. Property, plant and equipment for operating lease

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Total</u>
Cost and revaluation increment:			
January 1 and September 30, 2023	\$ 10,721	\$ -	\$ 10,721
Depreciation and impairment:			
January 1, 2023	\$ 9,891	\$ -	\$ 9,891
Depreciation	100	-	100
September 30, 2023	\$ 9,991	\$ -	\$ 9,991
Cost and revaluation increment:			
January 1 and September 30, 2022 (Note)	\$ 10,721	\$ -	\$ 10,721
Depreciation and impairment:			
January 1, 2022 (Note)	\$ 9,758	\$ -	\$ 9,758
Depreciation	100	-	100
September 30, 2022	\$ 9,858	\$ -	\$ 9,858
Carrying amount, net:			
September 30, 2023	\$ 730	\$ -	\$ 730
December 31, 2022	\$ 830	\$ -	\$ 830
September 30, 2022	\$ 863	\$ -	\$ 863

Note: In July 2021, the Group transferred part of buildings and structures held for operating leases to non-current assets held for sale, and the related cost and accumulated depreciation amounted to \$268,621 and \$133,764, respectively. Information relating to non-current assets held for sale is provided in Note 6(11).

C. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Amount capitalised	\$ -	\$ 5,572
Range of the interest rates for capitalisation	-	0.89% ~ 1.28%

D. The significant components of buildings and equipment include main plants and each improvement construction, which are depreciated over 30~51 and 3~21 years, respectively.

E. As of September 30, 2023, December 31, 2022 and September 30, 2022, the insured amount of fire insurance of property, plant and equipment were \$10,552,465, \$10,151,541 and \$10,153,474, respectively.

F. Refer to Note 8 for further information on property, plant and equipment pledged to others as collateral.

(8) Leasing arrangements — lessee

A. The Group leased various assets, including property (land, building and structures), machinery and equipment and transportation equipment. The lease period of each contract was between 3 to 51 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be subleased, sublet, subtenant to others, transfer the lease right to others and pledged as collaterals.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 116,677	\$ 125,250	\$ 128,108
Buildings and structures	-	-	570
Machinery and equipment	29,377	33,711	35,156
Transportation equipment	<u>5,490</u>	<u>7,794</u>	<u>7,330</u>
	<u>\$ 151,544</u>	<u>\$ 166,755</u>	<u>\$ 171,164</u>
	<u>Three months ended September 30</u>		
	<u>2023</u>	<u>2022</u>	
	<u>Depreciation expense</u>	<u>Depreciation expense</u>	
Land	\$ 2,858	\$	2,984
Buildings and structures	-		1,915
Machinery and equipment	1,444		1,444
Transportation equipment	<u>935</u>		<u>819</u>
	<u>\$ 5,237</u>	<u>\$</u>	<u>7,162</u>
	<u>Nine months ended September 30</u>		
	<u>2023</u>	<u>2022</u>	
	<u>Depreciation expense</u>	<u>Depreciation expense</u>	
Land	\$ 8,573	\$	9,452
Buildings and structures	-		5,416
Machinery and equipment	4,334		4,334
Transportation equipment	<u>2,806</u>		<u>2,564</u>
	<u>\$ 15,713</u>	<u>\$</u>	<u>21,766</u>

C. For the nine months ended September 30, 2023 and 2022, the additions to right-of-use assets were \$796 and \$5,777, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	<u>Three months ended September 30</u>	
<u>Items affecting profit or loss</u>	<u>2023</u>	<u>2022</u>
Interest expense on lease liabilities	\$ 642	\$ 763
Expense on short-term lease contracts	3,351	1,100
Expense on leases of low-value assets (excluding expense on leases of low-value assets of short-term lease)	1,014	699
Gains arising from lease modifications (shown as 'other gains and losses')	-	59
Losses arising from lease modifications (shown as 'other income and expenses - net')	-	(149)

<u>Items affecting profit or loss</u>	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Interest expense on lease liabilities	\$ 1,998	\$ 2,442
Expense on short-term lease contracts	10,601	3,557
Expense on leases of low-value assets (excluding expense on leases of low-value assets of short-term lease)	2,343	2,297
Gains arising from lease modifications (shown as 'other gains and losses')	-	1,872
Losses arising from lease modifications (shown as 'other income and expenses - net')	1	54

E. For the nine months ended September 30, 2023 and 2022, the total amounts of the Group's cash outflow from leasing were \$35,867 and \$35,098, respectively.

F. In March 2022, the Company's subsidiary, OSEP, disposed the plant which had ceased operation in the Philippines and terminated the land lease agreement, where the original plant is located. The related derecognised right-of-use assets and the gain arising from lease modification amounted to \$61,566 and \$1,872, respectively.

(9) Leasing arrangements - lessor

A. The Group leases various assets including plant and office. Rental contracts are typically made for periods of 2 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To secure the use of the leased assets, the leased assets may not be subleased, transferred or provided to others in other ways.

B. Gain arising from operating lease agreements are as follows:

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Related revenue from fixed lease payments	\$ 1,624	\$ 1,824
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Related revenue from fixed lease payments	\$ 4,887	\$ 5,838

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Within 1 year	\$ 5,088	\$ 5,124	\$ 5,248
Later than one year but not later than two years	729	3,919	4,957
Later than two years but not later than three years	709	729	703
Later than three years but not later than four years	703	703	703
Later than four years but not later than five years	703	703	703
Later than five years	2,401	2,929	3,104
	<u>\$ 10,333</u>	<u>\$ 14,107</u>	<u>\$ 15,418</u>

D. For disclosures of property, plant and equipment leased under operating lease and within the scope of IAS 16, please refer to Note 6(7).

(10) Intangible assets

	<u>Computer software</u>	
	<u>2023</u>	<u>2022</u>
<u>Cost</u>		
At January 1	\$ 481,650	\$ 440,354
Additions – acquired separately	65,666	22,827
Reclassifications	(13)	140
Net exchange differences	7	22
At September 30	<u>\$ 547,310</u>	<u>\$ 463,343</u>
<u>Accumulated amortisation</u>		
At January 1	\$ 434,103	\$ 407,382
Amortisation charge	33,843	19,215
At September 30	<u>\$ 467,946</u>	<u>\$ 426,597</u>
Book value	<u>\$ 79,364</u>	<u>\$ 36,746</u>

A.Details of amortisation on intangible assets are as follows:

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Operating costs	\$ 5,424	\$ 3,169
Selling and administrative expenses	\$ 4,946	\$ 1,479
Research and development expenses	\$ 1,716	\$ 1,553

	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Operating costs	\$ 15,409	\$ 10,748
Selling and administrative expenses	\$ 14,283	\$ 3,855
Research and development expenses	\$ 4,151	\$ 4,612

B. There was no intangible asset held by the Group that was pledged to others.

(11) Non-current assets held for sale

- A. The assets related to certain plants located in Kaohsiung Nanzih Technology Industrial Park have been reclassified as disposal group held for sale following the approval of the Group's Board of Directors to sell the plants in cooperation with the Land Redevelopment Project of Technology Industrial Park Administration. The transaction and ownership transfer are expected to be completed within a year. The Company collected the full amount of the consideration for the sale of the plant in July 2022 and completed the related procedures.
- B. The Board of Directors of the Company resolved to dispose all shares of ATP Electronics Taiwan Inc. held by the Group in April 2022. The transaction was expected to be completed and settled within a year. Therefore, the Group transferred related assets to disposal group held for sale. The assets of the disposal group held for sale as at September 30, 2022 amounted to \$500,812 and there were no related liabilities. The Company collected the full amount of the consideration for the shares in September 2022 and completed the related procedures.
- C. No impairment loss was incurred as a result of the remeasurement of the aforementioned disposal group held for sale at the lower of its carrying amount or fair value less costs to sell.

(12) Short-term borrowings

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Borrowings to purchase materials	\$ -	\$ -	\$ 400,000
Interest rate range	-	-	0.89%~0.999%

For the three months and nine months ended September 30, 2023 and 2022, the amounts of interest expense recognised in profit or loss were \$0, \$1,221, \$0 and \$3,401, respectively.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's total unused amounts of short-term borrowings was \$3,071,155, \$4,274,122 and \$3,809,551, respectively.

(13) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Salary and bonus payable	\$ 503,485	\$ 504,618	\$ 383,499
Pension payable	38,125	38,321	30,244
Employees' compensation and directors' remuneration payable	184,665	221,996	197,365
Payables for machinery and equipment	370,655	303,918	289,840
Utilities expense payable	55,694	34,418	42,444
Compensation payable	4,108	17,193	11,706
Insurance premiums payable	90,359	78,454	83,236
Employment Stability Fund payable	15,241	15,125	14,953
Other payables	<u>66,910</u>	<u>85,522</u>	<u>105,811</u>
	<u>\$ 1,329,242</u>	<u>\$ 1,299,565</u>	<u>\$ 1,159,098</u>

(14) Long-term borrowings

<u>Type of Borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2023</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to September 2030; interest is payable monthly; principal is repayable at maturity.	1.35%~1.775% (Note)	None	\$ 1,178,962
Less: Current portion				(29,648)
				<u>\$ 1,149,314</u>

<u>Type of Borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to March 2029; interest is payable monthly; principal is repayable at maturity	1.225% (Note)	None	\$ 1,148,962
Less: Current portion				-
				<u>\$ 1,148,962</u>

<u>Type of Borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2022</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to March 2029; interest is payable monthly; principal is repayable at maturity	0.975%~1.10% (Note)	None	\$ 743,962
Less: Current portion				-
				<u>\$ 743,962</u>

Note: Some of the Group's loans were granted in accordance with the 'Guidelines of Project Loans for Returning Overseas Taiwanese Businesses' of National Development Fund, Executive Yuan. The interest rate of the loans for the first 5 years is the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank less 0.245% of annual interest. In the event of failure to meet the requirements of the aforementioned Guidelines of Project Loans during the loan period, the interest rate will be changed to the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank plus 0.255% of annual interest.

