

**ORIENT SEMICONDUCTOR
ELECTRONICS, LIMITED AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2022 AND 2021**

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

INDEPENDENT AUDITORS' 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 June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statement of changes in equity and of cash flows for the six 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" 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 Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in 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(7), the financial statements of certain insignificant consolidated subsidiaries, investments accounted for using equity method, investments accounted for using equity method transferred to non-current assets held for sale, net and information disclosed in Note 13 were not reviewed by independent auditors. Total assets of these subsidiaries (including investments accounted for using equity method and non-current assets held for sale, net) amounted to NT\$1,280,683 and NT\$1,494,235 thousand, constituting 7% and 10% of the consolidated total assets as at June 30, 2022 and 2021, respectively, total liabilities amounted to NT\$144,724 and NT\$184,629 thousand, constituting 2% and 3% of the consolidated total liabilities as at June 30, 2022 and 2021, respectively, and the total

comprehensive income (including share of profit or loss of associates and joint ventures accounted for using equity method) amounted to NT\$21,603, NT\$10,460, NT\$35,717 and NT\$1,051 thousand, constituting 6%, 3%, 5% and 0% of the consolidated total comprehensive income for the three months and six 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, investments accounted for using equity method transferred to non-current assets held for sale, net 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 June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months then ended, and its consolidated cash flows for the six 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” as endorsed by the Financial Supervisory Commission.

WANG, KUO-HUA

CHIANG, TSAI-YEN

For and on behalf of PricewaterhouseCoopers, Taiwan

July 27, 2022

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

JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of June 30, 2022 and 2021 are reviewed, not audited)

Assets		Notes	June 30, 2022		December 31, 2021		June 30, 2021				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	3,466,255	20	\$	2,723,171	16	\$	1,807,469	12
1136	Current financial assets at amortised cost	6(4) and 8		-	-		11,465	-		110,164	1
1140	Current contract assets	6(24)		320,608	2		296,090	2		332,015	2
1150	Notes receivable, net	6(5)		-	-		146	-		-	-
1170	Accounts receivable, net	6(5)		3,304,471	19		2,892,798	17		2,912,018	19
1180	Accounts receivable due from related parties, net	6(5) and 7		317,867	2		458,409	3		324,914	2
1200	Other receivables			24,861	-		59,042	-		26,810	-
1210	Other receivables due from related parties	7		7,811	-		56,596	-		59,399	-
130X	Inventories	6(6)		1,951,206	11		1,825,991	11		1,568,811	10
1410	Prepayments			106,261	-		97,313	-		60,618	1
1460	Non-current assets or disposal groups classified as held for sale, net	6(13)		636,621	4		488,274	3		-	-
1479	Other current assets, others			22,066	-		15,941	-		16,916	-
11XX	Current Assets			10,158,027	58		8,925,236	52		7,219,134	47
Non-current assets											
1510	Non-current financial assets at fair value through profit or loss	6(2)		-	-		1,261	-		5,225	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		540,277	3		314,683	2		270,230	2
1550	Investments accounted for using equity method	6(7)		5,185	-		467,174	3		432,722	3
1600	Property, plant and equipment	6(8) and 8		5,314,239	31		5,403,685	32		5,114,192	33
1755	Right-of-use assets	6(9)		186,733	1		256,264	2		227,680	2
1760	Investment property - net	6(11)		-	-		-	-		366,433	2
1780	Intangible assets	6(12) and 7		33,876	-		32,972	-		33,271	-
1840	Deferred tax assets			1,048,960	6		1,205,821	7		1,384,908	9
1915	Prepayments for business facilities			51,293	-		167,490	1		3,376	-
1920	Guarantee deposits paid	8		134,246	1		154,187	1		167,643	1
1940	Long-term notes and accounts receivable due from related parties	7		-	-		85,839	-		86,428	1
1990	Other non-current assets, others			3,054	-		3,877	-		4,537	-
15XX	Non-current assets			7,317,863	42		8,093,253	48		8,096,645	53
1XXX	Total assets		\$	17,475,890	100	\$	17,018,489	100	\$	15,315,779	100

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of June 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity		Notes	June 30, 2022		December 31, 2021		June 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Current borrowings	6(14) and 8	\$ 467,622	3	\$ 299,408	2	\$ 757,974	5
2110	Short-term notes and bills payable	6(15)	-	-	49,986	-	-	-
2130	Current contract liabilities	6(24)	84,935	1	88,971	1	72,094	1
2150	Notes payable		-	-	59,087	-	47,710	-
2170	Accounts payable		3,378,765	19	3,221,816	19	3,084,328	20
2180	Accounts payable to related parties	7	419	-	745	-	192	-
2200	Other payables	6(16)	2,046,576	12	1,637,483	10	1,009,182	7
2220	Other payables to related parties	7	51,188	-	40,986	-	39,222	-
2230	Current tax liabilities		27,647	-	-	-	-	-
2250	Current provisions		12,563	-	10,356	-	10,559	-
2280	Current lease liabilities	7	30,162	-	35,532	-	23,472	-
2320	Long-term liabilities, current portion	6(17) and 8	15,000	-	60,700	-	-	-
2365	Current refund liabilities		26,507	-	24,820	-	17,418	-
2399	Other current liabilities, others		178,871	1	165,963	1	178,408	1
21XX	Current Liabilities		6,320,255	36	5,695,853	33	5,240,559	34
Non-current liabilities								
2540	Non-current portion of non-current borrowings	6(17) and 8	635,962	4	587,694	4	300,000	2
2570	Deferred tax liabilities		-	-	-	-	4,735	-
2580	Non-current lease liabilities	7	154,794	1	213,510	1	197,367	1
2635	Non-current preference share liabilities	6(19)	1,004,506	6	1,005,149	6	1,005,803	7
2640	Net defined benefit liability, non-current		327,804	2	487,200	3	326,894	2
2645	Guarantee deposits received		49,594	-	57,018	-	3,518	-
25XX	Non-current liabilities		2,172,660	13	2,350,571	14	1,838,317	12
2XXX	Total Liabilities		8,492,915	49	8,046,424	47	7,078,876	46
Equity attributable to owners of parent								
	Share capital	6(20)(21)						
3110	Share capital - common stock		5,553,975	32	5,554,319	33	5,568,610	36
3120	Preference share		1,801,800	10	1,801,800	11	1,801,800	12
	Capital surplus	6(22)						
3200	Capital surplus		235,136	1	234,897	1	220,783	1
	Retained earnings	6(23)						
3310	Legal reserve		192,241	1	53,719	-	53,719	-
3320	Special reserve		157,357	1	106,988	1	18,730	-
3350	Unappropriated retained earnings		1,250,161	7	1,385,221	8	732,610	5
	Other equity interest							
3400	Other equity interest		(207,695)	(1)	(164,879)	(1)	(159,349)	-
31XX	Equity attributable to owners of the parent		8,982,975	51	8,972,065	53	8,236,903	54
3XXX	Total equity		8,982,975	51	8,972,065	53	8,236,903	54
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$ 17,475,890	100	\$ 17,018,489	100	\$ 15,315,779	100

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 SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share)
(Reviewed, not audited)

	Items	Notes	Three months ended June 30		Six months ended June 30		2022		2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(24) and 7	\$ 4,288,219	100	\$ 4,148,371	100	\$ 8,127,119	100	\$ 7,937,267	100
5000	Operating costs	6(6)(12)(29)(30) and 7	(3,535,591)	(82)	(3,320,137)	(80)	(6,722,807)	(83)	(6,591,126)	(83)
5900	Net operating margin		752,628	18	828,234	20	1,404,312	17	1,346,141	17
	Operating expenses	6(12)(29)(30)								
6100	Selling and administrative expenses		(199,652)	(5)	(209,483)	(5)	(389,163)	(5)	(388,485)	(5)
6300	Research and development expenses		(89,931)	(2)	(77,133)	(2)	(164,609)	(2)	(151,663)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(13,795)	-	4,616	-	(34,806)	-	13,736	-
6000	Total operating expenses		(303,378)	(7)	(282,000)	(7)	(588,578)	(7)	(526,412)	(7)
6500	Net other income (expenses)	6(9)	(203)	-	-	-	(203)	-	-	-
6900	Operating profit		449,047	11	546,234	13	815,531	10	819,729	10
	Non-operating income and expenses									
7100	Interest income	6(25) and 7	1,556	-	950	-	2,526	-	1,748	-
7010	Other income	6(26) and 7	11,061	-	15,549	1	22,064	-	42,681	1
7020	Other gains and losses	6(27)	34,838	1	(30,398)	(1)	115,146	2	(38,356)	(1)
7050	Finance costs	6(28)	(6,313)	-	(8,296)	-	(12,061)	-	(19,112)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	20,536	-	8,706	-	33,494	-	7,480	-
7000	Total non-operating income and expenses		61,678	1	(13,489)	-	161,169	2	(5,559)	-
7900	Profit before income tax		510,725	12	532,745	13	976,700	12	814,170	10
7950	Income tax expense	6(31)	(90,341)	(2)	(108,747)	(3)	(188,953)	(2)	(169,818)	(2)
8200	Profit for the period		\$ 420,384	10	\$ 423,998	10	\$ 787,747	10	\$ 644,352	8

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share)
(Reviewed, not audited)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2022		2021		2022		2021	
		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(3)	(\$ 68,684)	(2)	(\$ 575)	-	(\$ 68,079)	(1)	(\$ 9,934)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	(2,381)	-	502	-	(389)	-	3,112	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(71,065)	(2)	(73)	-	(68,468)	(1)	(6,822)	-
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations	6(7)	10,695	-	(7,016)	-	21,564	-	(7,474)	-
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(7)	3,453	-	(3,231)	-	5,199	-	(2,120)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(31)	(2,829)	-	2,050	-	(5,352)	-	1,919	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		11,319	-	(8,197)	-	21,411	-	(7,675)	-
8300 Total other comprehensive loss for the period		(\$ 59,746)	(2)	(\$ 8,270)	-	(\$ 47,057)	(1)	(\$ 14,497)	-
8500 Total comprehensive income for the period		\$ 360,638	8	\$ 415,728	10	\$ 740,690	9	\$ 629,855	8
Profit attributable to:									
8610 Owners of parent		\$ 420,384	10	\$ 423,998	10	\$ 787,747	10	\$ 644,352	8
Comprehensive income attributable to:									
8710 Owners of parent		\$ 360,638	8	\$ 415,728	10	\$ 740,690	9	\$ 629,855	8
Earnings per share	6(32)								
9750 Basic		\$ 0.61		\$ 0.61		\$ 1.13		\$ 0.92	
9850 Diluted		\$ 0.57		\$ 0.57		\$ 1.06		\$ 0.87	

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	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 gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	
<u>Six months ended June 30, 2021</u>											
At January 1, 2021		\$ 5,570,425	\$ 1,801,800	\$ 220,723	\$ 53,719	\$ 18,730	\$ 88,258	(\$ 54,047)	(\$ 79,166)	(\$ 17,674)	\$ 7,602,768
Profit for the period		-	-	-	-	-	644,352	-	-	-	644,352
Other comprehensive loss		-	-	-	-	-	-	(7,675)	(6,822)	-	(14,497)
Total comprehensive income (loss)		-	-	-	-	-	644,352	(7,675)	(6,822)	-	629,855
Share-based payment transactions	6(20)	(1,815)	-	60	-	-	-	-	-	6,035	4,280
At June 30, 2021		\$ 5,568,610	\$ 1,801,800	\$ 220,783	\$ 53,719	\$ 18,730	\$ 732,610	(\$ 61,722)	(\$ 85,988)	(\$ 11,639)	\$ 8,236,903
<u>Six months ended June 30, 2022</u>											
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		-	-	-	-	-	787,747	-	-	-	787,747
Other comprehensive income (loss)		-	-	-	-	-	-	21,411	(68,468)	-	(47,057)
Total comprehensive income		-	-	-	-	-	787,747	21,411	(68,468)	-	740,690
Distribution of 2021 earnings:											
Legal reserve		-	-	-	138,522	-	(138,522)	-	-	-	-
Special reserve		-	-	-	-	50,369	(50,369)	-	-	-	-
Cash dividends	6(23)	-	-	-	-	-	(733,916)	-	-	-	(733,916)
Share-based payment transactions	6(20)	(344)	-	239	-	-	-	-	-	4,241	4,136
Balance at June 30, 2022		\$ 5,553,975	\$ 1,801,800	\$ 235,136	\$ 192,241	\$ 157,357	\$ 1,250,161	(\$ 20,500)	(\$ 183,913)	(\$ 3,282)	\$ 8,982,975

