



Orient Semiconductor Electronics, Ltd.

**The 2021 Annual General
Shareholders' Meeting**

Meeting Handbook

(This English translation is prepared in accordance with the Chinese version and is for reference only. If there is any inconsistency between the Chinese version and this translation, the Chinese version shall prevail.)

Date of the meeting: May 28, 2021

Venue: No. 600, Chia-Chang Road, Nan-Zih District, Kaohsiung City, Taiwan

(Nanzih Technology Industrial Park Administration / Auditorium)

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Orient Semiconductor Electronics, Ltd.
The 2021 Annual General Shareholders' Meeting
Meeting Procedure

One. Call the Meeting to Order

Two. Chairman Remarks

Three. Management Presentation

Four. Proposals for Recognition

Five. Discussion

Six. Election Matters

Seven. Other Proposals

Eight. Extempore Motions

Nine. Adjournment

Orient Semiconductor Electronics, Ltd.
The Agenda of 2021 Annual General Shareholders' Meeting

Time: 9.00 am on May 28, 2021 (Friday)

Venue: **No. 600, Chia-Chang Road, Nan-Zih District, Kaohsiung City, Taiwan**

(Nanzih Technology Industrial Park Administration / Auditorium)

One. Call the Meeting to Order

Two. Chairman Remarks

Three. Management Presentation

I. 2020 Business Report

II. Audit Committee's Auditing Report.

III. To report the progress of the issuance of securities of private placement of 2020.

Four. Proposals for Recognition

I. 2020 Business Report and Financial Statements.

II. 2020 Deficit Compensation.

Five. Discussion

I. Amendment to the "Articles of Incorporation".

II. Amendment to the "Procedures for the Acquisition or Disposal of Assets".

Six. Election Matters

I. Full Re-Election of Directors and Independent Directors in Advance.

Seven. Other Proposals

I. To approve the lifting of non-competition restrictions on newly elected Directors and Independent Directors.

Eight. Extempore Motions

Nine. Adjournment

I. Management Presentation

Motion No. 1

Motion: 2020 Business Report, please review.

Description: For the Company's 2020 business report, please refer to Appendix 1 (pages 8-12).

Motion No. 2

Motion: Audit Committee's Auditing Report, please review.

Description: For Audit Committee report, please refer to Appendix 2 (page 13).

Motion No. 3

Motion: To report the progress of the issuance of securities of private placement of 2020., please review.

Description: On December 3, 2020, the Extraordinary Shareholders' Meeting approved the issuance of Preferred Shares B and Preferred Shares C by way of private placement, as described in Appendix 3 (page 14).

II. Proposals for Recognition

Proposal 1 for Recognition

【Proposed by the Board of Director】

Proposal: 2020 Business report and financial statements, herein reported for recognition.

Description:

- I. The Company's business report and various financial statements for the year of 2020 were prepared by the Company, and were audited by the Independent auditors, Zhi-Zhong Chen and Zheng-Chu Chen of Ernst & Young Global Limited.
- II. Enclosed are the business report and financial statements for recognition.
 1. Business report, 【please refer to Appendix 1 (page 8-12)】
 2. Auditor's report of the parent company 【please refer to Appendix 4 (page 15-20)】
 3. Financial statements for the parent company 【Please refer to Appendices 5 to 8 (page 21-25)】
 4. Consolidated Independent Auditor's report 【Please refer to Appendix 9 (page 26-30)】
 5. Consolidated financial statements 【Please refer to Appendices 10 to 13 (page 31-35)】

Resolutions:

Proposal 2 for Recognition

【Proposed by Board of Directors】

Proposal: 2020 Deficit compensation, herein reported for recognition.

Description:

- I. The Board Meeting held on March 10, 2021, resolved to approve the 2020 deficit compensation statement and sent it to the Audit Committee for review and completion. Please refer to Appendix 14 (page 36).
- II. Please approve.

III. Discussion Matters

Discussion 1

【Proposed by Board of Director】

Proposal: Amendments to the "Articles of Incorporation".