- A. For the three months and nine months ended September 30, 2023 and 2022, the amounts of interest expense recognised in profit or loss were \$3,896, \$1,844, \$11,259 and \$4,380, respectively.
- B. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's total unused amounts of long-term borrowings was \$5,110,000, \$3,459,038 and \$3,864,038, respectively.
- C. Information about the assets that were pledged for long-term borrowings as collateral is provided in Note 8.

(15) Pensions

- A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, 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 Law. 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. For the Company's domestic employees who are applicable to the Labor Pension Act, the Company and its domestic subsidiaries contribute monthly an amount equal to 10% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the three months and nine months ended September 30, 2023 and 2022, the Company recognised pension costs in the amounts of \$1,763, \$2,329, \$5,290 and \$7,082, respectively.
- (c) The Company expects to pay contributions for the pension plan in the amount of \$53,933 in the future one year.

- B.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s mainland China subsidiary, Value-Plus Technology (Suzhou) Co. (Value-Plus (Suzhou)), has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Company has no further obligations. Other foreign subsidiaries contributed to related pension management plans according to local regulations.
- (c) The pension costs under the defined contribution pension plan of the Company for the three months and nine months ended September 30, 2023 and 2022 were \$31,327, \$32,784, \$93,498 and \$96,276, respectively.

(16) Preference share liability

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Class B preferred shares	\$ 1,002,881	\$ 1,003,851	\$ 1,004,178
Less: Maturity within one year	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,002,881</u>	<u>\$ 1,003,851</u>	<u>\$ 1,004,178</u>

- A. On December 3, 2020, the Company’s shareholders held an extraordinary general meeting and approved the private placement of class B preferred shares in the amount of 90,090 thousand shares. The subscriber, Chipbond Technology Corporation (Chipbond) has completed the payment on December 16, 2020, with a total amount of \$999,999 at \$11.1 per share. The effectived date was set on December 21, 2020. According to the issuance condition of class B preferred shares, the issuance period was 5 years and there was an obligation to pay cash or transfer another financial asset to the counterparty (holder). Thus, the value of the preference share was split into preference share liabilities and call options (shown as financial assets at fair value through profit or loss) in the amounts of \$1,006,485 and \$6,486, respectively. For the three months and nine months ended September 30, 2023 and 2022, the amount of interest expense which was estimated by annual rate and amortised based on interest method was \$4,714, \$4,715, \$13,989 and \$13,989, respectively.
- B. As of September 30, 2023, December 31, 2022 and September 30, 2022, the value of preference share returned all amounted to \$0. Refer to Note 6(24) for details of net gains (losses) recognised in profit or loss in relation to financial assets at fair value through profit or loss. Additionally, the Group has no financial assets at fair value through profit or loss pledged to others as collateral.

C. The issuance conditions were as follows:

- (a) The distribution of earnings was based on the Company's Articles of Incorporation, current year or current quarter and accumulated undistributable dividend shall be appropriated to class B preferred shares in the first priority. If there was no earning or earnings were not sufficient to be appropriated to class B preferred shares, the distributable earnings shall be appropriated to class B preferred shares. The insufficient dividend shall first then be appropriated in a profitable year or quarter afterward.
- (b) The annual dividend rate of class B preferred shares was 2% which were calculated at the issuance price per share and paid in cash, the ex-dividend date of preferred dividend was authorised to be determined by the Board of Directors. The issuance number in issuance year or quarter and recovered year or quarter were calculated at the actual issuance number of days.
- (c) If the expected dividend distribution amount of common share exceeds the dividend amount of class B preferred shares in the current year or quarter, the shareholders of class B preferred shares cannot participate in the distribution.
- (d) Except for aforementioned dividend, the shareholders of class B preferred shares cannot participate in the appropriation of earnings and reserves to shareholders of common share and other types of preference shares.
- (e) Class B preferred shares were not promised to be transferred to common share.
- (f) The shareholders of class B preferred shares have no voting right in the common shareholders' meeting and cannot be elected as directors (including independent directors). However, the shareholders of class B preferred shares has voting right in preferred shareholders' meeting and matters of preferred shareholders' right.
- (g) When it comes to appropriate residual assets of company, class B preferred shares have priority over common shares and class C preferred shares. However, the amount was limited to the issuance price plus total amount of unpaid dividend.
- (h) The issuance period of class B preferred shares was 5 years, shareholders of class B preferred shares did not have right to demand the Company call back class B preferred shares. However, on the date after 3 years of the issuance date, the Company can call back all or some of class B preferred shares at actual issuance price in cash or other ways which were permitted by regulations. The rights and obligations of class B preferred shares which have not been called will continue until the Company calls back. In the current year of calling back the class B preferred shares, if the Company's shareholders resolve to appropriate dividends, the amount of dividends which have to be distributed as of the date of call back will be calculated according to the number of actual issuance days in the current year. Please refer to Note 11(1) for the information of class B preferred shares which have been called back as resolved by the Company's Board of Directors.
- (i) The preemptive rights for stockholders of class B preferred shares are the same as of common stocks when the Company increases its capital by issuing shares.

- (j) When class B preferred shares meet the condition of called back or mature in the issuance period, if the Company cannot call back all or some class B preferred shares due to force majeure or inscrutable fault of the Company, the rights of class B preferred shares which have not been called back will continue according to aforementioned issuance conditions until the Company calls back all the class B preferred shares. The dividends will be calculated according to original annual rate and actual extension period, the rights of class B preferred shares shall not be diminished according to the Company's Articles of Incorporation.
- (k) Class B preferred shares will not be listed in the issuance period.

(17) Share-based payment

- A. For the nine months ended September 30, 2023: There were no such transactions.
- B. For the nine months ended September 30, 2022, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Restricted stocks to employees	2019.11.25	5,000 thousand shares	3 years	Note

Note: The service time limit and performance conditions were as follows:

- (a) After employees obtain employee restricted shares, starting from the effective date of capital increase, if employees are on-the-job when the vested period has expired, also, meet certain standard of annual individual performance assessment and comply with regulation, did not violate service contract of the Company, working rules and be penalized, the employees can achieve vested conditions.
- (b) The Group can use the earnings per share and profit growth of parent company only financial statements in the latest year of vesting period expires as a basis of performance conditions:
 The first year: Earnings per share was above \$0.3 (including \$0.3);
 The second year: Earnings per share was above \$0.8 (including \$0.8); and
 The third year: Earnings per share was above \$1.0 (including \$1.0).
- (c) After achieving individual performance conditions and company performance conditions in the same time, employees' proportion of shares under vested condition in the current year based on the service conditions were as follows:
 Service for one year after distribution, 30% of the distributed shares;
 Service for two years after distribution, 30% of the distributed shares;
 Service for three years after distribution, 40% of the distributed shares;

Restrictions on the rights and vesting conditions of restricted shares for employees were as follows:

- (a) The restricted shares which the employees will obtain were kept by the designated trust institution as trustee, which the employee cannot request to return the restricted shares for any reasons or ways.
- (b) Before accomplishing the vesting conditions, the employee cannot sell, pledge, transfer, gift, set or dispose in other ways, and they have no right to be allotted or obtaining dividends. Other rights are similar with the capital that has been issued.
- (c) Before the employee accomplishes the vesting conditions, the attendance, proposal, speaking, right of voting, and other matters associated with shareholders' meeting were executed based on the trust custody contracts.

(d) From the book closure date of issuance of bonus shares, cash dividends, issuance of common stock for cash and shareholders' meeting are regulated by Article 165-3 of the Company Law, or other facts that has occurred to the date of rights allocation. The unrestricted shares of the employees that have achieved the vesting conditions during the aforementioned period still have no rights to obtain dividends or allotment.

C. Details of the share-based payment arrangements are as follows: (unit: thousand shares)

	<u>2022</u>
At January 1	1,681
Called back in the period (Note)	(87)
At September 30	<u>1,594</u>

Note: For the restricted shares which were called back by the Group during the nine months ended September 30, 2022, 50 thousand shares have not yet completed the registration of cancellation as of September 30, 2022.

D. On November 25, 2019, the fair value of share-based payments transaction which was given by the Group was \$15.8 per share.

E. For the three months and nine months ended September 30, 2022, the Group recognised expenses due to share-based payment transactions in the amount of \$1,864 and \$6,000, respectively.

(18) Share capital

A. On September 30, 2023, the Company's authorised capital was \$20,000,000, consisting of 2,000,000 thousand shares (including the number of option certificates which can be purchased), and will be issued in several times. The shares which were not issued can be issued in common shares and preference shares in several times based on the Company's business requirement, 90,000 thousand shares will be retained for option certificates. As of September 30, 2023, the Company's paid-in capital was \$8,255,783, consisting of 555,308 thousand common shares, 90,090 thousand class B preferred shares and 180,180 thousand class C preferred shares in private placement, with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected. The Company's outstanding number of preference shares in the beginning and ending of the period were the same.