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Six months ended June 30	
	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 976,700	\$ 814,170
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(11)(29)	580,711	669,538
Amortization of intangible and other assests	6(12)(29)	13,014	18,290
Loss (gain) on expected credit impairment	12(2)	34,806 (	13,736)
Loss on financial assets at fair value through profit or loss	6(27)	1,261	1,261
Interest expense	6(28)	12,061	19,112
Interest income	6(25)	(2,526 ) (	1,748)
Stock option compensation cost from subsidiary	6(20)	4,136	4,280
Share of profit of associates and joint ventures accounted for using equity method	6(7)		
		(33,494 ) (	7,480)
Gain on disposal of non-current assets held for sale	6(27)	(55,513)	-
Loss on disposal of investment properties	6(27)	-	8,611
Gain on disposal of investments accounted for using equity method	6(27)		
		- (	3,550)
Loss on disposal of property, plant and equipment	6(27)	(5,987 ) (	2,569)
Scrapping inventory and loss on decline in market value	6(6)	7,677	15,336
Gain arising from lease modifications	6(27)	(1,835 ) (	883)
Changes in operating assets and liabilities			
Changes in operating assets			
Increase in contract assets		(24,518 ) (	27,190)
Decrease in notes receivable		146	852
Increase in accounts receivable		(443,135 ) (	688,017)
Decrease (increase) in accounts receivable due from related parties		140,542 (	94,993)
Decrease in other receiables		32,383	3,068
Decrease in other receivables due from related parties		50,725	665
Inventories		(119,170 ) (	443,329)
Decrease in prepayments		2,487	24,843
Increase in other current assets, others		(5,990 ) (	1,898)
Decrease in other non-current assets, others		894	-
Changes in operating liabilities			
Decrease (increase) in contract liabilities		(4,078)	46,723
Decrease in notes payable		-	33,102
Increase in accounts payable		148,350	779,061
Decrease in accounts payable to related parties		(326 ) (	2,294)
Decrease (increase) in other payalbe		7,906	146,009
Increase in other payables to related parties		8,736	29,385
Increase (decrease) in current provisions		2,207 (	2,329)
Increase in other current liabilities		14,665	35,824
Decrease in net defined benefit liability		(159,396 ) (	57,352)
Cash inflow generated from operations		1,183,439	1,302,762
Interest received		2,380	1,738
Net cash flows from operating activities		1,185,819	1,304,500

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Six months ended June 30	
	Notes	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in non-current financial assets at fair value through other comprehensive income		(\$ 315,754)	(\$ 172,932)
Proceeds from liquidation of financial assets at fair value through other comprehensive income		22,082	-
Decrease in financial assets at amortised cost - current		11,465	47,436
Loss on disposal of investments accounted for using equity method	6(7)	-	13,535
Acquisition of property, plant and equipment	6(33)	(762,795)	(290,116)
Proceeds from disposal of non-current assets held for sale		422,188	-
Proceeds from disposal of property, plant and equipment		6,956	3,217
Decrease in refundable deposits		20,778	7
Acquisition of intangible assets	6(12)	(13,765)	(10,547)
Decrease in long-term accounts receivable due from related parties		89,382	1,924
Net cash flows used in investing activities		(519,463)	(407,476)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(34)	1,521,527	2,182,071
Decrease in short-term borrowings	6(34)	(1,353,701)	(2,530,405)
Decrease in short-term notes and bills payable	6(34)	(50,000)	-
Proceeds from long-term borrowings	6(34)	305,262	500,000
Repayments of long-term debt	6(34)	(302,694)	(1,066,446)
Decrease in guarantee deposits received	6(34)	(7,427)	-
Payments of lease liabilities	6(34)	(17,931)	(10,790)
Payment of interest		(4,807)	(10,701)
Net cash flows from (used in) financing activities		90,229	(936,271)
Effect of exchange rate changes on cash and cash equivalents		(13,501)	916
Net increase (decrease) in cash and cash equivalents		743,084	(38,331)
Cash and cash equivalents at beginning of period		2,723,171	1,845,800
Cash and cash equivalents at end of period		\$ 3,466,255	\$ 1,807,469

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(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 circuit, semiconductor components, computer motherboard, various types of electronic inventory, manufacture, combination, processing and export of computer and communication circuit board.

(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 July 27, 2022.

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”) as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

The above standards and interpretations have no significant impact to the 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 effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 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.

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, 2021, except for the compliance statement, basis of preparation, and 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’ 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, 2021.

(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 financial assets measured at fair value.
 - (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 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, 2021.

- B. Subsidiaries included in the consolidated financial statements:

Investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Orient Semiconductor Electronics Limited	OSE Philippines INC. (“OSEP”)	(a) Integrated circuit and semiconductor components. (b) Research, design, manufacture, assembly, processing, test and after-sales service of aforementioned products.	93.67%	93.67%	93.67%	Notes 1 and 2
Orient Semiconductor Electronics Limited	OSE International Limited (“OSE BVI”).	Investments in various production business.	100%	100%	100%	-
Orient Semiconductor Electronics Limited	OSE USA INC. (“OSEU”)	Provided sales agent business in North America.	-	-	100%	Notes 3 and 4
Orient Semiconductor Electronics Limited	Coreplus (HK) Limited (“COREPLUS”)	Accepted orders, purchased materials and outsourcing processing of components combination business.	100%	100%	100%	Note 4
Orient Semiconductor Electronics Limited	Hua-Cheng Investment Co. (“Hua-Cheng”)	Reinvestments in various business.	100%	100%	100%	Notes 5 and 6

Investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
OSE International Limited	OSE Philippines INC. (“OSEP”)	(a) Integrated circuit and semiconductor components. (b) Research, design, manufacture, assembly, processing, test and after-sales service of aforementioned products.	6.33%	6.33%	6.33%	Notes 1 and 2
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 4

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

Note 2: OSEP has stopped operation in the fourth quarter of 2011, The liquidation has been started after the resolution of the Board of Directors on April 30, 2022.

Note 3: OSEU has stopped operations and cancelled its registration as approved by the Board of Directors on January 26, 2021, and was liquidated in September 2021.

Note 4: The financial statements of the entity as of and for the six months ended June 30, 2022 and 2021 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 5: Subsidiary which was established and invested by the Group in January 2021.

Note 6: The financial statements of the entity as of and for the six months ended June 30, 2021 were not reviewed by the independent auditors as the entity is insignificant to the Group.

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.

(6) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

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

There have been no significant changes as of June 30, 2022. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand and petty cash	\$ 192	\$ 234	\$ 208
Checking accounts and demand deposits	2,766,063	2,341,393	1,475,501
Time deposits	<u>700,000</u>	<u>381,544</u>	<u>331,760</u>
	<u>\$ 3,466,255</u>	<u>\$ 2,723,171</u>	<u>\$ 1,807,469</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 demand deposits and time deposits which were provided as collaterals or were restricted due to the foreign capital remitted back in Taiwan and deposited in special account of bank have been transferred to "financial assets at amortised cost – current", please refer to Note 6(4) 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 profit or loss

<u>Items</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Value of preference share liability			
callable option	<u>\$ -</u>	<u>\$ 1,261</u>	<u>\$ 5,225</u>

A. For details of the Group's financial assets at fair value through profit or loss recognised in net profit or loss, please refer to Note 6(27) other gains and losses.

B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

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

Items	June 30, 2022	December 31, 2021	June 30, 2021
Non-current items:			
Unlisted stocks	\$ 19,741	\$ 39,879	\$ 91,670
Listed stocks	520,536	274,804	178,560
	<u>\$ 540,277</u>	<u>\$ 314,683</u>	<u>\$ 270,230</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 \$540,277, \$314,683 and \$270,230 as at June 30, 2022, December 31, 2021 and June 30, 2021, respectively.
- B. For the three months and six months ended June 30, 2022 and 2021, the Group has financial assets at fair value through other comprehensive income recognised in comprehensive loss due to changes of fair value in the amounts of (\$68,684), (\$575), (\$68,079) and (\$9,934), respectively.
- C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

Items	June 30, 2022	December 31, 2021	June 30, 2021
Current items:			
Demand deposits-foreign capital special account	\$ -	\$ 1,780	\$ 100,413
Pledged time deposits	-	9,685	9,751
	<u>\$ -</u>	<u>\$ 11,465</u>	<u>\$ 110,164</u>

- A. For the three months and six months ended June 30, 2022 and 2021, the interest income from time deposits was recognised under interest income from bank deposits, please refer to Note 6(25).
- B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- C. Demand deposits-foreign capital special account was the amount of the Group deposited in the bank special account in accordance with The Management, Utilization, and Taxation of Repatriated Offshore Funds Act, which were restricted for use based on an approved plan.
- D. 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 deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Notes receivable	\$ -	\$ 146	\$ -
Less: Loss allowance	-	-	-
	<u>\$ -</u>	<u>\$ 146</u>	<u>\$ -</u>
Accounts receivable	\$ 3,344,826	\$ 2,898,319	\$ 2,919,907
Less: Loss allowance	(40,355)	(5,521)	(7,889)
	<u>\$ 3,304,471</u>	<u>\$ 2,892,798</u>	<u>\$ 2,912,018</u>
Accounts receivable due from related parties	\$ 317,867	\$ 458,409	\$ 324,914
Less: Loss allowance	-	-	-
	<u>\$ 317,867</u>	<u>\$ 458,409</u>	<u>\$ 324,914</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 June 30, 2022, December 31, 2021 and June 30, 2021, accounts and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$2,462,663.

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

D. As at June 30, 2022, December 31, 2021 and June 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$0, \$146 and \$0 as at June 30, 2022, December 31, 2021 and June 30, 2021, respectively, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$3,622,338, \$3,351,207 and \$3,236,932, respectively.

(6) Inventories

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Raw materials	\$ 1,755,444	\$ 1,707,141	\$ 1,458,967
Supplies	162,202	158,991	163,549
Work in progress	268,127	235,247	206,945
Finished goods	<u>42,757</u>	<u>28,139</u>	<u>52,029</u>
	2,228,530	2,129,518	1,881,490
Less: Allowance for valuation loss	(277,324)	(303,527)	(312,679)
	<u>\$ 1,951,206</u>	<u>\$ 1,825,991</u>	<u>\$ 1,568,811</u>

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

	Three months ended June 30	
	2022	2021
Cost of goods sold	\$ 3,540,722	\$ 3,314,649
Scrapping inventory and loss on decline in market value	3,976	9,711
Others	(9,107)	(4,223)
	<u>\$ 3,535,591</u>	<u>\$ 3,320,137</u>
	Six months ended June 30	
	2022	2021
Cost of goods sold	\$ 6,729,582	\$ 6,584,021
Scrapping inventory and loss on decline in market value	7,677	15,336
Others	(14,452)	(8,231)
	<u>\$ 6,722,807</u>	<u>\$ 6,591,126</u>

B. As of June 30, 2022, December 31, 2021 and June 30, 2021, the fire insurance amount of inventories were \$15,235,515, \$14,069,881 and \$14,069,063, respectively.