Description:

- I. In response to the Company's operational needs, we intend to amend the current provisions of the "Articles of Incorporation".
- II. Please refer to Appendix 15 (page 37) for a comparison table of the revised "Articles of Incorporation".

Resolutions:

Discussion 2

【Proposed by Board of Director】

Proposal: Amendments to the "Procedure for Acquisition or Disposal of Assets" for discussion.

Description:

- I. In response to the Company's operational needs, we intend to revise the current provisions of the "Procedures for the Acquisition or Disposal of Assets".
- II. Please refer to Appendix 16 (page 38) for a comparison table of the revised "Procedures for the Acquisition or Disposal of Assets".

Resolutions:

IV. Election Matters

Election

【Proposed by Board of Directors】

Proposal: Full Re-Election of Directors and Independent Directors in Advance.

Description:

- I. The Company intends to advance the general re-election of Directors and Independent Directors, and the term of office of the original 17th Directors (including Independent Directors) will expire upon the completion of the 2021 Annual General Meeting of Shareholders of the Company.
- II. In accordance with Article 17 of the Company's Articles of Incorporation, seven Directors (including three Independent Directors) are proposed to be elected for the 18th term of three years from May 28, 2021 to May 27, 2024, upon completion of the General Shareholders' Meeting at which the new Directors are elected.
- III. The Company adopts a candidate nomination system for the election of Directors . List of Candidates of Directors and Independent Directors, please refer to Appendix 17 (page 39-40).

Voting Results:

V. Other Proposals

Motion 1

【Proposed by Board of Director】

Proposal: To approve the lifting of non-competition restrictions on newly elected Directors and Independent Directors.

Description:

- I. The Article 209 of the Company Act stipulated that "a Director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of Shareholders the essential contents of such an act and secure its approval." It is hereby proposed to release the restrictions on the 18th Directors (including Independent Directors') non-competition code.
- II. Release of Non-Competition Code for Candidates of Directors, please refer to Appendix18(page41).

Resolutions:

VI. Extempore Motions

VII. Adjournment

I. 2020 Business Report

2020 Annual Report

The business of OSE's Semiconductor Group focuses on all the products related to the packaging and testing of flash memory, and the Company plays an important role in the market of flash memory packaging. In the future, other than strengthening the development of CSP/ BGA market, improving the production efficiency, continuing more development of the memory market, the Company will also expand the market for 5G applications through a strategic partnership with Chipbond Technology Corporation, Internet of Things and automotive electronics related SiP products and their applicable markets, in order to generate more business.

The Electronic Manufacturing Services (EMS) Center uses its comprehensive services including mature technology; experience and process to provide customers advanced PCB and finished goods assembly from smaller batch high-mix to high volume of production to satisfy customers' needs. The Company is publicly recognized as the leader in Taiwan. Aside from the original business on servers, high-end technology foundry (oil, satellite) and industrial computers, in 2018, the Company has also introduced So-net cyber security, in-vehicle, high-end display card, FPGA customers, and industry-wise the Company covered industries such as AI, 5G, Machine Learning, Big Data, unmanned vehicle, EV, and e-sports markets. Although in 2020, the COVID-19 affected the SSD product line, which has been cultivated for many years, as the acceptance of products in the end market increases and customers continue to place more orders, the EMS Business Unit is working to meet the challenges of the coming year by expanding production capacity in advance in line with the pace of customers, and continuing to move toward full automation. In addition, in the niche market category, we are committed to being a long-term and reliable strategic partner for our customers, growing together with them in the cloud market, 5G, AI and industrial control type products to create a win-win outcome.