Movements in the number of the Company's ordinary shares outstanding are as follows:
(thousand shares)

	2023	2022
Shares outstanding at January 1	555,308	553,736
Restricted shares called back but not yet cancelled at the beginning of the period	22	15
Restricted shares not yet vested at the beginning of the period	-	1,681
Shares issued at January 1	555,330	555,432
Cancellation of employee restricted shares	(22)	(52)
Restricted shares called back but not yet cancelled at the end of the period	-	(50)
Restricted shares not yet vested at the end of the period	-	(1,594)
At September 30	<u>555,308</u>	<u>553,736</u>

- B. The Company had increased capital by cash by \$1,800,000 thousand, consisting of 180,000 thousand shares with a par value of \$10 per share and issued at discounted price of \$9.2 on May 30, 2007. The rights and obligations of new shares by private placement are the same as those of common shares. The number of the Company's private placement common shares outstanding was 70,785 thousand shares due to the reduction of ordinary share capital conducted by the Company in the past. The registration for the retroactive handling of public issuance procedures for the private placement common shares was filed in September 2022 and the registration became effective on October 3, 2022 in accordance with the Order No. Tai-Zheng-Shang-Yi-Zi-1111804957. The shares have been traded and listed on the Taiwan Stock Exchange since October 18, 2022.
- C. On June 29, 2018, the Company's shareholders approved to issue restricted shares in the amount of 50,000 thousand, which was common share with a par value of \$10, has been applied for effectiveness through FSC on June 10, 2019. The effective date was November 25, 2019 and the registration of changes has been completed on December 10, 2019.
- D. For details of the issuance of class B preferred shares, please refer to Note 6(16).
- E. On December 3, 2020, the Company's shareholders in the extraordinary meeting approved to issue 180,180 thousand class C preferred shares in private placement with a par value of \$10 and issued at \$11.1 per share. The paid-in capital was \$1,801,800 thousand. The effective date of capital increase was set on December 21, 2020 in accordance with the Securities and Exchange Act Article 43-6.
- According to the Company's Articles of Incorporation, the rights and obligations of preferred share were as follows:
- (a) The distribution of earnings was based on the Company's Articles of Incorporation, current year or current quarter and accumulated undistributable dividend shall be appropriated to class B preferred shares in the first priority, then, appropriated to class C preferred shares in the second priority.

- (b) The annual dividend rate of class C preferred shares was 2% which was calculated at the issuance price per share and paid in cash, the ex-dividend date of preferred dividend was authorised to be determined by the Board of Directors. The issuance number in issuance year or quarter and recovered year or quarter were calculated at the actual issuance number of days.
- (c) If the expected dividend distribution amount of common share exceeds the dividend amount of class C preferred shares in the current year or quarter, the shareholders of class C preferred shares can participate in the distribution until the dividend amount of class C preferred shares are the same as common share per share.
- (d) The Company has discretion in dividend distribution of Class C preferred shares. If the Company has no or has insufficient current year's earnings for distribution or has other necessary considerations, the Company can resolve not to distribute dividend to class C preferred shares and it will not default, and the shareholders of class C preferred shares cannot object. Class C preferred shares are non-cumulative, and the amount of dividends which were not distributed or insufficient will not be made up in the profitable year or quarter thereafter.
- (e) Starting from the next day of five years after issuance, the shareholders of class C preferred shares can transfer the preferred share to common share at a transfer ratio of 1:1. After the transfer of preferred share to common share, the rights and obligations (excluding the transfer restriction by regulation and not listed) were the same as other outstanding common share of the Company. For class C preferred shares which have been transferred into common shares before the ex-right (ex-dividend) date in the current year or quarter can participate in the common share distribution of earnings or reserves in the current year or quarter and cannot participate in the dividend distribution of preferred shares in the current year or quarter. For class C preferred shares which have been transferred into common shares after the ex-right (ex-dividend) date in the current year or quarter can participate in the dividend distribution of preferred share in the current year or quarter and cannot participate in the dividend distribution of earnings or capital reserves in the current year or quarter. Preferred dividends will not be repeatedly appropriated if it is distributed in the same year or quarter with common stock dividends.
- (f) The shareholders of class C preferred shares have no voting right in the common shareholders' meeting and cannot be elected as directors (including independent directors). However, the shareholders of class C preferred shares have voting right in preferred shareholders' meeting and matters of preferred shareholders' right.
- (g) When it comes to appropriating residual assets of Company, class C preferred shares have priority over common shares and next to class B preferred shares. However, the amount was limited to the issuance price plus total amount of unpaid dividend.
- (h) Class C preferred shares have no expiry date, and the shareholders of class C preferred shares have no right to require the Company to call back class C preferred shares or transfer the class C preferred share into common share in advance. However, the Company can call back in cash at actual issuance price, mandatorily transfer by issuing new shares or call back all or some class C preferred shares in other ways permitted by regulations on the next day after three years. The rights and obligations of class C preferred shares which have not been called will continue until the Company calls back. In the current year of calling back the class C preferred shares, if the Company's shareholders resolve to appropriate dividends, the amount of dividends which have to be distributed as of the date of call back will be calculated according to the actual days of issuance in the current year.

- (i) The preemptive rights for stockholders of class C preferred shares are the same as of common shares when the Company increases its capital by issuing shares.
- (j) Class C preferred shares were not listed and traded in the issuance period, however, if all or some were transferred into common shares, the Board of Directors was authorised to apply for public offering and listing to the authorisation according to the current situation and related regulations.
- F. On June 9, 2023, the shareholders of the Company resolved to issue employee restricted shares of 5,000 thousand shares with a par value of NT\$10 per share, total amounting to \$50,000 thousand, has been applied for effectiveness through FSC on August 25, 2023. The related processes are still ongoing.

(19) Capital surplus

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Premium on issuance of common shares	\$ 17,417	\$ 17,417	\$ -
Premium on issuance of preferred shares	198,198	198,198	198,198
Changes in ownership interests in subsidiaries	5,832	5,832	5,832
Difference between consideration and carrying amount of subsidiaries acquired or disposed	16,940	16,940	16,940
Employee restricted shares	-	(216)	16,812
	<u>\$ 238,387</u>	<u>\$ 238,171</u>	<u>\$ 237,782</u>

(20) Retained earnings

- A. According to the Company's Articles of Incorporation, after every end of quarter, the Company can appropriate earnings or offset deficits, and for earnings which were appropriated in the form of cash, it shall be resolved by the Board of Directors and reported to shareholders in accordance with the Company Act, Article 228-1 and paragraph 5 of Article 240. The aforementioned regulation had been revoked by the shareholders at their meeting on June 9, 2023.

- B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. For setting aside or reversal for special reserve in accordance with related laws or Competent Authority's regulations, if any, the Board of Directors should propose the distribution of the remaining earnings along with prior accumulated undistributed earnings for the approval of the shareholders. For earnings which were appropriated in the form of cash, it shall be resolved by the Board of Directors and reported to shareholders in accordance with the Company Act, Article 228-1 and paragraph 5 of Article 240.
- C. The industry environment of the Company is constantly changing and the enterprise is in the growth stage of its life cycle. Considering the Company's capital requirement in the future and long-term financial plan and satisfying shareholders' demand of cash inflow, the expected appropriation amount in the current year shall not be lower than 10% of accumulated distributable amount. However, if the accumulated distributable earnings is lower than 1% of paid-in capital, the earnings cannot be appropriated, and the cash dividend shall not be lower than 10% of total dividend.
- D. According to Company Act, the distribution to legal reserve shall continue until the total amount equals to total capital. Legal reserve is used to offset accumulated deficits. If the Company has no deficits, 25% of the part of legal reserve exceeding the paid-in capital can be used to issue new stocks or cash to shareholders in proportion to their share ownership.
- E. Following the adoption of TIFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory- Securities-Corporate-1010012865, which sets out the following provisions for compliance: On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that a company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.
- F. On April 28, 2022, the Board of Directors resolved the earnings appropriation for the year ended December 31, 2021 with a common share dividend of 1 per share and the total amount was \$553,736; cash dividends on class C preferred share of \$1 per share for a total dividend amounting to \$180,180, was approved by the shareholders at their meeting on June 10, 2022.
- G. On June 9, 2023, the shareholders resolved the earnings appropriation for the year ended December 31, 2022 with a common share dividend of \$0.85 per share and the total amount was \$472,012; and with class C preferred share dividend of \$0.85 per share. The total dividends amounted to \$153,153.
- H. On October 27, 2022, the Company's Board of Directors resolved not to distribute the appropriation of earnings in the third quarter of 2022.

(21) Operating revenue

	Three months ended September 30	
	2023	2022
Revenue from contracts with customers		
IC packaging and testing service revenue	\$ 3,151,544	\$ 2,303,196
Electronics manufacturing service revenue	1,479,948	1,473,478
Other operating revenue	70,585	32,263
	<u>\$ 4,702,077</u>	<u>\$ 3,808,937</u>
Nine months ended September 30		
	2023	2022
Revenue from contracts with customers		
IC packaging and testing service revenue	\$ 7,921,154	\$ 7,773,988
Electronics manufacturing service revenue	3,900,742	4,051,768
Other operating revenue	132,258	110,300
	<u>\$ 11,954,154</u>	<u>\$ 11,936,056</u>

A. Disaggregation of revenue from contracts with customers

<u>Three months ended September 30, 2023</u>	Semiconductor		
	Group	EMS Group	Total
IC packaging and testing service revenue	\$ 3,151,544	\$ -	\$ 3,151,544
Manufacture of electronic products	-	1,479,948	1,479,948
Others	5,763	64,822	70,585
	<u>\$ 3,157,307</u>	<u>\$ 1,544,770</u>	<u>\$ 4,702,077</u>
Timing of revenue recognition:			
Over time	\$ 3,151,544	\$ -	\$ 3,151,544
At a point in time	5,763	1,544,770	1,550,533
	<u>\$ 3,157,307</u>	<u>\$ 1,544,770</u>	<u>\$ 4,702,077</u>
<u>Three months ended September 30, 2022</u>		Semiconductor	
	Group	EMS Group	Total
IC packaging and testing service revenue	\$ 2,303,196	\$ -	\$ 2,303,196
Manufacture of electronic products	-	1,473,478	1,473,478
Others	11,397	20,866	32,263
	<u>\$ 2,314,593</u>	<u>\$ 1,494,344</u>	<u>\$ 3,808,937</u>
Timing of revenue recognition:			
Over time	\$ 2,303,196	\$ -	\$ 2,303,196
At a point in time	11,397	1,494,344	1,505,741
	<u>\$ 2,314,593</u>	<u>\$ 1,494,344</u>	<u>\$ 3,808,937</u>