(7) Investments accounted for using equity method

	2022	2021
At January 1	\$ 467,174	\$ 450,878
Earnings distribution of investments accounted for using equity method	-	(12,947)
Share of profit or loss of investments accounted for using equity method	33,494	7,480
Disposal of investments accounted for using equity method	-	(9,985)
Transfers to non-current assets held for sale	(500,484)	-
Changes in other equity interest	<u>5,001</u>	<u>(2,704)</u>
At June 30	<u>\$ 5,185</u>	<u>\$ 432,722</u>

	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	Shareholding ratio	Amount	Shareholding ratio	Amount	Shareholding ratio
Associates:						
OSE PROPERTIES, INC.	\$ 5,185	39.99%	\$ -	39.99%	\$ -	39.99%
ATP ELECTRONICS, TAIWAN INC.	-	18.31%	467,174	18.31%	432,722	18.31%
SCS HIGHTECH INC.	-	18.71%	-	18.17%	-	18.17%
	<u>\$ 5,185</u>		<u>\$ 467,174</u>		<u>\$ 432,722</u>	

- A. As of December 31, 2021, the Group's carrying amount of long-term equity investments was decreased to \$0 due to the accumulated investment loss which was recognised as a result of the continuous deficit incurred by OSE Properties, Inc.
- B. 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.
- C. Please refer to Note 6(13) for the details of the transfers to non-current assets held for sale due to the disposal of ATP Electronics Taiwan Inc. as resolved by the Company's Board of Directors in April 2022.
- D. As of June 30, 2022, December 31, 2021 and June 30, 2021, there were no investments accounted for using equity method pledged as collaterals.
- E. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group had no significant associate.
- F. The Group's share of the operating results in all individually immaterial associates is summarized below:

	Three months ended June 30	
	2022	2021
Profit	\$ 20,536	\$ 8,706
Other comprehensive income (loss), net of tax	3,453	(3,198)
Total comprehensive income for the period	<u>\$ 23,989</u>	<u>\$ 5,508</u>

	Six months ended June 30	
	2022	2021
Profit	\$ 33,494	\$ 7,480
Other comprehensive income (loss), net of tax	5,199	(2,120)
Total comprehensive income for the period	<u>\$ 38,693</u>	<u>\$ 5,360</u>

- G. For the three months and six months ended June 30, 2022 and 2021, the Group's investees accounted for using equity method were valued from investees' financial statements which were reviewed by auditors in the same period.

(8) Property, plant and equipment

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Property, plant and equipment			
- Owner-occupied	\$ 5,313,342	\$ 5,402,722	\$ 4,978,305
- Operating leases	897	963	135,887
	<u>\$ 5,314,239</u>	<u>\$ 5,403,685</u>	<u>\$ 5,114,192</u>

A. Property, plant and equipment for self-use

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under installation	Total
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	-	36	-	-	-	473,519	473,555
Disposals	-	(290,549)	-	(968)	(4,949)	-	(296,466)
Transfers	35,446	551,829	-	-	22,095	(606,352)	3,018
Impact of changes in foreign exchange rate	-	11,054	62	125	324	38	11,603
June 30, 2022	<u>\$ 7,066,561</u>	<u>\$ 15,017,839</u>	<u>\$ 4,249</u>	<u>\$ 58,482</u>	<u>\$ 393,567</u>	<u>\$ 794,828</u>	<u>\$ 23,335,526</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	67,310	492,372	5	11	6,313	-	566,011
Disposals	-	(289,546)	-	(968)	(4,946)	-	(295,460)
Transfers	-	-	-	-	-	-	-
Impact of changes in foreign exchange rate	-	10,088	57	117	277	-	10,539
June 30, 2022	<u>\$ 4,877,195</u>	<u>\$ 12,737,192</u>	<u>\$ 3,992</u>	<u>\$ 58,125</u>	<u>\$ 345,680</u>	<u>\$ -</u>	<u>\$ 18,022,184</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(13).

	<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, 2021	\$ 7,119,353	\$ 14,463,402	\$ 4,354	\$ 66,823	\$ 389,653	\$ 63,831	\$ 22,107,416
Additions	-	4,540	-	-	32	168,829	173,401
Disposals	-	(245,097)	(147)	(2,646)	(5)	-	(247,895)
Transfers	11,428	285,476	-	-	17,215	3,437	317,556
Impact of changes in foreign exchange rate	-	(6,015)	(40)	(217)	(210)	(2)	(6,484)
June 30, 2021	<u>\$ 7,130,781</u>	<u>\$ 14,502,306</u>	<u>\$ 4,167</u>	<u>\$ 63,960</u>	<u>\$ 406,685</u>	<u>\$ 236,095</u>	<u>\$ 22,343,994</u>
Depreciation and impairment:							
January 1, 2021	\$ 4,779,640	\$ 11,752,849	\$ 4,029	\$ 66,025	\$ 361,047	\$ -	\$ 16,963,590
Depreciation expense	89,688	546,588	62	142	8,901	-	645,381
Disposals	-	(244,703)	(147)	(2,392)	(5)	-	(247,247)
Transfers	-	10,023	-	-	-	-	10,023
Impact of changes in foreign exchange rate	-	(5,660)	(37)	(206)	(155)	-	(6,058)
June 30, 2021	<u>\$ 4,869,328</u>	<u>\$ 12,059,097</u>	<u>\$ 3,907</u>	<u>\$ 63,569</u>	<u>\$ 369,788</u>	<u>\$ -</u>	<u>\$ 17,365,689</u>
Carrying amount, net:							
June 30, 2022	<u>\$ 2,189,366</u>	<u>\$ 2,280,647</u>	<u>\$ 257</u>	<u>\$ 357</u>	<u>\$ 47,887</u>	<u>\$ 794,828</u>	<u>\$ 5,313,342</u>
December 31, 2021	<u>\$ 2,221,230</u>	<u>\$ 2,221,191</u>	<u>\$ 257</u>	<u>\$ 360</u>	<u>\$ 32,061</u>	<u>\$ 927,623</u>	<u>\$ 5,402,722</u>
June 30, 2021	<u>\$ 2,261,453</u>	<u>\$ 2,443,209</u>	<u>\$ 260</u>	<u>\$ 391</u>	<u>\$ 36,897</u>	<u>\$ 236,095</u>	<u>\$ 4,978,305</u>

B. Property, plant and equipment for operating lease

	Buildings and structures	Machinery and equipment	Total
Cost and revaluation increment:			
January 1 and June 30, 2022 (Note)	\$ 10,721	\$ -	\$ 10,721
Depreciation and impairment:			
January 1, 2022 (Note)	\$ 9,758	\$ -	\$ 9,758
Depreciation	66	-	66
June 30, 2022	\$ 9,824	\$ -	\$ 9,824
Cost and revaluation increment:			
January 1, 2021	\$ 279,342	\$ 19,503	\$ 298,845
Disposals	- (	4,058) (	4,058)
Transfer	- (	15,445) (	15,445)
June 30, 2021	\$ 279,342	\$ -	\$ 279,342
Depreciation and impairment:			
January 1, 2021	\$ 143,389	\$ 13,713	\$ 157,102
Depreciation	66	368	434
Disposals	- (	4,058) (	4,058)
Transfer	- (	10,023) (	10,023)
June 30, 2021	\$ 143,455	\$ -	\$ 143,455
Carrying amount, net:			
June 30, 2022	\$ 897	\$ -	\$ 897
December 31, 2021	\$ 963	\$ -	\$ 963
June 30, 2021	\$ 135,887	\$ -	\$ 135,887

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 \$268,621 and \$133,764, respectively. Information relating to non-current assets held for sale is provided in Note 6(13).

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:

	Six months ended June 30	
	2022	2021
Amount capitalised	\$ 3,624	\$ 983
Range of the interest rates for capitalisation	0.89% ~ 1.04%	1.11% ~ 1.33%

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 June 30, 2022, December 31, 2021 and June 30, 2021, the insured amount of fire insurance of property, plant and equipment were \$10,283,956, \$10,592,326 and \$10,621,669, respectively.

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

(9) 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>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 142,515	\$ 206,245	\$ 214,152
Buildings and structures	2,283	5,607	8,919
Machinery and equipment	36,600	39,490	-
Transportation equipment	<u>5,335</u>	<u>4,922</u>	<u>4,609</u>
	<u>\$ 186,733</u>	<u>\$ 256,264</u>	<u>\$ 227,680</u>
<u>Three months ended June 30</u>			
	<u>2022</u>	<u>2021</u>	
	<u>Depreciation expense</u>	<u>Depreciation expense</u>	
Land	\$ 3,235	\$ 3,756	
Buildings and structures	1,777	1,670	
Machinery and equipment	1,445	-	
Transportation equipment	<u>726</u>	<u>893</u>	
	<u>\$ 7,183</u>	<u>\$ 6,319</u>	
<u>Six months ended June 30</u>			
	<u>2022</u>	<u>2021</u>	
	<u>Depreciation expense</u>	<u>Depreciation expense</u>	
Land	\$ 6,468	\$ 7,523	
Buildings and structures	3,501	3,366	
Machinery and equipment	2,890	-	
Transportation equipment	<u>1,745</u>	<u>1,721</u>	
	<u>\$ 14,604</u>	<u>\$ 12,610</u>	

C. For the six months ended June 30, 2022 and 2021, the additions to right-of-use assets were \$2,961 and \$1,777, respectively.

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

	<u>Three months ended June 30</u>	
<u>Items affecting profit or loss</u>	<u>2022</u>	<u>2021</u>
Interest expense on lease liabilities	\$ 823	\$ 1,164
Expense on short-term lease contracts	1,261	1,400
Expense on leases of low-value assets	776	916
(Excluding expense on leases of low-value assets of short-term lease)		
Gains arising from lease modifications	41	-
(shown as 'other gains and losses')		
Losses arising from lease modifications	203	-
(shown as 'other income and expenses - net')		

<u>Items affecting profit or loss</u>	<u>Six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Interest expense on lease liabilities	\$ 1,679	\$ 2,360
Expense on short-term lease contracts	2,457	2,700
Expense on leases of low-value assets	1,598	1,848
(Excluding expense on leases of low-value assets of short-term lease)		
Gains arising from lease modifications	1,813	-
(shown as 'other gains and losses')		
Losses arising from lease modifications	203	-
(shown as 'other income and expenses - net')		

E. For the six months ended June 30, 2022 and 2021, the total amount of the Group's cash outflow from leasing were \$23,665 and \$17,698, respectively.

F. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$0, \$662, \$0 and \$883 for the three months and six months ended June 30, 2022 and 2021, respectively.

(10) 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 June 30</u>	
	<u>2022</u>	<u>2021</u>
Related revenue from fixed lease payments	\$ 2,027	\$ 1,626

	<u>Six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Related revenue from fixed lease payments	\$ 4,014	\$ 3,690

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Within 1 year	\$ 6,213	\$ 6,975	\$ 6,499
Later than one year but not later than two years	4,957	4,395	5,096
Later than two years but not later than three years	1,766	3,191	4,254
Later than three years but not later than four years	703	-	1,064
Later than four years but not later than five years	703	-	-
Later than five years	3,280	-	-
	<u>\$ 17,622</u>	<u>\$ 14,561</u>	<u>\$ 16,913</u>

D. For disclosures of property, plant and equipment leased in operating lease and applied to IAS 16, please refer to Note 6(8).

(11) Investment property

	<u>Buildings and structures</u>
<u>Cost</u>	<u>2022</u>
At January 1	\$ 583,773
Disposals	(9,670)
Net exchange differences	(12,623)
At June 30	<u>\$ 561,480</u>

	<u>Buildings and structures</u>
<u>Accumulated depreciation and impairment</u>	<u>2021</u>
At January 1	\$ 189,287
Depreciation expense	11,113
Disposals	(1,059)
Net exchange differences	(4,294)
At June 30	<u>\$ 195,047</u>
Book value	<u>\$ 366,433</u>

A. For the three months and six months ended June 30, 2021, rental revenue recognised from investment property was \$364 and \$733, respectively, and there were no direct operating expenses.

B. Compared with December 31, 2020, the fair value of the Group's investment property has no significant change on June 30, 2021. The fair value as of December 31, 2020 was \$462,414. The valuation results were appraised using the cost approach by independent appraisers and belongs

to Level 3 fair value.