Operating Results

Unit: NTD thousand

Year	2020	2019	Difference	%
Operating revenue	13,851,909	17,515,145	(3,663,236)	(20.91%)
Operating margin	697,353	1,772,942	(1,075,589)	(60.67%)
Other net income (loss)	1,015	357	658	184.31%
Operating income (loss)	(186,030)	776,472	(962,502)	(123.96%)
Non-operating income and expenses	(57,178)	(39,879)	17,299	43.38%
Net income (loss) before tax	(243,208)	736,593	(979,801)	(133.02%)
Income tax benefits (expenses)	(22,915)	(148,633)	(125,718)	(84.58%)
Net income (loss)	(266,123)	587,960	(854,083)	(145.26%)

The Company's 2020 operating margin, net operating income, non-operating income and expenses, net income are explained as follows:

I. Operating margin, net operating income (loss):

Semiconductor Business Unit: In the first half of 2020, due to the impact of COVID-19 epidemic, customers lowered their orders in response to the freezing market economy, resulting in fewer orders for memory products and logic products in packaging, which weakened revenue growth. Although the pandemic began to subside in the third quarter and customers expected the market momentum to pick up, NAND Flash production capacity stabilized, and market demand increased, the overall gross profit and operating profit still decreased significantly in 2020 compared to 2019.

EMS Unit: In 2020, although the production volume of high-end server products increased, the

orders from consumer electronics customers decreased, and the overall gross profit and net operating income decreased in 2020 compared to 2019, due to higher material costs for high-end server products.

In summary, in 2020, due to the delayed order demand caused by the COVID-19, operating revenue decreased by 20.91%; operating cost decreased by 16.44%; gross operating profit decreased by 60.67%; and net operating profit decreased by 123.96% compared with the previous year.

II. Non-operating income and (expenses):

The non-operating expenses increased by 43.38% compared to the same period last year, mainly due to the decrease in disposal of equipment and the net foreign currency exchange loss resulting from the depreciation of the U.S. dollar exchange rate (30.23→28.48) in 2020, resulting in an increase in other losses by 490.14% compared to last year; and the decrease in finance costs by 33.63% compared to last year as a result of the Company's efforts to improve its financial structure, therefore non-operating expenses increased by 43.38% compared to the same period last year.

III. The future business strategy will focus on continuing to refine our product portfolio and strive to aggressively expand our revenue base, increase our utilization rate, and reduce costs.

Financial Income/Expenses and Profitability Analysis

Analysis item		Fiscal Year	Financial analysis for the most recent two years	
			2020	2019
Financial structure	Debt-asset ratio%		47.51	61.89
	Ratio of long-term capital to fixed assets%		155.57	111.28
Profitability	Return on assets%		(1.35)	4.17
	Return on equity %		(3.89)	10.16
	Profit margin before tax%		(1.92)	3.36
	Earnings per share(NTD)		(0.48)	1.06

R&D status

The R&D expenditure of 2020 was NT\$267,325 thousand.

IC Unit: Aside from the continuous introduction of process verification and mass production of various 3D NAND flashes, the Company also has response measures for the demand of the future high-speed memory (PCIE and DDR5). The Company has completed the process development and establishment of production lines for laminate packaging, and will continue to validate and develop related products and will lead to the development of high-end laminate products and sector packaging. Furthermore, to fulfill the environmental protection constantly, the Company will continue focusing on the amendment and addition of the environmental protection regulation all around the world and verify new materials to comply with new environmental protection regulations.

EMS Unit: With the transfer of customers' high-end technology, plants are already equipped with the technology standard that exceeds the highest quality standard of class 3. The technology is applicable for fields such as oil exploration, aerospace satellites, military defense, etc. In 2020, the Company cooperated with the government policies and was part of Team Taiwan, and smoothly completed the satellite launch. The Company's extended services is not only available in Taiwan, but also other countries. The subsequent projects have gradually obtained licenses and certifications. We hope that in the future, we will provide high-end technology to customer groups in the niche market.