<u>Nine months ended September 30, 2023</u>	Semiconductor		<u>Total</u>
	<u>Group</u>	<u>EMS Group</u>	
IC packaging and testing service revenue	\$ 7,921,154	\$ -	\$ 7,921,154
Manufacture of electronic products	-	3,900,742	3,900,742
Others	22,878	109,380	132,258
	<u>\$ 7,944,032</u>	<u>\$ 4,010,122</u>	<u>\$ 11,954,154</u>
Timing of revenue recognition:			
Over time	\$ 7,921,154	\$ -	\$ 7,921,154
At a point in time	22,878	4,010,122	4,033,000
	<u>\$ 7,944,032</u>	<u>\$ 4,010,122</u>	<u>\$ 11,954,154</u>

<u>Nine months ended September 30, 2022</u>	Semiconductor		<u>Total</u>
	<u>Group</u>	<u>EMS Group</u>	
IC packaging and testing service revenue	\$ 7,773,988	\$ -	\$ 7,773,988
Manufacture of electronic products	-	4,051,768	4,051,768
Others	49,796	60,504	110,300
	<u>\$ 7,823,784</u>	<u>\$ 4,112,272</u>	<u>\$ 11,936,056</u>
Timing of revenue recognition:			
Over time	\$ 7,773,988	\$ -	\$ 7,773,988
At a point in time	49,796	4,112,272	4,162,068
	<u>\$ 7,823,784</u>	<u>\$ 4,112,272</u>	<u>\$ 11,936,056</u>

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current contract assets			
IC packaging and testing service	\$ <u>428,244</u>	\$ <u>272,248</u>	\$ <u>231,121</u>
Current contract liabilities			
IC packaging and testing service	\$ 68,003	\$ 68,026	\$ 70,326
Manufacture of electronic products	<u>23,015</u>	<u>9,853</u>	<u>20,628</u>
	<u>\$ 91,018</u>	<u>\$ 77,879</u>	<u>\$ 90,954</u>

Note: As of January 1, 2022, the Group recognised current contract liabilities in the amount of \$88,971.

(b) Information relating to credit risk of contract assets is provided in Note 12(2).

(c) For the three months and nine months ended September 30, 2023 and 2022, revenue recognised that was included in the contract liability balance at the beginning of the period amounted to \$1,504, \$6,665, \$5,563 and \$10,720, respectively.

(22) Interest income

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 6,807	\$ 1,390
Interest income from loans to others	-	51
Interest income from financial assets measured at amortised cost	<u>70</u>	<u>-</u>
	<u>\$ 6,877</u>	<u>\$ 1,441</u>
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 24,542	\$ 3,412
Interest income from loans to others	-	554
Interest income from financial assets measured at amortised cost	<u>5,019</u>	<u>1</u>
	<u>\$ 29,561</u>	<u>\$ 3,967</u>

(23) Other income

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Service revenue	\$ 1,797	\$ 4,539
Rental revenue	1,624	1,824
Dividend income	-	54,660
Other income	<u>8,193</u>	<u>9,584</u>
	<u>\$ 11,614</u>	<u>\$ 70,607</u>
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Service revenue	\$ 5,861	\$ 11,200
Rental revenue	4,887	5,838
Dividend income	118,745	54,660
Other income	<u>27,384</u>	<u>20,973</u>
	<u>\$ 156,877</u>	<u>\$ 92,671</u>

(24) Other gains and losses

	Three months ended September 30	
	2023	2022
(Losses) gains on disposals of property, plant and equipment	(\$ 481)	\$ 14,243
Impairment loss on property, plant and equipment	(4,443)	-
Losses on disposals of non-current assets held for sale	-	(3,889)
Net currency exchange gains	63,281	84,660
Gains on lease modification	-	59
Others	17,331	(464)
	<u>\$ 75,688</u>	<u>\$ 94,609</u>
Nine months ended September 30		
	2023	2022
(Losses) gains on disposals of property, plant and equipment	(\$ 1,259)	\$ 20,230
Impairment loss on property, plant and equipment	(4,443)	-
Gains on disposals of non-current assets held for sale	-	51,624
Net currency exchange gains	64,282	159,123
Gains on lease modification	-	1,872
Losses on financial assets at fair value through profit or loss	-	(1,261)
Others	17,308	(21,833)
	<u>\$ 75,888</u>	<u>\$ 209,755</u>

(25) Finance costs

	Three months ended September 30	
	2023	2022
Interest expense on borrowings from financial institutions	\$ 3,896	\$ 3,065
Interest expense on lease liability	642	763
Dividends on preference share liabilities	4,714	4,715
Others	1	-
	<u>9,253</u>	<u>8,543</u>
Less: Capitalisation of qualifying assets	-	(1,948)
	<u>\$ 9,253</u>	<u>\$ 6,595</u>

	Nine months ended September 30	
	2023	2022
Interest expense on borrowings from financial institutions	\$ 11,259	\$ 7,795
Interest expense on lease liability	1,998	2,442
Dividends on preference share liabilities	13,989	13,989
Others	4	2
	<u>27,250</u>	<u>24,228</u>
Less: Capitalisation of qualifying assets	-	(5,572)
	<u>\$ 27,250</u>	<u>\$ 18,656</u>

(26) Expenses by nature

	Three months ended September 30	
	2023	2022
Employee benefit expense	\$ 1,155,044	\$ 998,607
Depreciation charges on property, plant and equipment (Note)	222,985	261,274
Depreciation expense on right-of-use assets	5,237	7,162
Amortisation charges on intangible assets	12,086	6,201
	<u>1,395,352</u>	<u>1,273,244</u>
	Nine months ended September 30	
	2023	2022
Employee benefit expense	\$ 3,136,067	\$ 3,138,614
Depreciation charges on property, plant and equipment (Note)	721,848	827,381
Depreciation expense on right-of-use assets	15,713	21,766
Amortisation charges on intangible assets	33,843	19,215
	<u>3,907,471</u>	<u>4,007,076</u>

Note: Including the amortisation of losses on sale and leaseback transactions to depreciation charges amounting to \$0, \$0, \$0 and \$30 for the three months and nine months ended September 30, 2023 and 2022, respectively.

(27) Employee benefit expense

	Three months ended September 30	
	2023	2022
Salary expenses	\$ 958,890	\$ 802,663
Labour and health insurance fees	90,491	90,575
Pension costs	33,090	35,113
Directors' remuneration	9,638	6,568
Compensation cost of employee restricted shares	-	1,864
Other personnel expenses	62,935	61,824
	<u>\$ 1,155,044</u>	<u>\$ 998,607</u>

	Nine months ended September 30	
	2023	2022
Salary expenses	\$ 2,571,911	\$ 2,562,724
Labour and health insurance fees	263,135	259,851
Pension costs	98,788	103,358
Directors' remuneration	18,602	19,049
Compensation cost of employee restricted shares	-	6,000
Other personnel expenses	183,631	187,632
	<u>\$ 3,136,067</u>	<u>\$ 3,138,614</u>

Under the Company's Articles of Incorporation, the current year's pre-tax profit, net of employees' compensation and directors' remuneration, shall be first used to offset accumulated deficits, then appropriate over 10%~15% for employees' compensation and under 1% for remuneration to directors.

A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, has the determination of distribution ratios of employees' compensation and directors' remuneration and the abovementioned employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting. The profit distributable as employees' compensation distributed can be in the form of shares or in cash. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

For the three months and nine months ended September 30, 2023 and 2022, the employees' compensation and directors' remuneration were estimated and accrued based on certain proportion of distributable profit of current year amounting to \$89,185, \$57,583, \$164,422 and \$166,194; as well as \$8,918, \$5,758, \$16,442 and 16,619, respectively.

Employees' bonus of \$197,500 and directors' and supervisors' remuneration of \$19,740 for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. Certain employees' compensation for 2022 has not yet been distributed. In addition, the compensation of employees and directors for the previous year has not yet been allotted. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	(\$ 13,390)	\$ 16,590
Prior year income tax overestimation	<u>-</u>	<u>(5,962)</u>
Total current tax	<u>(13,390)</u>	<u>10,628</u>
Deferred tax:		
Origination and reversal of temporary differences	220,432	2,683
Origination and reversal of tax loss	<u>-</u>	<u>66,667</u>
Total deferred tax	<u>220,432</u>	<u>69,350</u>
Income tax expense	<u>\$ 207,042</u>	<u>\$ 79,978</u>

	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 2	\$ 26,651
Prior year income tax (over) underestimation	<u>(28,797)</u>	<u>21,773</u>
Total current tax	<u>(28,795)</u>	<u>48,424</u>
Deferred tax:		
Origination and reversal of temporary differences	211,369	42,715
Origination and reversal of tax loss	<u>-</u>	<u>177,792</u>
Total deferred tax	<u>211,369</u>	<u>220,507</u>
Income tax expense	<u>\$ 182,574</u>	<u>\$ 268,931</u>

B. The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Changes in fair value of financial assets at fair value through other comprehensive income	\$ -	\$ 2,030
Currency translation differences	<u>(6,063)</u>	<u>7,392</u>
Share of other comprehensive income of associates	<u>-</u>	<u>(1,040)</u>
	<u>(\$ 6,063)</u>	<u>\$ 8,382</u>
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Changes in fair value of financial assets at fair value through other comprehensive income	\$ -	\$ 2,419
Currency translation differences	<u>(4,544)</u>	<u>11,704</u>
	<u>(\$ 4,544)</u>	<u>\$ 14,123</u>