C. The Group has no investment property pledged to others as collateral.

D. In December 2021, the Group transferred the investment property to non-current assets held for sale, the cost and accumulated depreciation amounted to \$556,793 and \$204,656, respectively.

(12) Intangible assets

	Computer software	
	2022	2021
<u>Cost</u>		
At January 1	\$ 440,354	\$ 405,052
Additions — acquired separately	13,765	10,547
Reclassifications	140	6,310
Net exchange differences	13	(2)
At June 30	<u>\$ 454,272</u>	<u>\$ 421,907</u>
<u>Accumulated amortisation</u>		
At January 1	\$ 407,382	\$ 370,346
Amortisation charge	13,014	18,290
Net exchange differences	-	-
At June 30	<u>\$ 420,396</u>	<u>\$ 388,636</u>
Book value	<u>\$ 33,876</u>	<u>\$ 33,271</u>

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

	Three months ended June 30	
	2022	2021
Operating costs	<u>\$ 2,805</u>	<u>\$ 5,184</u>
Operating expenses	<u>\$ 2,797</u>	<u>\$ 3,794</u>

	Six months ended June 30	
	2022	2021
Operating costs	<u>\$ 7,579</u>	<u>\$ 10,034</u>
Operating expenses	<u>\$ 5,435</u>	<u>\$ 8,256</u>

B. There was no investment property held by the Group that was pledged to others.

(13) 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 for cooperating with the Land Redevelopment Project of Technology Industrial Park Administration. The transaction and ownership transfer are expected be completed within a year. As of June 30, 2022 and December 31, 2021, the assets of disposal group held for sale both amounted to \$136,137, and there were no related liabilities.

- B. In December 2021, the Board of Directors of the Company's subsidiary, OSEP, resolved to dispose the plant which has ceased operation in the Philippines. The transaction was expected to be completed and transferred in one year, thus, the Group classified related assets as held for sale group. On December 31, 2021, the assets of the disposal group classified as held for sale amounted to \$352,137 and had no related liabilities. The Company collected the full amount of the consideration for the sale of the plant in March 2022 and completed the related procedures.
- C. 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 June 30, 2022 amounted to \$500,484 and there were no related liabilities.
- D. 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.

(14) Short-term borrowings

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Borrowings to purchase materials	\$ 67,622	\$ -	\$ 149,895
Unsecured borrowings	400,000	290,000	600,000
Secured borrowings	-	9,408	8,079
	<u>\$ 467,622</u>	<u>\$ 299,408</u>	<u>\$ 757,974</u>
Interest rate range	<u>0.85%~2.51%</u>	<u>0.93%~1.28%</u>	<u>0.94%~1.28%</u>

For the three months and six months ended June 30, 2022 and 2021, the amounts of interest expense recognised in profit or loss were \$1,168, \$1,181, \$2,180 and \$6,038, respectively.

- A. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group's total unused amounts of short-term borrowings was \$3,003,874, \$3,509,312 and \$2,724,211, respectively.
- B. Information about the assets that were pledged for short-term borrowings as collateral is provided in Note 8.

(15) Short-term notes and bills payable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Commercial paper payable	\$ -	\$ 50,000	\$ -
Less: Unamortized discounts	-	(14)	-
	<u>\$ -</u>	<u>\$ 49,986</u>	<u>\$ -</u>
Interest rate range of issuance	<u>-</u>	<u>0.86%</u>	<u>-</u>

Aforementioned commercial paper payable was guaranteed and issued by China Bills Finance Corporation.

(16) Other payables

	June 30, 2022	December 31, 2021	June 30, 2021
Salary and bonus payable	\$ 446,282	\$ 558,230	\$ 481,551
Pension payable	29,980	37,923	28,177
Employees' compensation and directors' remuneration payable	357,893	238,421	100,462
Payables for machinery and equipment	231,351	574,727	175,654
Utilities expense payable	37,408	31,809	38,408
Compensation payable	12,232	12,232	24,540
Insurance premiums payable	69,941	76,227	66,480
Employment Stability Fund payable	13,702	14,928	16,841
Dividends payable	733,916	-	-
Other payables	113,871	92,986	77,069
	<u>\$ 2,046,576</u>	<u>\$ 1,637,483</u>	<u>\$ 1,009,182</u>

(17) Long-term borrowings

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2022
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to September 2028; interest is payable monthly; principal is repayable at maturity	0.975% (Note 1)	None	\$ 590,962
Secured borrowings	Borrowing period is from December 2021 to December 2024; interest is payable monthly; principal is repayable at maturity	1.15%	Machinery and equipment	60,000
				<u>650,962</u>
Less: Current portion				(15,000)
				<u>\$ 635,962</u>

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to September 2028; interest is payable monthly; principal is repayable at maturity	0.6%~1.1% (Note 1)	None	\$ 558,394
Secured borrowings	Borrowing period is from December 2021 to December 2024; interest is repayable monthly; principal is repayable at maturity	1.05%	Machinery and equipment	60,000
Secured borrowings	Borrowing period is from December 2021 to May 2023; interest is repayable monthly; principal is repayable at maturity (Note 3)	1.1%	Buildings and structures	30,000
				<u>648,394</u>
Less: Current portion				(60,700)
				<u>\$ 587,694</u>

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2021
Long-term bank borrowings				
Secured borrowings	Borrowing period is from June 2021 to June 2024; interest is payable monthly; principal is repayable at maturity. (Note 4)	1.05%	Note 2	\$ 300,000
Less: Current portion				-
				<u>\$ 300,000</u>

Note 1: 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.

Note 2: Primarily were building and structures and machinery and equipment.

Note 3: The Group made early repayments on the secured loans from banks in January 2022.

Note 4: The Group made early repayments on the secured loans from banks in September 2021.

A. For the three months and six months ended June 30, 2022 and 2021, the amounts of interest expense recognised in profit or loss were \$1,288, \$1,360, \$2,536 and \$1,478, respectively.

B. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group's total unused amounts of long-term borrowings was \$4,017,038, \$3,792,300 and \$2,398,000, respectively.

C. Information about the assets that were pledged for long-term borrowings as collateral is provided in Note 8.

(18) 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 six months ended June 30, 2022 and 2021, the Company recognised pension costs in the amounts of \$2,425, \$1,747, \$4,753 and \$3,493, respectively.

(c) The Company expects to pay contributions for the pension plan in the amount of \$51,984 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 six months ended June 30, 2022 and 2021 were \$32,057, \$30,146, \$63,492 and \$57,455, respectively.

(19) Preference share liability

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Class B preferred shares	\$ 1,004,506	\$ 1,005,149	\$ 1,005,803
Less: Maturity within one year	-	-	-
	<u>\$ 1,004,506</u>	<u>\$ 1,005,149</u>	<u>\$ 1,005,803</u>

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 effective 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 six months ended June 30, 2022 and 2021, the amount of interest expense which was estimated by annual rate and amortised based on interest method was \$4,662, \$4,590, \$9,274 and \$9,234, respectively.

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 be made up in profitable year or quarter afterward in the first priority.

- 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.
- I. The preemptive rights for stockholders of Class B preferred stocks 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.

(20) Share-based payment

A. For the six months ended June 30, 2022 and 2021, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
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 punished, 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.

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

	2022	2021
At January 1	1,681	3,283
Called back in the period(Note 1)	(37)	(207)
At June 30(Note 2)	<u>1,644</u>	<u>3,076</u>

Note 1: For the restricted shares which were called back by the Group during the six months ended June 30, 2022 and 2021, 18 thousand shares and 49 thousand shares have not yet completed the registration of cancellation as of June 30, 2022 and 2021, respectively.

Note 2: For the restricted shares which were granted as of June 30, 2021, 1,318 thousand shares will be called back because of not meeting the vesting conditions.

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

D. For the three months and six months ended June 30, 2022 and 2021, the Group recognised expenses due to share-based payments transaction in the amounts of \$2,053, \$2,076, \$4,136 and \$4,280, respectively.

(21) Share capital

A. On June 30, 2022, the Company's authorised capital was \$20,000,000, consisting of 2,000,000 thousand shares (including the number of option certificate 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 June 30, 2022, the Company's paid-in capital was \$8,256,675, consisting of 555,398 thousand common shares (including 70,785 thousand shares in private placement and 1,662 thousand shares of restricted shares), 90,090 thousand class B preferred shares and 180,180 thousand class C preferred shares in private placement, with a par value of \$10 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)

	2022	2021
Shares outstanding at January 1	553,736	553,736
Restricted shares called back but not yet cancelled at the beginning of the period	15	24
Restricted shares not yet vested at the beginning of the period	1,681	3,283
Shares issued at January 1	555,432	557,043
Cancellation of employee restricted shares (	34) (	182)
Restricted shares called back but not yet cancelled at the end of the period	18) (	49)
Restricted shares not yet vested at the end of the period	(1,644) (	3,076)
	<u>553,736</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 as of June 30, 2022 was 70,785 thousand shares due to the reduction of ordinary share capital conducted by the Company in the past.
- 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(19).
- 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 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 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 share is the same as common share per share.
- (d) The Company has discretion in dividend distribution of Class A preferred stocks. 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 share and it will not default, and the shareholders of class C preferred share 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 share 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 share was 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.

(22) 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.

	June 30, 2022	December 31, 2021	June 30, 2021
Share premium on preferred share	\$ 198,198	\$ 198,198	\$ 198,198
Changes in ownership interests in subsidiaries	5,717	5,717	5,717
Difference between consideration and carrying amount of subsidiaries acquired or disposed	16,940	16,940	16,940
Changes of associates and joint ventures accounted for using equity method	(2,675)	(2,675)	(2,675)
Employee restricted shares	16,956	16,717	2,603
	<u>\$ 235,136</u>	<u>\$ 234,897</u>	<u>\$ 220,783</u>

(23) 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.
- 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.
- 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 the 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 March 10, 2021, the Company's Board of Directors resolved to offset deficits for the year ended December 31, 2020, and there was no distributable earnings. On July 15, 2021, the Company's shareholders at their meetings resolved to offset deficits for the year ended December 31, 2020.

G. On June 10, 2022, the shareholders 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; and with Class C preferred stock dividend of 1 per share. The total dividends amounted to \$180,180.

H. On July 29, 2021, the Company's Board of Directors resolved not to distribute the appropriation of earnings in the second quarter of 2021; On July 27, 2022, the Company's Board of Directors resolved not to distribute the appropriation of earnings in the second quarter of 2022.