Summary of the Business Plan for the Current Fiscal Year

The Company's business strategy will continue the development of flash memory market and select advantageous domestic/foreign proprietors for strategic cooperation. In addition to constant research and development for 5G application, packaging of IoT, AI-related products and automotive electronics-related products, the Company will conduct the assessment and development the established product lines of flip chips for high-end wearable products. The Company has relatively strong advantage in terms of semiconductor packages and manufacturing services. Looking forward to 2021, not only will we strengthen the development of CSP/ BGA market, improve the production efficiency, and further enhance the development of memory market (especially LPDDR and DDR), the Company will also expand the development of IoT and automotive electronics-related markets to boost OSE's business.

Consequently, the Semiconductor Group (IC CB) will be devoted to the following operating direction to boost the revenue:

- I. Reduce the material costs constantly.
- II. Continued development of advanced packaging processes and refinement of process capabilities to meet future customer product requirements.
- III. Continue the further development of memory market and assist customers in the development of new customized products.
- IV. Develop LPDDR and standard DDR-related products.
- V. Adopt intelligent production management system.
- VI. Develop high end SiP manufacturing process and market.

Both SSD and products with quality requirement higher than IPC-610 class 3 in EMS Group has started the mass production. The main plans for 2021 include:

- I. The ongoing expansion of the SSD production base -build an exclusive production area that serves the world's top customers with the adjustment plan of the global productive capacity for the main customers to respond the demand of the future productive capacity.
- II. With the growing demand for server products, the setting of production line has been adjusted accordingly in order to increase the productive capacity to handle customers' demand. In addition to the production of existing products, with the introduction of INTEL's new generation, Ice Lake in 2021, in response to customer demand for new products, will enter mass production.
- III. Proactively deploy military defense-related fields - obtain relevant certifications and use welding technology that is higher than class 3 for the application of products in relation to the production of military weapons.
- IV. The non-consumable products were introduced due to the US-China trade war. These products are mainly applied in the equipment within buildings which have very long life cycle and are expected to have stable growth after successful introduction.
- V. In-vehicles has obtained IATF 16949 certification, and after trial production, the product will enter mass production from 2021 onwards.

Company's Future Development Strategy

Semiconductor Unit has put a lot of effort into the further development for the niche market of flash memory packaging. In addition to satisfying the quality, production capacity and cost requested by the packaging market of flash memory via current advantages in the future, the Company will also use relevant process technology, as well as a strategic partnership with Chipbond Technology Corporation, to expand the product markets of the development of 5G, IoT and AI.

- I. Advantages Over Technique integration and quality : it is necessary not only to apply system-in-packaging to flash memory module and IoT product module, but also to apply SMT manufacturing process to it. The Company has the technique and production capacity of the packaging of semiconductor and the assembly of electronics, with Chipbond Technology Corporation supporting the wafer bumping manufacturing, the Company has the absolute advantages in manufacturing services compared with the domestic companies that have the same manufacturing process and scale as us.
- II. Complete supply chain keeps reducing the material cost constantly: After the transformation throughout many years, the Company has established a supply chain with the related material suppliers, and through collaborations with the suppliers, the Company continues looking for the cost-effective materials and manufacturing process via bilateral cooperation. The strategic partnership with Chipbond Technology Corporation in 2020 will enable us to offer cost competitive products in high end packaging in the future.
- III. Complete product development team: Continue strengthening the investment on the software and hardware for developing the products. Currently, in addition to assisting the flash memory-related customers to conduct the electrical and thermal analysis, we continue helping the customers develop the relevant customized products.
- IV. Development of the emerging markets: Apart from developing the emerging markets in China and India, we have expanded the development to ASEAN countries recently.
- V. Expand memory product line: Aside from continuing expanding the packaging production capacity of flash memory and LPDDR, we are also going to develop the high-speed standard DDR products.
- VI. Heterogeneous Integrated Packaging Development: in response to the application of 5G and AI, the development of heterogeneous packaging technology will be carried out.

EMC Center has gradually completed the adjustment of different plants. Based on the production methods such as small quantity with variety and mass production, the production lines and management method are carefully planned out, in order to reach the goal of reducing costs and increasing efficiency, ensuring the punctuality and delivery of the development of new products. At the same time, we have to provide our customers with professional knowledge regarding supply chain and essential resources to make them have more competitiveness in the market.