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

(29) Earnings per share

	<u>Three months ended September 30, 2023</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>per share</u>
		<u>shares outstanding</u>	<u>(in dollars)</u>
		<u>(share in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 586,701		
Less: Dividends on class C preferred shares	(129,357)		
Profit attributable to ordinary shareholders of the parent (Note)	<u>\$ 457,344</u>	<u>555,308</u>	<u>\$ 0.82</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 586,701	555,308	
Less: Dividends on class C preferred shares	(129,357)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,915	
Convertible preferred stock	<u>129,357</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 586,701</u>	<u>739,403</u>	<u>\$ 0.79</u>
	<u>Three months ended September 30, 2022</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>per share</u>
		<u>shares outstanding</u>	<u>(in dollars)</u>
		<u>(share in thousands)</u>	

	Nine months ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 1,280,780		
Less: Dividends on class C preferred shares	(282,389)		
Profit attributable to ordinary shareholders of the parent (Note)	<u>\$ 998,391</u>	<u>555,308</u>	<u>\$ 1.80</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 1,280,780	555,308	
Less: Dividends on class C preferred shares	(282,389)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	5,839	
Employee restricted stock	-	-	
Convertible preferred stock	<u>282,389</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,280,780</u>	<u>741,327</u>	<u>\$ 1.73</u>
	Nine months ended September 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 1,220,588		
Less: Dividends on class C preferred shares	(235,949)		
Profit attributable to ordinary shareholders of the parent (Note)	<u>\$ 984,639</u>	<u>553,736</u>	<u>\$ 1.78</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 1,220,588	553,736	
Less: Dividends on class C preferred shares	(235,949)	-	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	12,043	
Employee restricted stock	-	1,578	
Convertible preferred stock	<u>235,949</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,220,588</u>	<u>747,537</u>	<u>\$ 1.63</u>

Note: The Company issued three classes of equity instruments, including ordinary shares, class B preferred shares and class C preferred shares. Since class C preferred shares are non-cumulative and participating equity instruments (refer to Note 6(18)E. (c) for the related terms of issuance), the Company assumed that ordinary shares and participating equity instruments would share in earnings until all of the profit or loss for the period had been distributed when calculating the profit or loss attributable to ordinary shareholders of the parent.

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Nine months ended September 30	
	2023	2022
Purchase of property, plant and equipment	\$ 639,907	\$ 729,395
Increase (decrease) in prepayments for business facilities	10,325 (	134,561)
Add: Opening balance of payable on equipment (Note)	303,918	633,814
Less: Ending balance of payable on equipment (Note)	(370,655)	(289,840)
Cash paid during the period	<u>\$ 583,495</u>	<u>\$ 938,808</u>

Note : Shown as 'other payables'.

B. Investing and financing activities with no cash flow effects :

	Nine months ended September 30	
	2023	2022
Prepayments for business facilities transferred to prepayments	<u>\$ 120</u>	<u>\$ 195</u>
Prepayments for business facilities transferred to property, plant and equipment	<u>\$ 620,072</u>	<u>\$ 724,174</u>
Prepayments for business facilities transferred to intangible assets	<u>\$ -</u>	<u>140</u>
Prepayments transferred to property, plant and equipment	<u>\$ -</u>	<u>\$ 339</u>
Long-term borrowings, current portion	<u>\$ 29,648</u>	<u>\$ -</u>

(31) Changes in liabilities from financing activities

	January 1, 2023	Cash flows	Changes in foreign		September 30, 2023
			exchange rate	Others	
Long-term borrowings	\$ 1,148,962	\$ 30,000	\$ -	\$ -	\$ 1,178,962
Lease liabilities	161,310 (	20,925) (	3)	502	140,884
Guarantee deposits received	39,864 (	1,459)	2	-	38,407
Preference share liabilities	1,003,851	-	- (	970)	1,002,881
	January 1, 2022	Cash flows	Changes in foreign		September 30, 2022
			exchange rate	Others	
Short-term borrowings	\$ 299,408	\$ 99,885	\$ 707	\$ -	\$ 400,000
Short-term note and bills payables	49,986 (	50,000)	-	14	-
Long-term borrowings	648,394	95,568	-	-	743,962
Lease liabilities	249,042 (	26,802)	4,029 (	58,843)	167,426
Guarantee deposits received	57,018 (	14,698)	4	-	42,324
Preference share liabilities	1,005,149	-	- (	971)	1,004,178

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
ATP Electronics Taiwan Inc. (ATP)	Associate (Note 1)
OSE Properties, Inc. (Properties)	Associate (Note 2)
Chipbond Technology Corporation (Chipbond)	Entities with significant influence to the Group
Phison Electronics Corp. (Phison)	Key management personnel (Note 3)

Note 1: In April 2022, the Company's Board of Directors resolved to dispose ATP Electronics Taiwan Inc. which was transferred to non-current assets held for sale, please refer to Note 6(11) for details. The Company sold all its equity interests in ATP in August to September 2022; therefore, it was no longer the Company's associate.

Note 2: The Group's investee, OSE PROPERTIES, INC., was dissolved and liquidated on July 31, 2023.

Note 3: This person was no longer the Group's related party after resigning from being the Group's director since November 7, 2022.

(2) Significant related party transactions

A. Sales

	Three months ended September 30	
	2023	2022
Phison	\$ -	\$ 574,691
Associates	-	37,080
Entities with significant influence to the Group	-	45
	<u>\$ -</u>	<u>\$ 611,816</u>
	Nine months ended September 30	
	2023	2022
Phison	\$ -	\$ 1,892,095
Associates	-	142,197
Entities with significant influence to the Group	130	573
	<u>\$ 130</u>	<u>\$ 2,034,865</u>

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection term is available to third parties.

B. Purchases

	Three months ended September 30	
	2023	2022
Key management personnel of the Group	\$ -	\$ 107
Entities with significant influence to the Group	400	521
	<u>\$ 400</u>	<u>\$ 628</u>

	Nine months ended September 30	
	2023	2022
Key management personnel of the Group	\$ -	\$ 822
Entities with significant influence to the Group	1,483	1,161
Associates	-	654
	<u>\$ 1,483</u>	<u>\$ 2,637</u>

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment term is available to third parties.

C. Receivables from related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable:			
Phison	\$ -	\$ -	\$ 317,435
Entities with significant influence to the Group	-	399	-
	<u>\$ -</u>	<u>\$ 399</u>	<u>\$ 317,435</u>
Other receivables:			
Key management personnel of the Group	\$ -	\$ -	\$ 11

Receivables from related parties mainly arose from sales. The terms for receivables from sales are 30~60 days after delivery or 30 days after monthly billings. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts payable:			
Entities with significant influence to the Group	\$ 429	\$ 736	\$ 612
Key management personnel of the Group	-	-	529
	<u>\$ 429</u>	<u>\$ 736</u>	<u>\$ 1,141</u>
Other payables:			
PROPERTIES	\$ -	\$ -	\$ 20,622
Entities with significant influence to the Group	14,959	20,000	14,959
	<u>\$ 14,959</u>	<u>\$ 20,000</u>	<u>\$ 35,581</u>

Payables to related parties pertain to purchase of materials, rents and dividends on preference share liabilities. The payment terms are 150 days after acceptance, 30 days after monthly billings and 60 days after delivery. The payables bear no interest.

E. Property transactions

(a) Acquisition of property, plant and equipment:

	Three months ended September 30	
	2023	2022
Key management personnel of the Group	\$ -	\$ -
	Nine months ended September 30	
	2023	2022
Key management personnel of the Group	\$ -	\$ 360

(b) Disposal of property, plant and equipment:

	Three months ended September 30			
	2023		2022	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
Entities with significant influence to the Group	\$ -	\$ -	\$ -	\$ -
	Nine months ended September 30			
	2023		2022	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
Entities with significant influence to the Group	\$ -	\$ -	\$ 6,180	\$ 6,149

F. Lease transactions – lessee

The Group leased land from OSE Properties, Inc. Rental contracts are made for periods from 1999 to 2049 and the rental is payable monthly based on mutual agreements. The contract was terminated since January 1, 2022 due to the sale of land by OSE Properties, Inc. Please refer to Note 6(24) for the related gain on lease modification.

G. Lease transactions – lessor

	Three months ended September 30	
	2023	2022
Rental income:		
ATP	\$ -	\$ 710
Entities with significant influence to the Group	376	225
	\$ 376	\$ 935
	Nine months ended September 30	
	2023	2022
Rental income:		
ATP	\$ -	\$ 2,838
Entities with significant influence to the Group	1,004	676
	\$ 1,004	\$ 3,514

Plant, office and equipment were leased under mutual agreement, and the collection term is available to third parties.

H. Loans to/from related parties

Loans to PROPERTIES:

- (a) The Group's subsidiary, OSE Philippines, Inc. lent US\$4,387 thousand to the associate, Properties, on July 31, 1996, principal and interest are paid after disposal of properties, and the Group has first mortgage right under mutual agreement. In the first quarter of 2015, PROPERTIES repaid US\$1,285 thousand due to disposal of certain land. As of September 30, 2022, PROPERTIES has fully paid the borrowings.
- (b) As of September 30, 2022, there was no interest income recognised in other receivables.
- (c) Interest income for the three months and nine months ended September 30, 2022 amounted to \$17 and \$519, respectively. For the nine months ended September 30, 2022, interest income was collected at 2.5% per annum.

I. Others

- (a) The dividends from the entities with significant influence to the Group that the Group recognised for the three months and nine months ended September 30, 2023 and 2022 were \$0, \$54,660, \$118,745 and \$54,660, respectively. In addition, details of the Company's class B preferred shares held by the entities with significant influence to the Group are provided in Notes 6(16) and (25).
- (b) The Group disposed all shares of ATP Electronics Taiwan Inc. in September 2022, and some equity was repurchased as treasury stock by ATP Electronics Taiwan Inc. The transaction amount was \$137,067, and the gain on disposal was \$2,302. Information about the disposal is provided in Note 6(6).