(24) Operating revenue

The details are as follows:

	Three months ended June 30,	
	2022	2021
Revenue from contracts with customers		
IC packaging and testing service revenue	\$ 2,890,566	\$ 3,046,693
Electronics manufacturing service revenue	1,347,532	1,080,471
Other operating revenue	50,121	21,207
	<u>\$ 4,288,219</u>	<u>\$ 4,148,371</u>

	Six months ended June 30,	
	2022	2021
Revenue from contracts with customers		
IC packaging and testing service revenue	\$ 5,470,792	\$ 5,688,896
Electronics manufacturing service revenue	2,578,290	2,200,774
Other operating revenue	78,037	47,597
	<u>\$ 8,127,119</u>	<u>\$ 7,937,267</u>

A. Disaggregation of revenue from contracts with customers

	Semiconductor		
<u>Three months ended June 30, 2022</u>	<u>Group</u>	<u>EMS Group</u>	<u>Total</u>
IC packaging and testing service revenue	\$ 2,890,566	\$ -	\$ 2,890,566
Manufacture of electronic products	-	1,347,532	1,347,532
Other	31,705	18,416	50,121
	<u>\$ 2,922,271</u>	<u>\$ 1,365,948</u>	<u>\$ 4,288,219</u>

Timing of revenue recognition:

Over time	\$ 2,890,566	\$ -	\$ 2,890,566
At a point in time	31,705	1,365,948	1,397,653
	<u>\$ 2,922,271</u>	<u>\$ 1,365,948</u>	<u>\$ 4,288,219</u>

	Semiconductor		
<u>Three months ended June 30, 2021</u>	<u>Group</u>	<u>EMS Group</u>	<u>Total</u>
IC packaging and testing service revenue	\$ 3,046,693	\$ -	\$ 3,046,693
Manufacture of electronic products	-	1,080,471	1,080,471
Other	11,798	9,409	21,207
	<u>\$ 3,058,491</u>	<u>\$ 1,089,880</u>	<u>\$ 4,148,371</u>

Timing of revenue recognition:

Over time	\$ 3,046,693	\$ -	\$ 3,046,693
At a point in time	11,798	1,089,880	1,101,678
	<u>\$ 3,058,491</u>	<u>\$ 1,089,880</u>	<u>\$ 4,148,371</u>

	Semiconductor		
<u>Six months ended June 30, 2022</u>	<u>Group</u>	<u>EMS Group</u>	<u>Total</u>
IC packaging and testing service revenue	\$ 5,470,792	\$ -	\$ 5,470,792
Manufacture of electronic products	-	2,578,290	2,578,290
Other	38,399	39,638	78,037
	<u>\$ 5,509,191</u>	<u>\$ 2,617,928</u>	<u>\$ 8,127,119</u>

Timing of revenue recognition:

Over time	\$ 5,470,792	\$ -	\$ 5,470,792
At a point in time	38,399	2,617,928	2,656,327
	<u>\$ 5,509,191</u>	<u>\$ 2,617,928</u>	<u>\$ 8,127,119</u>

	Semiconductor		
<u>Six months ended June 30, 2021</u>	<u>Group</u>	<u>EMS Group</u>	<u>Total</u>
IC packaging and testing service revenue	\$ 5,688,896	\$ -	\$ 5,688,896
Manufacture of electronic products	-	2,200,774	2,200,774
Other	25,048	22,549	47,597
	<u>\$ 5,713,944</u>	<u>\$ 2,223,323</u>	<u>\$ 7,937,267</u>

Timing of revenue recognition:

Over time	\$ 5,688,896	\$ -	\$ 5,688,896
At a point in time	25,048	2,223,323	2,248,371
	<u>\$ 5,713,944</u>	<u>\$ 2,223,323</u>	<u>\$ 7,937,267</u>

B. Contract assets and liabilities

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current contract assets			
IC packaging and testing service	<u>\$ 320,608</u>	<u>\$ 296,090</u>	<u>\$ 332,015</u>
Current contract liabilities			
IC packaging and testing service	\$ 67,920	\$ 69,907	\$ 63,870
Manufacture of electronic products	<u>17,015</u>	<u>19,064</u>	<u>8,224</u>
	<u>\$ 84,935</u>	<u>\$ 88,971</u>	<u>\$ 72,094</u>

Note: As of January 1, 2021, the Group recognised current contract liabilities in the amount of \$25,371.

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

(c) For the three months and six months ended June 30, 2022 and 2021, revenue recognised that was included in the contract liability balance at the beginning of the period amounted to \$2,721, \$1,442, \$4,037 and \$13,623, respectively.

(25) Interest income

	<u>Three months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 1,460	\$ 604
Interest income from loans to tohers	96	321
Interest income from financial assets measured at amortised cost	<u>-</u>	<u>25</u>
	<u>\$ 1,556</u>	<u>\$ 950</u>
	<u>Six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 2,022	\$ 840
Interest income from loans to tohers	503	872
Interest income from financial assets measured at amortised cost	<u>1</u>	<u>36</u>
	<u>\$ 2,526</u>	<u>\$ 1,748</u>

(26) Other income

	Three months ended June 30	
	2022	2021
Service revenue	\$ 2,469	\$ 4,814
Rental revenue	2,027	1,990
Other income	6,565	8,745
	<u>\$ 11,061</u>	<u>\$ 15,549</u>

	Six months ended June 30	
	2022	2021
Service revenue	\$ 6,661	\$ 12,278
Rental revenue	4,014	4,423
Other income	11,389	25,980
	<u>\$ 22,064</u>	<u>\$ 42,681</u>

(27) Other gains and losses

	Three months ended June 30	
	2022	2021
Gains on disposal of investments accounted for using equity method	\$ -	\$ 3,550
Gains on disposals of property, plant and equipment	216	1,437
Gains on disposals of non-current assets held for sale	1,242	-
Net currency exchange gains (losses)	33,824 (	35,563)
Losses on disposals of investment property	- (	8,611)
Gains on lease modification	41	-
(Losses) gains on financial assets at fair value through profit or loss	-	450
Others	(485)	8,339
	<u>\$ 34,838</u>	<u>(\$ 30,398)</u>

	Six months ended June 30	
	2022	2021
Gains on disposal of investments accounted for using equity method	\$ -	\$ 3,550
Gains on disposals of property, plant and equipment	5,987	2,569
Gains on disposals of non-current assets held for sale	55,513	-
Net currency exchange gains (losses)	74,463 (	42,674)
Losses on disposals of investment property	- (	8,611)
Gains on lease modification	1,813	-
Losses on financial assets at fair value through profit or loss	(1,261) (	1,261)
Others	(21,369)	8,071
	<u>\$ 115,146</u>	<u>(\$ 38,356)</u>

(28) Finance costs

	Three months ended June 30	
	2022	2021
Interest expense on borrowings from financial institutions	\$ 2,456	\$ 3,013
Interest expense on lease liability	823	1,164
Dividends on preference share liabilities	4,662	4,590
Others	<u>1</u>	<u>1</u>
	7,942	8,768
Less: Capitalisation of qualifying assets	(1,629) (	472)
	<u>\$ 6,313</u>	<u>\$ 8,296</u>

	Six months ended June 30	
	2022	2021
Interest expense on borrowings from financial institutions	\$ 4,730	\$ 8,499
Interest expense on lease liability	1,679	2,360
Dividends on preference share liabilities	9,274	9,234
Others	<u>2</u>	<u>2</u>
	15,685	20,095
Less: Capitalisation of qualifying assets	(3,624) (	983)
	<u>\$ 12,061</u>	<u>\$ 19,112</u>

(29) Expenses by nature

	Three months ended June 30	
	2022	2021
Employee benefit expense	\$ 1,150,601	\$ 1,112,145
Depreciation charges on property, plant and equipment (Note)	281,665	310,528
Depreciation expense on investment properties	-	5,498
Depreciation expense on right-of-use assets	7,183	6,319
Amortisation charges on intangible assets	5,602	8,978

	Six months ended June 30	
	2022	2021
Employee benefit expense	\$ 2,140,007	\$ 2,122,513
Depreciation charges on property, plant and equipment (Note)	566,107	646,551
Depreciation expense on investment properties	-	11,113
Depreciation expense on right-of-use assets	14,604	12,610
Amortisation charges on intangible assets	13,014	18,290

Note: Including the amortisation of losses on sale and leaseback transactions to depreciation charges amounting to \$12, \$359, \$30 and \$736 for the three months and six months ended June 30, 2022 and 2021, respectively.

(30) Employee benefit expense

	Three months ended June 30	
	2022	2021
Salary expenses	\$ 959,126	\$ 924,326
Labour and health insurance fees	84,604	83,948
Pension costs	34,482	31,893
Directors' remuneration	6,546	5,047
Employee restricted shares	2,053	2,076
Other personnel expenses	63,790	64,855
	<u>\$ 1,150,601</u>	<u>\$ 1,112,145</u>

	Six months ended June 30	
	2022	2021
Salary expenses	\$ 1,760,061	\$ 1,742,810
Labour and health insurance fees	169,276	164,095
Pension costs	68,245	60,948
Directors' remuneration	12,481	10,273
Employee restricted shares	4,136	4,280
Other personnel expenses	125,808	130,107
	<u>\$ 2,140,007</u>	<u>\$ 2,112,513</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 8%~12% for employees' compensation and under 3% for remuneration to directors. In addition, the appropriation ratios were amended to be 10%~15% for employees' compensation and under 1% for remuneration to directors as resolved at the shareholders' meeting on July 15, 2021.

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 six months ended June 30, 2022 and 2021, the employees' compensation and directors' remuneration were estimated and accrued based on certain proportion of distributable profit of current year amounting to \$57,359, \$66,498, \$108,611 and \$91,329; as well as \$5,736, \$4,477, \$10,861 and \$9,133, respectively.

Employees' bonus of \$216,746 and directors' and supervisors' remuneration of \$21,675 for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements. Additionally, some employees' compensation remuneration for 2020 has not been distributed.

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

(31) Income tax

A. Income tax expense

Components of income tax expense:

	<u>Three months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax on profits for the period	\$ 225	\$ 1,309
Prior year income tax underestimation	27,735	-
Deferred tax:		
Origination and reversal of temporary differences	8,091	3,743
Origination and reversal of tax loss and tax credit	<u>54,290</u>	<u>103,695</u>
Income tax expense	<u>\$ 90,341</u>	<u>\$ 108,747</u>
	<u>Six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax on profits for the period	\$ 10,061	\$ 1,339
Prior year income tax underestimation	27,735	-
Deferred tax:		
Origination and reversal of temporary differences	40,032	10,841
Origination and reversal of tax loss and tax credit	<u>111,125</u>	<u>157,638</u>
Income tax expense	<u>\$ 188,953</u>	<u>\$ 169,818</u>

B. Reconciliation between income tax expense and accounting profit

	<u>Three months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 2,381	(\$ 502)
Currency translation differences	2,138	(1,626)
Share of other comprehensive income of associates	<u>691</u>	<u>(424)</u>
	<u>\$ 5,210</u>	<u>(\$ 2,552)</u>

	Six months ended June 30	
	2022	2021
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 389	(\$ 3,112)
Currency translation differences	4,312	(1,495)
Share of other comprehensive income of associates	1,040	(424)
	<u>\$ 5,741</u>	<u>(\$ 5,031)</u>

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

(32) Earnings per share

	Three months ended June 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	\$ 420,384		
Less: Dividends on class C preferred share	(81,334)		
Profit attributable to ordinary shareholders of the parent (Note)	<u>\$ 339,050</u>	<u>553,736</u>	<u>\$ 0.61</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 420,384	553,736	
Less: Dividends on class C preferred shares	(81,334)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	6,767	
Employee restricted stock	-	1,496	
Convertible preferred stock	<u>81,334</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 420,384</u>	<u>742,179</u>	<u>\$ 0.57</u>

Three months ended June 30, 2021			
	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	\$ 423,998		
Less: Dividends on class C preferred share	(85,717)		
Profit attributable to ordinary shareholders of the parent (Note)	<u>\$ 338,281</u>	<u>553,736</u>	<u>\$ 0.61</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 423,998	553,736	
Less: Dividends on class C preferred shares	(85,717)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,423	
Employee restricted stock	-	1,014	
Convertible preferred stock	<u>85,717</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 423,998</u>	<u>739,353</u>	<u>\$ 0.57</u>
Six months ended June 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	\$ 787,747		
Less: Dividends on class C preferred share	(162,504)		
Profit attributable to ordinary shareholders of the parent (Note)	<u>\$ 625,243</u>	<u>553,736</u>	<u>\$ 1.13</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 787,747	553,736	
Less: Dividends on class C preferred shares	(162,504)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	9,554	
Employee restricted stock	-	1,496	
Convertible preferred stock	<u>162,504</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 787,747</u>	<u>744,966</u>	<u>\$ 1.06</u>

Six months ended June 30, 2021			
	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	\$ 644,352		
Less: Dividends on class C preferred share	(134,405)		
Profit attributable to ordinary shareholders of the parent (Note)	<u>\$ 509,947</u>	<u>553,736</u>	<u>\$ 0.92</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 644,352	553,736	
Less: Dividends on class C preferred shares	(134,405)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,423	
Employee restricted stock	-	1,014	
Convertible preferred stock	<u>134,405</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 644,352</u>	<u>739,353</u>	<u>\$ 0.87</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(21)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.