- I. SSD products have grown by a large margin as expected in 2020. Nonetheless, the Company expects that the customer demand to continue increasing in 2021; however, it will have to wait and see that whether the market condition will be affected by the coronavirus (COVID-19) pandemic.
- II. In terms of oil exploration products, testing technologies have been added and the production technology has become more mature. The output will continue to increase to accommodate our customers.
- III. Netcom-related industries have thrived with the arrival of 5G generation. EMS Center is responsible for such type of products and has enhanced the production technology of high-end products by a large margin to accommodate the future growth of customers.

The Effect of External Competition, the Legal Environment, and the Overall Business Environment

According to a recent study by IEK, the overall revenue performance in the first half of 2020 of the year was dragged down by factors such as the trade conflict between the U.S. and China and the COVID-19, but from the second half of the year onwards in addition to the traditional peak season, and the demand from the stay-at-home economy generated by the pandemic, the overall packaging and testing industry in Taiwan has

experienced explosive growth. Although the overall performance of 2020 showed a recession in the first half of the year due to the pandemic and the impact of trade between China and the US, the overall performance grew under the influence of the stay-at-home economy. The global semiconductor market was US\$426 billion in 2020, a number that grew by approximately 3.3% compared to 2019. The research of IEK also suggested that although the global semiconductor output value of products in relation to 5G, automotive electronics, AI and the IoT continue to thrive in 2020, with the impact of the US-China conflict continuing to worsen and the coronavirus (COVID-19) pandemic, IEK estimates that the global semiconductor output value in 2021 will reach USD452.3 billion, up by approximately 6.2%. The global outbreak of the pandemic in 2020 caused a halt to economic and industrial activities around the world, but Taiwan maintained somewhat normal operations due to the pandemic prevention activities, and more than 90% of the production of Taiwan's semiconductor industry is located in Taiwan, with only 1% in the overseas. In addition, the pull effect of Huawei's ban and the increased demand for high-speed chips for 5G, AI and IOT led to a 20.7% increase in Taiwan's overall semiconductor production value to NT\$3,218.5 billion in 2020 compared to NT\$2,665.6 billion in 2019. The growth in 2021 is expected to be 3.5%, to NT\$333.0 billion.

To follow the development trend of electronic products, the Company will focus on niche-oriented products to avoid price competition and affecting the profit. With the popularity of smartphone devices and the demand increase of AI Big Data management, eMMC and Flash BGA will still be the main products for Flash memory application in the future. The Company will collaborate with the main memory industry chain and channel firms all over the world to continue developing the manufacturing services of all the Flash memory applications via the current advantages in the manufacturing platform.

Furthermore, with the coronavirus (COVID-19) situation worsening day by day, the recovery rate of workers in EMS Unit going back to work in China is poor and it is expected that the subsequent supply of materials from some places will be affected; with the continuous spread of the virus in Europe, USA and Middle East, many countries have imposed various prevention measures such as a lockdown or travel ban. It is anticipated that it will cause a significant degree of impact which will further affect the demand of many customers.

In the first half of 2020, the Company's operations were affected by the disruption of the COVID-19, delayed demand in the memory market, and reduced efficiency of EMS switching orders, resulting in a weak performance in the first half of the year. Since the second half of the year, the market has been experiencing tight supply of packaging capacity, mainly due to the COVID-19 triggered stay-at-home economy, and maintained a strong demand for NB and game consoles. Secondly, after the U.S.-China trade war, the regional economic situation has taken shape, and the mainland system makers have gradually shifted some of their semiconductor chips to Taiwan for orders, and with the rebound in market demand, the third quarter has turned a loss into a profit. In the future, the company will provide new services to existing customers due to better order visibility, price increase driven by market demand, and strategic partnership with CHIPBOND TECHNOLOGY CORPORATION, which is expected to show benefits in the second half of the year, and will drive the momentum of the packaging and testing business, and help the operation to resume growth. In this regard, the company continues to invest in CSP BGA market development, improve production efficiency, and expand the market for Internet of Things and automotive electronics-related applications. By continuing to refine its product portfolio, the company aims to aggressively expand its revenue base, increase its crop rate, and strive to reduce costs.