(3) Key management compensation

	Three months ended September 30	
	2023	2022
Short-term employee benefits	\$ 17,316	\$ 15,289
Post-employment benefits	135	158
Share-based payment	-	61
	<u>\$ 17,451</u>	<u>\$ 15,508</u>
	Nine months ended September 30	
	2023	2022
Short-term employee benefits	\$ 41,300	\$ 41,654
Post-employment benefits	459	482
Share-based payment	-	495
	<u>\$ 41,759</u>	<u>\$ 42,631</u>

8. Pledged Assets

Pledged asset	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Property, plant and equipment				
- Buildings and structures	\$ 750,381	\$ 771,674	\$ 778,773	Credit line for long-term-borrowings
- Machinery and equipment	222,554	330,803	372,894	Credit line for long-term-borrowings
Guarantee deposits paid - time deposits	14,057	14,000	500	Customs guarantee or others
	<u>\$ 986,992</u>	<u>\$ 1,116,477</u>	<u>\$ 1,152,167</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of September 30, 2023, December 31, 2022 and September 30, 2022, guarantee given by the bank for the payment of input tax imposed for sales from a tax free zone to non-tax free zone amounted to \$0, \$400,000 and \$400,000, respectively.

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Company issued promissory notes of \$7,973,456, \$8,017,920 and \$8,054,944, respectively, as guarantees for bank loans.

C. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Company issued promissory notes of \$14,479 \$13,738 and \$0, respectively, as guarantees for payments of raw materials and machineries purchased.

D. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had letters of credit issued but not used amounting to US\$198 thousand, US\$112 thousand and US\$252 thousand, respectively.

E. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Property, plant and equipment	<u>\$ 307,641</u>	<u>\$ 201,515</u>	<u>\$ 231,269</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(a) On October 25, 2023, based on the Company's Articles of Incorporation, the Company's Board of Directors resolved to call back class B preferred shares at actual issuance price in cash on December 21, 2023 which was the date after 3 years of the issuance date. The Company expected to repurchase and decrease capital by cancelling 90,090 thousand shares at a repurchase price of \$11.1 per share, and the total amount was \$999,999. The chairman was authorised to handle the repurchase.

(b) On October 25, 2023, the Company's Board of Directors resolved to discontinue the operation of the subsidiary, OSE International Limited, and the chairman was authorised to handle the cancellation.

12. Others

(1) 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.

During the nine months ended September 30, 2023, the Group's strategy, which was unchanged from 2022, was to balance overall capital structure. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's gearing ratio is as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total liabilities	\$ 7,798,311	\$ 7,196,008	\$ 7,198,885
Total assets	\$ 18,455,649	\$ 16,946,784	\$ 16,534,366
Gearing ratio	42%	42%	44%

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	\$ 1,671,283	\$ 1,021,427	\$ 806,920
Financial assets at amortised cost			
Cash and cash equivalents (excluding cash on hand)	\$ 4,056,353	\$ 3,945,629	\$ 3,489,759
Financial assets at amortised cost	-	245,600	-
Notes receivable	-	155	-
Accounts receivable (including related parties)	4,323,086	3,022,486	3,353,698
Other receivables (including related parties)	83,746	38,894	60,626
Guarantee deposits paid	28,885	17,098	3,273
	<u>\$ 8,492,070</u>	<u>\$ 7,269,862</u>	<u>\$ 6,907,356</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ -	\$ -	\$ 400,000
Accounts payable (including related parties)	3,741,571	3,043,151	3,069,807
Other payables (including related parties)	1,344,201	1,319,565	1,194,679
Long-term borrowings (including current portion)	1,178,962	1,148,962	743,962
Preference share liability	1,002,881	1,003,851	1,004,178
	<u>\$ 7,267,615</u>	<u>\$ 6,515,529</u>	<u>\$ 6,412,626</u>
Lease liability (including current and non-current)	\$ 140,884	\$ 161,310	\$ 167,426

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) The Group has established appropriate policies, procedures and internal controls in accordance with the relevant regulations to manage the aforementioned financial risks. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on the relevant regulations and internal control procedures. The Group complies with its financial risk management policies at all times.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.
- ii. The Group's management hedges foreign exchange risk through natural hedges or derivative financial instruments (including forward foreign exchange contracts) to prevent decreases in value of assets denominated in foreign currencies and fluctuations in future cash flows. The use of these derivative financial instruments assists in decreasing the effect of foreign currency fluctuations but cannot eliminate the impact entirely. The Group's purpose to hold certain investments in foreign operations is for strategic investments; thus, the Group does not hedge those investments.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2023						
Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	130,750	32.26	\$ 4,217,995	1%	\$ 42,180	\$ -
JPY:NTD	510,084	0.2162	110,280	1%	1,103	-
<u>Non-monetary items</u>						
USD:NTD	19,887	32.26	641,567	1%	-	6,416
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	79,644	32.26	2,569,315	1%	25,693	-
JPY:NTD	509,053	0.2162	110,057	1%	1,101	-
December 31, 2022						
Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	119,925	30.7	\$ 3,681,698	1%	\$ 36,817	\$ -
JPY:NTD	805,561	0.2325	187,293	1%	1,873	-
<u>Non-monetary items</u>						
USD:NTD	20,714	30.7	635,907	1%	-	6,359
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	71,953	30.7	2,208,957	1%	22,090	-
JPY:NTD	580,962	0.2325	135,074	1%	1,351	-

September 30, 2022

	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 106,093	31.74	\$ 3,367,392	1%	\$ 33,674	\$ -
JPY:NTD	359,154	0.2202	79,086	1%	791	-
<u>Non-monetary items</u>						
USD:NTD	19,829	31.74	629,366	1%	-	6,294
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	67,478	31.74	2,141,752	1%	21,418	-
JPY:NTD	137,323	0.2202	30,239	1%	302	-

- iv. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022 amounted to \$63,281, \$84,660, \$64,282 and \$159,123, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.
- ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$16,713 and \$8,069, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's long-term borrowings are floating-rate debts; therefore, the effective interest rate of its long-term borrowings will vary according to changes in market interest rates. If the market interest rate had increased/decreased by 25 basis points with all other variables held constant, post-tax profit for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$1,768 and \$1,116, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the counterparties of financial instruments on the contract obligations. The Group is exposed to credit risk from its operating activities (mainly accounts receivable and notes receivable) and from its financing activities (mainly bank deposits and various financial instruments). The maximum exposure to aforementioned credit risk was the carrying amount of financial assets recognised in the consolidated balance sheet.
- ii. Customer credit risk is managed by each business unit in accordance with the Group's policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

- iii. As of September 30, 2023, December 31, 2022 and September 30, 2022, the amounts of accounts and notes receivable from top ten customers constitute 86%, 81% and 85%, respectively, of the Group's total accounts and notes receivable. The credit concentration risk of the remaining accounts and notes receivable is immaterial.
- iv. The Group's treasury manages the credit risks of bank deposits and other financial instruments based on the Group's credit policy. Because the Group's counterparties are determined based on the Group's internal control, only banks and companies with good credit rating and with no significant default risk are accepted. Consequently, there is no significant credit risk.
- v. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customer's contract assets and notes and accounts receivable in accordance with credit rating of customer, geographic area and industry sector. The Group applies the simplified approach using a provision matrix to estimate the expected credit loss.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On September 30, 2023, December 31, 2022 and September 30, 2022, the provision matrix classified by customers is as follows:

September 30, 2023	Overdue						Total
	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	
IC semiconductor group							
Gross carrying amount (Note)	\$ 2,832,298	\$ 193,935	\$ 83,518	\$ 778	\$ 2,285	\$ -	\$ 3,112,814
Lifetime expected credit losses	(2,616)	(388)	(250)	(40)	(118)	-	(3,412)
Carrying amount	\$ 2,829,682	\$ 193,547	\$ 83,268	\$ 738	\$ 2,167	\$ -	\$ 3,109,402
Loss ratio	0.1%	0.2%	0.3%	0.4%~5.15%	0.6%~5.15%	100%	
	Overdue						
Electronics manufacturing services group							
Gross carrying amount	\$ 1,578,747	\$ 61,046	\$ 2,889	\$ 452	\$ 709	\$ 139	\$ 1,643,982
Lifetime expected credit losses	(1,530)	(129)	(33)	(84)	(139)	(139)	(2,054)
Carrying amount	\$ 1,577,217	\$ 60,917	\$ 2,856	\$ 368	\$ 570	\$ -	\$ 1,641,928
Loss ratio	0.04%~0.10%	0.20%~0.60%	0.30%~2.11%	0.40%~19.55%	0.60%~19.55%	100%	
	Overdue						
December 31, 2022							
IC semiconductor group							
Gross carrying amount (Note)	\$ 1,846,741	\$ 136,782	\$ 47,621	\$ 182	\$ 604	\$ -	\$ 2,031,930
Lifetime expected credit losses	(4,270)	(4,402)	(4,500)	(17)	(84)	-	(13,273)
Carrying amount	\$ 1,842,471	\$ 132,380	\$ 43,121	\$ 165	\$ 520	\$ -	\$ 2,018,657
Loss ratio	0%~0.36%	0%~3.73%	0%~9.45%	0%~9.55%	0%~13.89%	100%	
	Overdue						
Electronics manufacturing services group							
Gross carrying amount	\$ 1,184,157	\$ 61,291	\$ 29,805	\$ 1,462	(\$ 817)	\$ 132	\$ 1,276,030
Lifetime expected credit losses	-	-	50	78	206	(132)	202
Carrying amount	\$ 1,184,157	\$ 61,291	\$ 29,855	\$ 1,540	(\$ 611)	\$ -	\$ 1,276,232
Loss ratio	0%	0%	0%	0%	0%~25.27%	100%	

September 30, 2022	Overdue						Total
	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	
IC semiconductor group							
Gross carrying amount (Note)	\$ 2,131,405	\$ 62,294	\$ -	\$ 45,813	\$ 79,323	\$ -	\$ 2,318,835
Lifetime expected credit losses	(4,676)	(2,727)	-	(5,713)	(13,334)	-	(26,450)
Carrying amount	\$ 2,126,729	\$ 59,567	\$ -	\$ 40,100	\$ 65,989	\$ -	\$ 2,292,385
Loss ratio	0%~0.41%	0%~4.44%	0%~12.01%	0%~12.47%	0~16.81%	100%	
Electronics manufacturing services group							
Gross carrying amount	\$ 1,245,289	\$ 35,462	\$ 11,683	\$ -	\$ -	\$ 136	\$ 1,292,570
Lifetime expected credit losses	-	-	-	-	-	(136)	(136)
Carrying amount	\$ 1,245,289	\$ 35,462	\$ 11,683	\$ -	\$ -	\$ -	\$ 1,292,434
Loss ratio	0%	0%	0%	0%~7.85%	0%~33.63%	100%	

Note: Including the total amount of current contract assets, notes and accounts receivable.