(33) Supplemental cash flow information

A. Investing activities with partial cash payments:

Six months ended June 30			
	2022	2021	
Purchase of property, plant and equipment	\$ 476,529	\$ 475,512	
Increase (decrease) in prepayments for business facilities	(116,197)	(97,717)	
Add: Opening balance of payable on equipment (Note1)	633,814	87,975	
Less: Ending balance of payable on equipment (Note1)	(231,351)	(175,654)	
Cash paid during the period	<u>\$ 762,795</u>	<u>\$ 290,116</u>	

Note 1: Shown as 'notes payables' and 'other payables' .

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

	Six months ended March 31	
	2022	2021
Prepayments for business facilities transferred to prepayments	\$ 195	\$ 21,143
Prepayments for business facilities transferred to property, plant and equipment	\$ -	\$ 302,111
Prepayments for business facilities transferred to intangible assets	\$ 140	\$ 6,310
Prepayments transferred to property, plant and equipment	\$ 44	\$ -
Long-term borrowings, current portion	\$ 15,000	\$ -
Cash dividends declared but yet to be received	\$ -	\$ 12,947
Cash dividends declared but yet to be paid	\$ 733,916	\$ -

(34) Changes in liabilities from financing activities

	Changes in foreign				
	January 1, 2022	Cash flows	exchange rate	Others	June 30, 2022
Short-term borrowings	\$ 299,408	\$ 167,826	\$ 388	\$ -	\$ 467,622
Short-term note and bills payables	49,986	(50,000)	-	14	-
Long-term borrowings	648,394	2,568	-	-	650,962
Lease liabilities	249,042	(17,931)	1,111	(47,266)	184,956
Guarantee deposits received	57,018	(7,427)	3	-	49,594
Preference share liabilities	1,005,149	-	-	(643)	1,004,506

	Changes in foreign				
	January 1, 2021	Cash flows	exchange rate	Others	June 30, 2021
Short-term borrowings	\$ 1,106,413	(\$ 348,334)	(\$ 105)	\$ -	\$ 757,974
Long-term borrowings	866,446	(566,446)	-	-	300,000
Lease liabilities	236,984	(10,790)	(6,154)	799	220,839
Guarantee deposits received	3,519	-	(1)	-	3,518
Preference share liabilities	1,006,485	-	-	(682)	1,005,803

7. Related Party Transactions

(1) Names of related parties and relationship

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

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(13) for details.

Note 2: The Group sold all its equity interests in Infofab on June 23, 2021; therefore, it was no longer the Group's associate.

Note 3: Chipbond acquired 29.44% equity interest in the Company on December 30, 2020, and was the company's associate.

(2) Significant related party transactions

A. Sales

	<u>Three months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Phison	\$ 722,322	\$ 627,416
Associates	53,047	38,276
Entities with significant influence to the Group	<u>528</u>	<u>360</u>
	<u>\$ 775,897</u>	<u>\$ 666,052</u>
	<u>Six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Phison	\$ 1,317,404	\$ 1,137,775
Associates	105,117	66,786
Entities with significant influence to the Group	<u>528</u>	<u>360</u>
	<u>\$ 1,423,049</u>	<u>\$ 1,204,921</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 June 30,	
	2022	2021
Key management personnel of the Group	\$ 315	\$ 203
Entities with significant influence to the Group	15	5
Associates	-	13
	<u>\$ 330</u>	<u>\$ 221</u>
	Six months ended June 30,	
	2022	2021
Key management personnel of the Group	\$ 715	\$ 203
Entities with significant influence to the Group	640	37
Associates	654	13
	<u>\$ 2,009</u>	<u>\$ 253</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:

	June 30, 2022	December 31, 2021	June 30, 2021
Accounts receivable:			
Phison	\$ 272,891	\$ 437,602	\$ 292,072
Associates	44,422	20,166	32,464
Entities with significant influence to the Group	554	641	378
	<u>\$ 317,867</u>	<u>\$ 458,409</u>	<u>\$ 324,914</u>
Other receivables:			
Properties	\$ -	\$ 46,986	\$ 46,175
Entities with significant influence to the Group	6,489	4,977	-
Associate	1,322	4,533	13,224
Key management personnel of the Group	-	100	-
	<u>\$ 7,811</u>	<u>\$ 56,596</u>	<u>\$ 59,399</u>

Receivables from related parties mainly arose from sales, leases, sales of equipment and interest income from borrowings. 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>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Accounts payable:			
Associate	\$ -	\$ 383	\$ -
Entities with significant influence to the Group	172	7	5
Key management personnel of the Group	247	355	187
	<u>\$ 419</u>	<u>\$ 745</u>	<u>\$ 192</u>
Other payables:			
PROPERTIES	\$ 20,668	\$ 20,384	\$ 19,992
Infofab	-	-	8,710
Entities with significant influence to the Group	30,520	20,602	10,520
	<u>\$ 51,188</u>	<u>\$ 40,986</u>	<u>\$ 39,222</u>

Payables to related parties pertain to purchase of materials, machinery and equipment, computer software, data maintenance and service fees, purchase of equipment, 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:

	<u>Three months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Key management personnel of the Group	\$ 360	\$ -
	<u>Six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Key management personnel of the Group	\$ 360	\$ -

(b) Disposal of property, plant and equipment:

	<u>Three months ended June 30</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
Entities with significant influence to the Group	\$ 80	\$ 80	\$ -	\$ -
	<u>Six months ended June 30</u>			
	<u>2022</u>		<u>2021</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
Entities with significant influence to the Group	\$ 6,180	\$ 6,149	\$ 160	\$ 160

(c) Acquisition of intangible assets:

	Three months ended June 30, 2021
Infofab	\$ -
	Six months ended June 30, 2021
Infofab	\$ 6,311

F. Lease transactions — lessee

(a) The Group leased land from OSE Properties, Inc. Rental contracts are typically made for periods of 88 and 138 years 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 (27) for the related gain on lease modification.

(b) Lease liabilities

i. Outstanding balance:

	December 31, 2021	June 30, 2021
Lease liabilities-current	\$ 1,564	\$ 1,557
Lease liabilities-non-current	57,439	58,625
	<u>\$ 59,003</u>	<u>\$ 60,182</u>

ii. Interest expense

	Three months ended June 30, 2021
PROPERTIES	\$ 338
	Six months ended June 30, 2021
PROPERTIES	<u>\$ 685</u>

G. Lease transactions — lessor

	Three months ended June 30,	
	2022	2021
Rental income:		
ATP	\$ 1,064	\$ 1,065
Entities with significant influence to the Group	226	-
Associate	-	526
	<u>\$ 1,290</u>	<u>\$ 1,591</u>

	Six months ended June 30,	
	2022	2021
Rental income:		
ATP	\$ 2,128	\$ 2,129
Entities with significant influence to the Group	451	368
Associate	-	1,052
	<u>\$ 2,579</u>	<u>\$ 3,549</u>

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) Long-term accounts receivable to related parties

	June 30, 2022	December 31, 2021	June 30, 2021
Outstanding balance:	<u>\$ -</u>	<u>\$ 85,839</u>	<u>\$ 86,428</u>

	Three months ended June 30,	
	2022	2021
Interest income	<u>\$ 95</u>	<u>\$ 321</u>

	Six months ended June 30,	
	2022	2021
Interest income	<u>\$ 502</u>	<u>\$ 872</u>

As of June 30, 2022, December 31, 2021 and June 30, 2021, interest income recognised in other receivables amounted to \$0, \$46,986 and \$46,175, respectively. For the six months ended June 30, 2022 and 2021, interest income was collected at 2.5% per annum, respectively.

(b) 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 June 30, 2022, PROPERTIES has fully paid the borrowings.

I. Others

Details of the Company's class B preferred shares held by the entities with significant influence to the Group are provided in Notes 6(19) and (28).

(3) Key management compensation

	Three months ended June 30	
	2022	2021
Salaries and other short-term employee benefits	\$ 14,008	\$ 12,406
Post-employment benefits	162	135
Share-based payment	217	132
	<u>\$ 14,387</u>	<u>\$ 12,673</u>

	Six months ended June 30	
	2022	2021
Salaries and other short-term employee benefits	\$ 26,365	\$ 21,654
Post-employment benefits	324	243
Share-based payment	434	263
	<u>\$ 27,123</u>	<u>\$ 22,160</u>

8. Pledged Assets

Pledged asset	Book value			Purpose
	June 30, 2022	December 31, 2021	June 30, 2021	
Current financial assets at amortised cost - time deposits	\$ -	\$ 9,685	\$ 9,751	Short-term borrowings
Property, plant and equipment				
- Buildings and structures	785,892	800,215	814,538	Long-term and short-term borrowings
- Machinery and equipment	414,985	499,167	685,763	Long-term and short-term borrowings
Guarantee deposits paid - time deposits	131,500	131,500	145,300	Customs guarantee or others
	<u>\$ 1,332,377</u>	<u>\$ 1,440,567</u>	<u>\$ 1,655,352</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

- A. As of June 30, 2022, December 31, 2021 and June 30, 2021, 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 \$400,000.
- B. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Company issued promissory notes of \$7,626,156 \$7,178,012 and \$5,501,296, respectively, as guarantees for bank loans.
- C. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Company issued promissory notes of \$644 \$6,573 and \$33,264, respectively, as guarantees for payments of raw materials and machineries purchased.
- D. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group had letter of credit issued but not used amounting to US\$572 thousand, US\$358 thousand and US\$776 thousand, respectively.
- E. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment	<u>\$ 303,119</u>	<u>\$ 203,667</u>	<u>\$ 1,096,661</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On July 27, 2021, the Board of Directors of the Company resolved not to distribute the earnings of the second quarter of 2022, please refer to Note 6(23) for details.

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 six months ended June 30, 2022, the Group's strategy, which was unchanged from 2021, was to balance overall capital structure. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group's gearing ratio is as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Total liabilities	\$ 8,492,915	\$ 8,046,424	\$ 7,078,876
Total assets	\$ 17,475,890	\$ 17,018,489	\$ 15,315,779
Gearing ratio	49%	47%	46%

(2) Financial instruments

A. Financial instruments by category

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 1,261	\$ 5,225
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	\$ 540,277	\$ 314,683	\$ 270,230
Financial assets at amortised cost			
Cash and cash equivalents (excluding cash on hand)	\$ 3,466,063	\$ 2,722,937	\$ 1,807,261
Financial assets at amortised cost	-	11,465	110,164
Notes receivable	-	146	-
Accounts receivable (including related parties)	3,622,338	3,351,207	3,236,932
Other receivables (including related parties)	32,672	115,638	86,209
Guarantee deposits paid	134,246	154,187	167,643
Long-term accounts receivable due from related parties	-	85,839	86,428
	\$ 7,255,319	\$ 6,441,419	\$ 5,494,637

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 467,622	\$ 299,408	\$ 757,974
Short-term notes and bills payable	-	49,986	-
Notes payable	-	59,087	47,710
Accounts payable (including related parties)	3,379,184	3,222,561	3,084,520
Other payables (including related parties)	2,097,764	1,678,469	1,048,404
Long-term borrowings (including current portion)	650,962	648,394	300,000
Preference share liability	1,004,506	1,005,149	1,005,803
	<u>\$ 7,600,038</u>	<u>\$ 6,963,054</u>	<u>\$ 6,244,411</u>
Lease liability (including current and non-current)	<u>\$ 184,956</u>	<u>\$ 249,042</u>	<u>\$ 220,839</u>

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:

June 30, 2022						
(Foreign currency: functional currency)	Foreign currency amount		Book value	Sensitivity analysis		
	(In thousands)	Exchange rate		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 117,052	29.71	\$ 3,477,615	1%	\$ 34,776	\$ -
JPY:NTD	338,236	0.2182	73,803	1%	738	-
<u>Non-monetary items</u>						
USD:NTD	20,223	29.71	600,819	1%	-	6,008
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	77,616	29.71	2,305,971	1%	23,060	-
JPY:NTD	181,795	0.2182	39,668	1%	397	-
December 31, 2021						
(Foreign currency: functional currency)	Foreign currency amount		Book value	Sensitivity analysis		
	(In thousands)	Exchange rate		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 154,483	27.67	\$ 4,274,545	1%	\$ 42,745	\$ -
JPY:NTD	434,991	0.2405	104,615	1%	1,046	-
<u>Non-monetary items</u>						
USD:NTD	20,127	27.67	556,909	1%	-	5,569
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	76,781	27.67	2,124,530	1%	21,245	-
JPY:NTD	393,748	0.2405	94,696	1%	947	-

	June 30, 2021					
	Foreign currency amount		Book value	Sensitivity analysis		
	(In thousands)	Exchange rate	(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	\$ 135,706	27.86	\$ 3,780,769	1%	\$ 37,808	\$ -
JPY:NTD	288,429	0.2521	72,713	1%	727	-
Non-monetary items						
USD:NTD	18,591	27.86	517,957	1%	-	5,180
Financial liabilities						
Monetary items						
USD:NTD	73,741	27.86	2,054,424	1%	20,544	-
JPY:NTD	297,328	0.2521	74,956	1%	750	-

- iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2022 and 2021 amounted to \$33,824, (\$35,563), \$74,463 and (\$42,674), 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 six months ended June 30, 2022 and 2021 would have increased/decreased by \$5,403 and \$2,702, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

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 six months ended June 30, 2022 and 2021 would have increased/decreased by \$651 and \$300, 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 June 30, 2022, December 31, 2021 and June 30, 2021, the amounts of accounts and notes receivable from top ten customers constitute 81%, 82% and 81%, 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 June 30, 2022, December 31, 2021 and June 30, 2021, the provision matrix classified by customers is as follows:

June 30, 2022		Overdue					
	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
IC semiconductor group							
Gross carrying amount (Note)	\$ 2,364,850	\$ 136,922	\$ 99,294	\$ 91,074	\$ 5,877	\$ 918	\$ 2,698,935
Lifetime expected credit losses	(4,134)	(6,071)	(13,355)	(12,687)	(2,380)	(918)	(39,545)
Carrying amount	\$ 2,360,716	\$ 130,851	\$ 85,939	\$ 78,387	\$ 3,497	\$ -	\$ 2,659,390
Loss ratio	0% ~ 0.39%	0% ~ 4.44%	0% ~ 13.45%	0% ~ 13.93%	0% ~ 40.50%	100%	
		Overdue					
	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Electronics manufacturing services group							
Gross carrying amount	\$ 1,249,557	\$ 19,997	\$ 7,047	\$ 6,108	\$ 1,529	\$ 128	\$ 1,284,366
Lifetime expected credit losses	-	-	-	(479)	(203)	(128)	(810)
Carrying amount	\$ 1,249,557	\$ 19,997	\$ 7,047	\$ 5,629	\$ 1,326	\$ -	\$ 1,283,556
Loss ratio	0%	0%	0%	0% ~ 7.85%	0% ~ 24.04%	100%	
December 31, 2021		Overdue					
	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
IC semiconductor group							
Gross carrying amount (Note)	\$ 2,445,447	\$ 68,416	\$ 6,157	\$ 8,815	\$ 2,752	\$ -	\$ 2,531,587
Lifetime expected credit losses	(1,325)	(712)	(713)	(1,240)	(1,456)	-	(5,446)
Carrying amount	\$ 2,444,122	\$ 67,704	\$ 5,444	\$ 7,575	\$ 1,296	\$ -	\$ 2,526,141
Loss ratio	0% ~ 0.13%	0% ~ 2.48%	0% ~ 13.55%	0% ~ 14.07%	52.91%	100%	
		Overdue					
	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Electronics manufacturing services group							
Gross carrying amount	\$ 1,085,375	\$ 28,737	\$ 7,911	(\$ 891)	\$ 126	\$ 119	\$ 1,121,377
Lifetime expected credit losses	-	-	-	74	(30)	(119)	(75)
Carrying amount	\$ 1,085,375	\$ 28,737	\$ 7,911	(\$ 817)	\$ 96	\$ -	\$ 1,121,302
Loss ratio	0%	0%	0%	0% ~ 7.85%	0% ~ 24.04%	100%	

June 30, 2021		Overdue					
IC semiconductor group		Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days
Gross carrying amount (Note)		\$ 2,429,201	\$ 169,809	\$ 12,059	\$ 6,205	\$ 83	\$ 1,911
Lifetime expected credit losses		(3,177)	(1,404)	(1,231)	(11)	(20)	(1,911)
Carrying amount		\$ 2,426,024	\$ 168,405	\$ 10,828	\$ 6,194	\$ 63	\$ -
Loss ratio		0% ~ 0.29%	0% ~ 0.266%	0% ~ 19.84%	0% ~ 26.81%	0% ~ 44.83%	100%
Electronics manufacturing services group		Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days
Gross carrying amount		\$ 902,518	\$ 39,595	\$ 15,317	\$ 18	\$ -	\$ 120
Lifetime expected credit losses		-	(15)	-	-	-	(120)
Carrying amount		\$ 902,518	\$ 39,580	\$ 15,317	\$ 18	\$ -	\$ -
Loss ratio		0%	0% ~ 0.1%	0% ~ 2.19%	0% ~ 4.38%	17.98% ~ 25%	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:

	2022	2021	
	Accounts receivable	Accounts receivable	Other receivables
At January 1	\$ 5,521	\$ 21,634	\$ 1,200
Provision for impairment	34,806	-	-
Reversal of impairment loss	-	(13,736)	-
Effect of foreign exchange	28	(9)	-
At June 30	\$ 40,355	\$ 7,889	\$ 1,200

For provisioned loss for the six months ended June 30, 2022 and 2021, there were no impairment losses arising from the contract assets and notes receivable.

(c) Liquidity risk

- 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.
- 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.

	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
<u>June 30, 2022</u>					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 467,743	\$ -	\$ -	\$ -	\$ 467,743
Accounts payable					
(including related parties)	3,379,184	-	-	-	3,379,184
Other payables					
(including related parties)	2,097,764	-	-	-	2,097,764
Long-term borrowings					
(including current portion)	21,438	263,554	342,983	44,536	672,511
Preference share liabilities	20,000	40,054	1,009,424	-	1,069,478
Lease liabilities	33,147	50,079	27,995	98,011	209,232
	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
<u>December 31, 2021</u>					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 301,819	\$ -	\$ -	\$ -	\$ 301,819
Notes payable	59,087	-	-	-	59,087
Accounts payable					
(including related parties)	3,222,561				3,222,561
Other payables					
(including related parties)	1,678,469	-	-	-	1,678,469
Long-term borrowings					
(including current portion)	65,820	273,122	280,634	44,082	663,658
Preference share liabilities	20,000	40,054	1,019,341	-	1,079,395
Lease liabilities	23,356	35,150	34,271	169,629	262,406
	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
<u>June 30, 2021</u>					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 764,162	\$ -	\$ -	\$ -	\$ 764,162
Notes payable	47,710	-	-	-	47,710
Accounts payable					
(including related parties)	3,084,520	-	-	-	3,084,520
Other payables					
(including related parties)	1,048,404	-	-	-	1,048,404
Long-term borrowings					
(including current portion)	3,150	306,300	-	-	309,450
Preference share liabilities	20,000	40,054	1,029,423	-	1,089,477
Lease liabilities	27,850	38,871	34,750	178,431	279,902

(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. Fair value information of investment property at cost is provided in Note 6(11).

C. 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, long-term accounts receivable due from related parties, 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.

D. 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 June 30, 2022, December 31, 2021 and June 30, 2021 are as follows:

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

<u>June 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>\$ 520,536</u>	<u>\$ -</u>	<u>\$ 19,741</u>	<u>\$ 540,277</u>

<u>December 31, 2021</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 profit or loss				
Preference share liabilities returned	\$ -	\$ -	\$ 1,261	\$ 1,261
Financial assets at fair value through other comprehensive income				
Equity securities	<u>274,804</u>	<u>14,304</u>	<u>25,575</u>	<u>314,683</u>
	<u>\$ 274,804</u>	<u>\$ 14,304</u>	<u>\$ 26,836</u>	<u>\$ 315,944</u>

<u>June 30, 2021</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 profit or loss				
Preference share liabilities returned	\$ -	\$ -	\$ 5,225	\$ 5,225
Financial assets at fair value through other comprehensive income				
Equity securities	<u>178,560</u>	<u>18,858</u>	<u>72,812</u>	<u>270,230</u>
	<u>\$ 178,560</u>	<u>\$ 18,858</u>	<u>\$ 78,037</u>	<u>\$ 275,455</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.

E. For the six months ended June 30, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the six months ended June 30, 2022 and 2021:

		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		-	(5,834)
At June 30		\$ -	\$ 19,741
		2021	
		Derivative instrument	Non-derivative equity instrument
At January 1		\$ 6,486	\$ 88,374
Losses recognised in profit or loss	(	1,261)	-
Losses recognised in other comprehensive income		-	(15,562)
At June 30		\$ 5,225	\$ 72,812

G. For the six months ended June 30, 2022 and 2021, there was no transfer into or out from Level 3.

H. 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.

I. 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 June 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative instrument:					
Preference share liabilities returned	\$ -	Binary tree convertible valuation model	Discount rate	2.4843%	The higher the discount rate, the lower the fair value.
Non-derivative equity instrument:					
Unlisted shares	\$ 19,741	Net assets value	N/A	N/A	N/A
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative instrument:					
Preference share liabilities returned	\$ 1,261	Binary tree convertible valuation model	Discount rate	2.0648%	The higher the discount rate, the lower the fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 25,575	Net assets value	N/A	N/A	N/A

	Fair value at June 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative instrument:					
Preference share liabilities returned	\$ 5,225	Binary tree convertible valuation model	Discount rate	1.7641%	The higher the discount rate, the lower the fair value.
Non-derivative equity instrument:					
Unlisted shares	\$ 72,812	Net assets value	Not applicable	Not applicable	Not applicable

J. 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:

		June 30, 2022				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
<u>Financial assets</u>						
Preference share liabilities returned						
Discount rate	±1%	\$ -	\$ 10,090	\$ -	\$ -	
		December 31, 2021				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
<u>Financial assets</u>						
Preference share liabilities returned						
Discount rate	±1%	\$ 1,261	\$ 16,667	\$ -	\$ -	
		June 30, 2021				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
<u>Financial assets</u>						
Preference share liabilities returned						
Discount rate	±1%	\$ 5,225	\$ 18,108	\$ -	\$ -	

(4) Others

Due to the impact of the COVID-19 pandemic and various preventive measures imposed by the government, the Group has complied with the relevant measures and regulations on epidemic prevention announced by the government to reduce risks of personnel contact and cross transmission. The pandemic had no significant impact on the Group's overall operations and financial position.

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: Please refer to table 5.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 9.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 11.

(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 12.