Chairman: Yueh-Ming, Tung

Manager: Yueh-Ming, Tung

Head of Accounting: Shu-Yung, Chu

Audit Committee's Auditing Report

The Board of Directors have prepared the 2020 standalone and consolidated financial statements and retained the CPAs, Zhi-Zhong Chen and Zheng-Chu Chen of Ernst & Young Global Limited to audit the Company's individual and consolidated financial statements and issue an audit report relating to the individual and consolidated financial statements. The financial statements, business report, and the statement along with the business report and Deficit compensation proposal. The Audit Committee finds no inappropriate disclosures with respect to the above, and hereby issues this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2021 Annual General Shareholders' Meeting of Orient Semiconductor Electronics, Ltd.

Orient Semiconductor Electronics, Ltd.

Convener of the Audit Committee: Ching-Tien, Tsai

March 10, 2021

Private placement of securities business in 2020

Items	The first private placement of Preferred Shares in 2020 (note 1) Date of Board Meeting: October 16, 2020				
Type of private placement of securities (note 2)	Private Placement of Preferred Shares B Private Placement of Preferred Shares C				
The date and quantity approved by the Shareholders' Meeting (Note 3)	The Company's Shareholders' Resolutions in the Extraordinary Shareholders' Meeting on December 3, 2020: 1. Preferred Shares B - the maximum amount of issuance is NT\$1 billion and number of shares 100,000 thousand shares with par value at NT\$10 per share. The aggregate increase in paid-in capital is expected to not exceed NT\$1,000,000 thousand. This private placement is to be completed in one lump sum within one year from the date of the Extraordinary Shareholders' Meeting in 2020. 2. Preferred Shares C - the maximum amount of issuance is NT\$2 billion and number of shares 200,000 thousand issues with par value of NT\$10 per share. The aggregate increase in paid-in capital is expected to not exceed NT\$2,000,000 thousand. This private placement is to be completed in one lump sum within one year from the date of the Extraordinary Shareholders' Meeting in 2020.				
The basis and rationality of the pricing	1. The price of a private placement of securities with equity characteristics such as preferred shares, shall not be lower than 80 percent of the theoretical price. Theoretical price refers to a securities price calculated based on an appropriate pricing model that is selected in consideration of the various rights under the terms of issuance. The pricing model shall as a whole cover, and include the concurrent consideration of, the various rights included in the terms of issuance. Any right not included for consideration within the model shall be excluded from the terms of issuance. 2. Private Placement of Preferred Shares B (1) Issuance price: the actual per share price of Preferred Shares B is NT\$11.10. The Company intends to use December 3, 2020 as the pricing date for the private placement of preferred shares. According to the expert report issued by DoctorOne, the theoretical price of the private placement of Preferred Shares B is NT\$11.20 per share, and the issued price of Preferred Shares B of NT\$11.10 per share is already 80% higher than the theoretical price. (2) Number of shares issued - 90,090 thousand shares of Preferred Shares B were issued. (3) Total amount of issuance - Preferred Shares B has a par value of NT\$10 per share and is expected to increase paid-in capital by NT\$900,900 thousand, resulting in total proceeds of NT\$999,999 thousand. 3. Private Placement of Preferred Shares C (1) Issuance price: the actual per share price of Preferred Shares C is NT\$11.10. The Company intends to use December 3, 2020 as the pricing date for the private placement of preferred shares. According to the expert report issued by DoctorOne, the theoretical price of the private placement of Preferred Shares C is NT\$12.63 per share, and the issued price of Preferred Shares C of NT\$11.10 per share is already 80% higher than the theoretical price. (2) Number of shares issued - 180,180 thousand shares of Preferred Shares C were issued. (3) Total amount of issuance - Preferred Shares C has a par value of NT\$10 per share and is expected to increase paid-in capital by NT\$1,801,800 thousand, resulting in total proceeds of NT\$1,999,998 thousand. 4. The actual issue price of the private placement was determined in accordance with the relevant regulations of the competent authorities and in accordance with the range of pricing percentages resolved at the December 3, 2020, Extraordinary Shareholders' Meeting, taking into account the Company's operating performance, most recent net worth and market share price, etc., and was determined in a reasonable manner.				