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

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	\$ 13,071	\$ 5,521
Provision for impairment	-	21,052
Reversal of impairment loss	(7,620)	-
Effect of foreign exchange	15	13
At September 30	\$ 5,466	\$ 26,586

For provisioned loss for the nine months ended September 30, 2023 and 2022, there were no impairment losses arising from the contract assets and notes receivable.

(c) Liquidity risk

- i. The Group's objective on liquidity risk management is to ensure the sufficiency of financial flexibility by maintaining cash and bank deposits for operations and adequate bank financing quota.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

September 30, 2023	Less than	Between 2	Between 4	Over 5 years	Total
	1 year	and 3 years	and 5 years		
Non-derivative financial liabilities:					
Accounts payable (including related parties)	\$ 3,741,571	\$ -	\$ -	\$ -	\$ 3,741,571
Other payables (including related parties)	1,344,201	-	-	-	1,344,201
Long-term borrowings (including current portion)	45,100	833,947	295,614	14,598	1,189,259
Preference share liabilities	20,014	1,024,423	-	-	1,044,437
Lease liabilities	30,230	28,701	23,519	79,111	161,561

	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
<u>December 31, 2022</u>					
Non-derivative financial liabilities:					
Accounts payable (including related parties)	\$ 3,043,151	\$ -	\$ -	\$ -	\$ 3,043,151
Other payables (including related parties)	1,319,565	-	-	-	1,319,565
Long-term borrowings (including current portion)	13,866	503,928	617,973	60,182	1,195,949
Preference share liabilities	20,000	1,039,396	-	-	1,059,396
Lease liabilities	30,568	45,071	23,955	87,804	187,398
	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
<u>September 30, 2022</u>					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 400,682	\$ -	\$ -	\$ -	\$ 400,682
Accounts payable (including related parties)	3,069,807	-	-	-	3,069,807
Other payables (including related parties)	1,194,679	-	-	-	1,194,679
Long-term borrowings (including current portion)	7,930	317,020	408,308	38,059	771,317
Preference share liabilities	20,000	40,054	1,004,382	-	1,064,436
Lease liabilities	30,681	45,073	24,321	90,701	190,776

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, current financial assets at amortised cost, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, accounts payable (including related parties), other payables (including related parties), lease liabilities, preference share liabilities, long-term borrowings (including current portion) and guarantee deposits received, are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets at September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

(a) The related information of nature of the asset and liabilities is as follows:

<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$1,660,670</u>	<u>\$ -</u>	<u>\$ 10,613</u>	<u>\$ 1,671,283</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$1,010,814</u>	<u>\$ -</u>	<u>\$ 10,613</u>	<u>\$ 1,021,427</u>
<u>September 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 783,760</u>	<u>\$ -</u>	<u>\$ 23,160</u>	<u>\$ 806,920</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The fair value of equity instruments without active market (such as unlisted shares) was measured by applying a market approach based on the prices and other relevant information (such as the discount for lack of marketability and inputs like price to earnings ratio or price to book ratio) arising from the market transactions of the Company's same or comparable equity instruments. Additionally, for equity instruments that lack sufficient or appropriate observable market information and comparable counterparties, net asset value is used to measure the profitability of underlying investments.
- ii. The fair value of derivative financial instrument options that do not have a quoted market price in an active market was measured by applying a binary tree valuation model.
- iii. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)I.

D. For the nine months ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the nine months ended September 30, 2023 and 2022:

	2023	
	Derivative instrument	Non-derivative equity instrument
At January 1 and September 30	\$ -	\$ 10,613
	2022	
	Derivative instrument	Non-derivative equity instrument
At January 1	\$ 1,261	\$ 25,575
Losses recognised in profit or loss	(1,261)	-
Losses recognised in other comprehensive income	-	(2,415)
At September 30	\$ -	\$ 23,160

- F. For the nine months ended September 30, 2023 and 2022, there was no transfer into or out from Level 3.
- G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to frequently evaluate and measure fair value of financial instruments.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at	Valuation technique	Significant	Range	Relationship of
	September 30, 2023		unobservable input	(weighted average)	inputs to fair value
Derivative instrument:					
Preference share liabilities returned	\$ -	Binary tree convertible valuation model	Discount rate	2.5271%	The higher the discount rate, the lower the fair value.
Non-derivative equity instrument:					
Unlisted shares	\$ 10,613	Net assets value	N/A	N/A	N/A
	Fair value at	Valuation technique	Significant	Range	Relationship of
	December 31, 2022		unobservable input	(weighted average)	inputs to fair value
Derivative instrument:					
Preference share liabilities returned	\$ -	Binary tree convertible valuation model	Discount rate	2.5806%	The higher the discount rate, the lower the fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 10,613	Net assets value	N/A	N/A	N/A
	Fair value at	Valuation technique	Significant	Range	Relationship of
	September 30, 2022		unobservable input	(weighted average)	inputs to fair value
Derivative instrument:					
Preference share liabilities returned	\$ -	Binary tree convertible valuation model	Discount rate	2.8367%	The higher the discount rate, the lower the fair value.
Non-derivative equity instrument:					
Unlisted shares	\$ 23,160	Net assets value	N/A	N/A	N/A

- I. 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 categorised within Level 3 if the inputs used to valuation models have changed:

		September 30, 2023						
				Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
<u>Financial assets</u>								
Preference share liabilities returned								
Discount rate	±1%	\$ -	\$ 9,369	\$ -	\$ -	\$ -	\$ -	
		December 31, 2022						
				Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
<u>Financial assets</u>								
Preference share liabilities returned								
Discount rate	±1%	\$ -	\$ 8,468	\$ -	\$ -	\$ -	\$ -	
		September 30, 2022						
				Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
<u>Financial assets</u>								
Preference share liabilities returned								
Discount rate	±1%	\$ -	\$ 4,324	\$ -	\$ -	\$ -	\$ -	

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Names, number of shares and ownership of the Company's shareholders who hold more than 5% of equity share: Please refer to Note 9.

14. Segment Information

(1) General information

For management purpose, the Group separated operating units based on business which operates individually from the main business in each region. The Group was divided into the following two reportable segments:

A. IC semiconductor group: This segment mainly provides IC packaging and testing services.

B. Electronics manufacturing services group: This segment provides professional electronics manufacturing services.

(2) Segment information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, finance costs, finance income and income taxes in the consolidated financial statements are managed on a group basis and are not allocated to operating segments.

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Three months ended September 30, 2023				
	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	\$ 3,157,307	\$ 1,544,770	\$ -	\$ -	\$ 4,702,077
Inter-segment revenue	-	12,588	-	(12,588)	-
Total revenue	<u>\$ 3,157,307</u>	<u>\$ 1,557,358</u>	<u>\$ -</u>	<u>(\$ 12,588)</u>	<u>\$ 4,702,077</u>
Segment income (loss)	<u>\$ 721,741</u>	<u>\$ 72,779</u>	<u>(\$ 777)</u>	<u>\$ -</u>	<u>\$ 793,743</u>
	Three months ended September 30, 2022				
	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	\$ 2,314,593	\$ 1,494,344	\$ -	\$ -	\$ 3,808,937
Inter-segment revenue	-	53,855	-	(53,855)	-
Total revenue	<u>\$ 2,314,593</u>	<u>\$ 1,548,199</u>	<u>\$ -</u>	<u>(\$ 53,855)</u>	<u>\$ 3,808,937</u>
Segment income	<u>\$ 331,549</u>	<u>\$ 128,278</u>	<u>\$ 52,992</u>	<u>\$ -</u>	<u>\$ 512,819</u>

Nine months ended September 30, 2023

	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	\$ 7,944,032	\$ 4,010,122	\$ -	\$ -	\$ 11,954,154
Inter-segment revenue	-	97,795	-	(97,795)	-
Total revenue	<u>\$ 7,944,032</u>	<u>\$ 4,107,917</u>	<u>\$ -</u>	<u>(\$ 97,795)</u>	<u>\$ 11,954,154</u>
Segment income	<u>\$ 1,251,409</u>	<u>\$ 92,638</u>	<u>\$ 119,307</u>	<u>\$ -</u>	<u>\$ 1,463,354</u>

Nine months ended September 30, 2022

	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	\$ 7,823,784	\$ 4,112,272	\$ -	\$ -	\$ 11,936,056
Inter-segment revenue	-	142,614	-	(142,614)	-
Total revenue	<u>\$ 7,823,784</u>	<u>\$ 4,254,886</u>	<u>\$ -</u>	<u>(\$ 142,614)</u>	<u>\$ 11,936,056</u>
Segment income	<u>\$ 1,203,557</u>	<u>\$ 233,082</u>	<u>\$ 52,880</u>	<u>\$ -</u>	<u>\$ 1,489,519</u>

Note 1: Inter-segment revenue has been written-off when preparing the consolidated financial statements.