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 June 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	\$ 2,922,271	\$ 1,365,948	\$ -	\$ -	\$ 4,288,219
Inter-segment revenue	-	38,001	-	(38,001)	-
Total revenue	<u>\$ 2,922,271</u>	<u>\$ 1,403,949</u>	<u>\$ -</u>	<u>(\$ 38,001)</u>	<u>\$ 4,288,219</u>
Segment income	<u>\$ 474,913</u>	<u>\$ 23,064</u>	<u>\$ 9,942</u>	<u>\$ 2,806</u>	<u>\$ 510,725</u>
Three months ended June 30, 2021					
	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	\$ 3,058,491	\$ 1,089,880	\$ -	\$ -	\$ 4,148,371
Inter-segment revenue	(8)	23,130	-	(23,122)	-
Total revenue	<u>\$ 3,058,483</u>	<u>\$ 1,113,010</u>	<u>\$ -</u>	<u>(\$ 23,122)</u>	<u>\$ 4,148,371</u>
Segment income	<u>\$ 517,258</u>	<u>\$ 4,139</u>	<u>\$ 3,641</u>	<u>\$ 7,707</u>	<u>\$ 532,745</u>
Six months ended June 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	\$ 5,509,191	\$ 2,617,928	\$ -	\$ -	\$ 8,127,119
Inter-segment revenue	-	88,759	-	(88,759)	-
Total revenue	<u>\$ 5,509,191</u>	<u>\$ 2,706,687</u>	<u>\$ -</u>	<u>(\$ 88,759)</u>	<u>\$ 8,127,119</u>
Segment income	<u>\$ 893,116</u>	<u>\$ 88,518</u>	<u>\$ 13,197</u>	<u>(\$ 18,131)</u>	<u>\$ 976,700</u>
Six months ended June 30, 2021					
	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	\$ 5,713,944	\$ 2,223,323	\$ -	\$ -	\$ 7,937,267
Inter-segment revenue	765	57,700	-	(58,465)	-
Total revenue	<u>\$ 5,714,709</u>	<u>\$ 2,281,023</u>	<u>\$ -</u>	<u>(\$ 58,465)</u>	<u>\$ 7,937,267</u>
Segment income	<u>\$ 796,791</u>	<u>(\$ 12,512)</u>	<u>\$ 3,596</u>	<u>\$ 26,295</u>	<u>\$ 814,170</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
Six months ended June 30, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six months ended June 30, 2022	Balance at June 30, 2022	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 1)	Ceiling on total loans granted (Note 1)	Footnote
													Item	Value			
0	Orient Semiconductor Electronics,Limited	OSE PHILIPPINES, INC.	Long-term accounts receivables due from related parties	Y	\$ 661,836	\$ 35,058	\$ 35,058	1.80	Short-term financing	\$ -	Capital requirement of OSEP	\$ 34,864	-	\$ -	\$ 2,694,892	\$ 3,593,190	-
1	OSE PHILIPPINES, INC.	OSE PROPERTIES, INC.	Long-term accounts receivables due from related parties	Y	92,167 (USD 3,102)	-	-	2.00	Short-term financing	-	Capital requirement	-	-	-	-	-	Note 2
2	COREPLUS (HK) LIMITED	Valve-Plus Technology (Suzhou) Co.	Other receivables due from related parties	Y	29,710 (USD 1,000)	29,710 (USD 1,000)	10,399 (USD 350)	-	Short-term financing	-	Short-term capital requirements for operating and business purposes	-	-	-	607,570 (USD 20,450)	607,570 (USD 20,450)	-

Note 1: 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.

Note 2: OSE PROPERTIES, INC. disposed the idle land amounting to 18,380 square meters in the first quarter of 2015. The consideration from disposal, net of related expenses, should be used to settle the borrowings in the amount of US\$1,285 thousand loaned from OSEP.

OSE PROPERTIES, INC. disposed the idle land amounting to 30,460 square meters in the first quarter of 2022. The consideration from disposal, net of related expenses, should be used to settle the borrowings in the amount of US\$3,102 thousand loaned from OSEP.

Orient Semiconductor Electronics, Limited and Subsidiaries
Provision of endorsements and guarantees to others
Six months ended June 30, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	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 June 30, 2022	Outstanding endorsement/guarantee amount at June 30, 2022	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	\$ 2,694,892	\$ 74,275 (USD 2,500)	\$ 74,275 (USD 2,500)	\$ 10,399 (USD 350)	\$ -	0.83%	\$ 8,982,975	Y	N	N	-
0	Orient Semiconductor Electronics,Limited	OSE PHILIPPINES, INC.	Note 2	2,694,892	29,710 (USD 1,000)	-	-	-	-	8,982,975	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)
June 30, 2022

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 June 30, 2022				
				Number of shares	Book value	Ownership (%)	Fair value	Footnote
Orient Semiconductor Electronics,Limited	STRATEDGE’s stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	5,135	\$ -	-	\$ -	-
Orient Semiconductor Electronics,Limited	OAE’s stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	2,141,176	-	-	-	-
Orient Semiconductor Electronics,Limited	OAE’s stocks - preference share	None	Financial assets at fair value through other comprehensive income - non-current	2,352,941	-	-	-	-
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	6,781	-	6,781	-
Orient Semiconductor Electronics,Limited	SCREENBEAM’s stocks - preference share	None	Financial assets at fair value through other comprehensive income - non-current	2,352,941	12,960	-	12,960	-
Hua-Cheng Investment Co.	Chipbond Technology Corporation	Entity with significant influence	Financial assets at fair value through other comprehensive income - non-current	8,778,000	520,536	1.19%	520,536	-

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

Six months ended June 30, 2022

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, 2022		Addition		Disposal				Balance as at June 30, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
HUA-CHENG INVESTMENT CO.	Stocks-Chipbond Technology Corporation	Financial assets at fair value through other comprehensive income - non-current	-	-	4,120,000	\$ 274,804	4,658,000	\$ 245,732	-	\$ -	\$ -	\$ -	8,778,000	\$ 520,536

Orient Semiconductor Electronics, Limited and Subsidiaries
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more
Six months ended June 30, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event (Note 1)	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
OSE PHILIPPINES, INC.	Plant	December 8, 2021	1998	\$ 378,089 (USD 12,726)	\$ 522,747 (USD 17,595)	\$ 522,747 (USD 17,595)	\$ 55,513 (USD 1,927)	MICROSEMI SEMICONDUCTORS- MANILA (PHILIPPINES), INC.	Non-related party	Effectively use of the Group's resource	Appraisal report and mutual agreement	None

Note 1: Transaction date or date of the event refers to the resolution date of the Board of Directors.

Orient Semiconductor Electronics, Limited and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Six months ended June 30, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Orient Semiconductor Electronics,Limited	Phison Electronics Corp.	Key management personnel of the Company	Sales	\$ 1,317,404	16.21%	30 days after monthly billings	-	-	\$ 272,891	7.53%	-
Orient Semiconductor Electronics,Limited	ATP Electronics Taiwan Inc	Associate of the Company	Sales	105,117	1.29%	30 days after monthly billings or delivery	-	-	44,422	1.23%	-

Orient Semiconductor Electronics, Limited and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
June 30, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	
					Amount	Action taken			
Orient Semiconductor Electronics, Limited	Phison Electronics Corp.	Key management personnel of the Company	Accounts receivable	\$ 272,891	7.42	\$ -	-	\$ -	\$ -

Orient Semiconductor Electronics, Limited and Subsidiaries
Significant inter-company transactions during the reporting periods
Six months ended June 30, 2022

Table 8

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

Expressed in thousands of NTD
(Except as otherwise indicated)

Transaction							
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Orient Semiconductor Electronics,Limited	OSE PHILIPPINES, INC.	1	Long-term accounts receivable	\$ 45,320	-	0.26%
0	Orient Semiconductor Electronics,Limited	OSE INTERNATIONAL LIMITED	1	Other payables	77,980	-	0.45%
1	COREPLUS (HK) LIMITED	Orient Semiconductor Electronics,Limited	2	Sales revenue	91,723	Same with general transaction terms	1.13%
2	Valve-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Sales revenue	62,698	Same with general transaction terms	0.77%

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.

Table 9

Orient Semiconductor Electronics, Limited and Subsidiaries
Information on investees
Six months ended June 30, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investor	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2022			Net profit (loss) of the investee for the six months ended June 30, 2022	Investment income (loss) recognised by the Company for the six months ended June 30, 2022		Footnote
				Balance as at June 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value				
Orient Semiconductor Electronics, Limited	OSE PHILIPPINES, INC.	Philippines	(1)Manufacture and export of integrated circuits and computers (2) Research, design, manufacture, assembly, processing and test of abovementioned products and after-sales service	\$ 3,843,743 (USD 129,375,408)	\$ 3,843,743 (USD 129,375,408)	3,680,365	93.67%	(\$ 29,471)	\$ 21,219	\$ 19,876		Note 1
Orient Semiconductor Electronics, Limited	OSE PROPERTIES, INC.	Philippines	(1) Sales of properties (2) Lease of properties (3) Other property-related business	9,078 (USD 305,559)	9,078 (USD 305,559)	7,998	39.99%	5,185	76,540	7,995		
Orient Semiconductor Electronics, Limited	OSE INTERNATIONAL Limited	British Virgin IS.	Investments of various manufacturing businesses	475,360 (USD 16,000,000)	475,360 (USD 16,000,000)	16,000,000	100%	326,490	13,310	13,310		Note 1
Orient Semiconductor Electronics, Limited	ATP Electronics Taiwan Inc.	Taiwan	Design and sales of RAM module of high Level Communication	306,057 (USD 10,301,492)	306,057 (USD 10,301,492)	7,518,750	9.57%	257,959	170,369	13,385		
Orient Semiconductor Electronics, Limited	SCS HIGHECH 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 2
Orient Semiconductor Electronics, Limited	COREPLUS (HK) LIMITED	Hong Kong	Procure to order and components assembly outsourcing	222,825 (USD 7,500,000)	222,825 (USD 7,500,000)	7,500,000	100%	303,682 (	16,286) (	16,286)		Note 1
Orient Semiconductor Electronics, Limited	HUA-CHENG INVESTMENT CO.	Taiwan	Reinvestments in various business	590,000	290,000	59,000,000	100%	521,368 (	112) (	112)		Note 1
OSE INTERNATIONAL Limited	ATP Electronics Taiwan Inc.	Taiwan	Design and sales of RAM module of high Level Communication	356,520 (USD 12,000,000)	356,520 (USD 12,000,000)	6,866,250	8.74%	242,525	170,369	12,114		Note 3
OSE INTERNATIONAL Limited	OSE PHILIPPINES, INC.	Philippines	(1)Manufacture and export of integrated circuits and computers (2) Research, design, manufacture, assembly, processing and test of abovementioned products and after-sales service	148,550 (USD 5,000,000)	148,550 (USD 5,000,000)	248,660	6.33% (	1,992)	21,219	1,343		Notes 1 and 3

Note 1: Inter-company transactions between companies within the Group are eliminated.
Note 2: The investee was abolished on March 8, 2007.
Note 3: 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.

Table 10

Orient Semiconductor Electronics, Limited and Subsidiaries

Information on investments in Mainland China

Six months ended June 30, 2022

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, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Net income of investee as of June 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2022 (Note 2)	Book value of investments in Mainland China as of June 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Valve-Plus Technology (Suzhou) Co.	Adhesive processing, plug-in welding processing and related test, combination processing of the surface of base plate of electronic and sales of its products, and providing technique maintenance and after-sale service accordingly	153,735 (USD 5,388,522)	Investment and establishment in COREPLUS, and then reinvestment (2)	\$ 158,328	\$ -	\$ -	\$ 158,328	(\$ 17,041)	100%	(\$ 17,041)	\$ 51,179	\$ -	Note 3
ATP Electronics Shanghai Inc.	Design and sales of RAM module of high Level Communication	9,986 (USD 350,000)	Reinvestments through ATP (2)	6,831	-	-	6,831	(519)	18.31%	(95)	10,593	-	Note 3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	Footnote
Orient Semiconductor Electronics,Limited	\$ 165,159	\$ 182,326	\$ 5,389,785	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

Six months ended June 30, 2022

Table 11

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			
					Balance at		Balance at		Balance at		Maximum balance during the six months ended June 30, 2022		Balance at			Interest during the six months ended June 30, 2022		
	Amount	%	Amount	%	June 30, 2022	%	June 30, 2022	%	June 30, 2022	Purpose			June 30, 2022	Interest rate				
Valve-Plus Technology (Suzhou) Co.	\$	-	-	\$	62,698	96	\$	11,796	93	\$	-	-	\$	29,710	29,710	-	\$	-

Orient Semiconductor Electronics, Limited and Subsidiaries

Major shareholders information

June 30, 2022

Table 12

Name of major shareholders	Shares	
	Name 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 totally held 434,265,498 shares.