Note 2: Income or loss for each operating segment does not include income tax expense.

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

Orient Semiconductor Electronics, Limited and Subsidiaries
Loans to others
Nine months ended September 30, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding		Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note)	Ceiling on total loans granted (Note)	Footnote
					balance during the nine months ended September 30, 2023	Balance at September 30, 2023							Item	Value			
1	COREPLUS (HK) LIMITED	Value-Plus Technology (Suzhou) Co.	Other receivables due from related parties	Y	\$ 64,520 (USD 2,000)	\$ 64,520 (USD 2,000)	\$ 25,485 (USD 790)	-	Short-term financing	-	Short-term capital requirements for operating and business purposes	-	-	-	\$ 577,697 (USD 17,906)	\$ 577,697 (USD 17,906)	-

Note: In accordance with the Company's "Procedures for Provision of Loans", limit on loans to others is 40% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.

However, limit on loans to direct or indirect wholly-owned foreign subsidiaries of the Company is 200% of the Company's net asset. Limit on endorsements to a single party is 30% of the Company's net asset based on the latest audited or reviewed financial statements.

Orient Semiconductor Electronics, Limited and Subsidiaries

Provision of endorsements and guarantees to others

Nine months ended September 30, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Party being endorsed/guaranteed		Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2023	Outstanding endorsement/ guarantee amount at September 30, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
	Endorser/guarantor	Company name												
0	Orient Semiconductor Electronics, Limited	COREPLUS (HK) LIMITED	Note 2	\$ 3,197,201	\$ 80,650 (USD 2,500)	\$ 80,650 (USD 2,500)	\$ 11,291 (USD 350)	\$ -	0.76%	\$ 10,657,338	Y	N	N	-

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

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

Note 3: Limit on total endorsements is the Company's net asset based on the latest audited or reviewed financial statements, and limit on endorsements to a single party is 30% of the Company's net asset based on the latest audited or reviewed financial statements.

Orient Semiconductor Electronics, Limited and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2023				
				Number of shares	Book value	Ownership (%)	Fair value	Footnote
Orient Semiconductor Electronics,Limited	STRATEGE's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	5,135	\$ -	-	\$ -	-
Orient Semiconductor Electronics,Limited	SPINERGY's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	999,641	-	-	-	-
Orient Semiconductor Electronics,Limited	Golfware's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	4,687	-	-	-	-
Orient Semiconductor Electronics,Limited	SCREENBEAM's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	2,141,176	2,683	-	2,683	-
Orient Semiconductor Electronics,Limited	SCREENBEAM's stocks - preference share	None	Financial assets at fair value through other comprehensive income - non-current	2,352,941	7,930	-	7,930	-
Hua-Cheng Investment Co.	Chipbond Technology Corporation	Entity with significant influence	Financial assets at fair value through other comprehensive income - non-current	24,350,000	1,660,670	3.27%	1,660,670	-

Orient Semiconductor Electronics, Limited and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Nine months ended September 30, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2023		Addition		Disposal			Balance as at September 30, 2023		
					Number of shares	Amount	Number of shares	Amount (Note)	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Hua-Cheng Investment Co., Ltd.	Stocks - Chipbond Technology Corporation	Financial assets at fair value through other comprehensive income - non-current	-	-	17,610,000	\$ 1,010,814	6,740,000	\$649,856	-	\$ -	\$ -	\$ -	24,350,000	\$ 1,660,670

Note: Addition for the period included the unrealised valuation adjustment at the balance sheet date amounting to \$215,500.

Orient Semiconductor Electronics, Limited and Subsidiaries
Significant inter-company transactions during the reporting periods
Nine months ended September 30, 2023

Table 5

Expressed in thousands of NTD

Transactions amount between the parent company and subsidiaries or between subsidiaries reaching \$10 million is provided below:

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Orient Semiconductor Electronics,Limited	COREPLUS (HK) LIMITED	1	Accounts receivable	\$ 10,049	-	0.05%
0	Orient Semiconductor Electronics,Limited	OSE INTERNATIONAL LTD.	1	Other payables	77,880	-	0.42%
1	COREPLUS (HK) LIMITED	Orient Semiconductor Electronics,Limited	2	Sales revenue	98,853	Same with general transaction terms	0.83%
1	COREPLUS (HK) LIMITED	Value-Plus Technology (Suzhou) Co.	3	Other receivable	25,489	-	0.14%
2	Value-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Operating revenue	67,752	Same with general transaction terms	0.57%

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

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries

or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction;

for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Orient Semiconductor Electronics, Limited and Subsidiaries

Information on investees

Nine months ended September 30, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 6

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine months ended September 30, 2023	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Orient Semiconductor Electronics, Limited	OSE PHILIPPINES, INC.	Philippines	(1) Integrated circuits and various semiconductor components (2) Research, design, manufacture, assembly, processing and test of abovementioned products and after-sales service	\$ -	\$ 4,173,651 (USD 129,375,408)	-	-	\$ -	\$ 28,848	\$ 27,022	Notes 1 and 2
Orient Semiconductor Electronics, Limited	OSE PROPERTIES, INC.	Philippines	(1) Sales of properties (2) Lease of properties (3) Other property-related business	-	9,857 (USD 305,559)	-	-	-	(904)	(362)	Note 2
Orient Semiconductor Electronics, Limited	OSE INTERNATIONAL LTD.	British Virgin IS.	Investments of various manufacturing businesses	516,160 (USD 16,000,000)	516,160 (USD 16,000,000)	16,000,000	100%	352,762	9,886	9,886	Note 1
Orient Semiconductor Electronics, Limited	SCS HIGHTECH INC.	Taiwan	Manufacture of data storage and processing equipment and providing information software and data processing services	256,000	256,000	25,600,000	18.17%	-	-	-	Note 3
Orient Semiconductor Electronics, Limited	COREPLUS (HK) LIMITED	Hong Kong	Procure to order and components assembly outsourcing	241,950 (USD 7,500,000)	241,950 (USD 7,500,000)	7,500,000	100%	288,805	(46,853)	(46,853)	Note 1
Orient Semiconductor Electronics, Limited	HUA-CHENG INVESTMENT CO.	Taiwan	Reinvestments in various business	1,555,828	1,508,254	248,986,874	100%	1,824,038	119,307	119,307	Note 1
OSE INTERNATIONAL LTD.	OSE PHILIPPINES, INC.	Philippines	(1) Integrated circuits and various semiconductor components (2) Research, design, manufacture, assembly, processing and test of abovementioned products and after-sales service	-	161,300 (USD 5,000,000)	-	-	-	28,848	1,826	Notes 1, 2 and 4

Note 1: Inter-company transactions between companies within the Group are eliminated.

Note 2: The investee was dissolved and liquidated on July 31, 2023.

Note 3: The investee was abolished on March 8, 2007.

Note 4: Initial investment amount of the reinvestee which use foreign currencies to prepare financial statements is translated to NTD at the spot rate at the period end.

Orient Semiconductor Electronics, Limited and Subsidiaries
Information on investments in Mainland China
Nine months ended September 30, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net loss of investee as of September 30, 2023	Ownership held by the Company (direct or indirect)	Investment loss recognised by the Company for the nine months ended September 30, 2023	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Value-Plus Technology (Suzhou) Co.	Researching, developing and undertaking the substrate surface adhesion processing of various electronic product components, plug-in welding processing of components, related testing, combination processing, sales of self-produced products, and providing technique maintenance and after-sale service accordingly	\$ 173,834 (USD 5,388,522)	Investment and establishment in COREPLUS, and then reinvestment (2)	\$ 158,328	\$ -	\$ -	\$ 158,328	(\$ 33,907)	100%	(\$ 33,907)	\$ 23,223	\$ -	Note 3
<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA</u>	<u>Footnote</u>									
Orient Semiconductor Electronics, Limited	\$ 158,328	\$ 175,495	\$ 6,394,402	Note 3									

Note 1: Investment methods are classified into the following three categories;

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

Note 2: Limit amount prescribed by the Jing-Shen-Zi Letter No. 09704604680 of Ministry of Economic Affairs, dated August 29, 2008, and is calculated based on 60% of the Company's consolidated net assets.

Note 3: Paid-in capital was translated to NTD at the spot rate at the period end.

Orient Semiconductor Electronics, Limited and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Nine months ended September 30, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Service revenue		Accounts receivable (payable)		Other receivables		Provision of endorsements/guarantees or collaterals		Financing			Other
	Amount	%	Amount	%	Balance at September 30, 2023	%	Balance at September 30, 2023	%	Balance at September 30, 2023	Purpose	Maximum balance during the nine months ended September 30, 2023	Balance at September 30, 2023	Interest rate		Interest during the nine months ended September 30, 2023
Value-Plus Technology (Suzhou) Co.	\$ -	-	\$ 67,752	99.8%	\$ 6,055	98%	\$ 4,411	65%	\$ -	-	\$ 64,520	\$ 64,520	-	\$ -

Orient Semiconductor Electronics, Limited and Subsidiaries

Major shareholders information

September 30, 2023

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Chipbond Technology Corporation	163,995,498	29.53%

Note: Chipbond Technology Corporation held the Company's common shares and class B and class C preferred shares without voting rights amounting to 163,995,498 shares, 90,090,000 shares and 180,180,000 shares, respectively, and in total held 434,265,498 shares.