The method for selecting the Specific Persons (note 4)	The objects of this private placements of Preferred Shares are limited to Specific Persons who meet the requirements stipulated in Article 6 and Article 43 of the Securities and Exchange Act and Order No. 0910003455 issued by the Financial Supervisory Commission on June 13, 2002.				
The reasons for the necessity for conducting the private placement	In consideration of market conditions, timeliness, feasibility, issuance costs of capital raising and/or the introduction of strategic investors to correspond with the Company's development and the transfer limit can ensure that the long-term cooperative relationship between Company and strategic investors which strengthens the stability of the Company's management, therefore the Company uses place placements for raising funds. Depending on the actual needs of the Company's operations, by authorizing the Board of Directors, the Company also effectively improves the mobility and flexibility, and that is necessary for conducting the private placement.				
Subscription paid up in full	December 16, 2020				
Information on the candidates	Private Placement Target (Note 5)	Eligibility requirements (Note 6)	Number of subscriptions	Relationship with the Company	Participation in the company's operations
	Chipbond Technology Corporation	Paragraph 2	Preferred Shares B 90,090,000 shares Preferred Shares C 180,180,000 shares	None	Not yet
Actual subscription (or transfer) price (Note7)	Preferred Shares B and C's actual subscription price are both NT\$11.10 per share.				
Difference between actual subscription (or transfer) price and reference price (Note 7)	The actual subscription price of Preferred Shares B is NT\$11.10 per share, which is not less than 80% of the theoretical price of NT\$11.20 per share and not less than the par value of the shares. The actual subscription price of Preferred Shares C is NT\$11.10 per share, which is not less than 80% of the theoretical price of NT\$12.63 per share and not less than the par value of the shares.				
Any effect of the private placement on Shareholder equity	It is expected to improve the financial structure, reduce Debt-asset ratio, improve current ratio and quick ratio which poses positive benefits for the stability of the Company's management as well as the rights and interests of Shareholders' equity. Also, by introducing strategic investors, it helps the Company to expand the market and technical cooperation so that the Company can profit which poses positive benefit to Shareholders' equity.				
Status of utilization of the funds raised in the private placement and the implementation progress:	The proceeds were used to fund working capital, to repay bank loans or to meet future long-term development needs. On December 16, 2020, NT\$2,999,997,000 were raised, and the proceeds were used to repay bank loans of NT\$2,563,301,624 as of the fourth quarter of 2020. The remaining \$436,695,376 from the private placement is expected to be used for operating expenses in the first quarter of 2021.				
The realization of plan benefit in the private placement	To enhance working capital and repay loans to improve financial structure.				

Independent Auditors' Audit Report

English Translation of a Report Originally Issued in Chinese

To Orient Semiconductor Electronics Limited

Opinion

We have audited the accompanying parent company only balance sheets of Orient Semiconductor Electronics Limited (the "Company") as of December 31, 2020 and 2019, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the financial statements, including the summary of significant accounting policies (collectively referred to as "the financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and their financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Validity of occurrence of sales revenue from main customers

Sales revenue amounted to \$13,567,698 thousand which were highly accounted for by major customers were material to the individual financial statement as a whole for the year ended December 31, 2020. Therefore, we consider the occurrence of sales as key audit matters to address the risk.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy of revenue recognition; evaluating and testing the design and operating effectiveness of internal controls around revenue recognition; performing cut-off tests by selecting samples of transactions from either side of the balance sheet date and vouching related certificates to verify correctness of the timing of recognizing transaction; obtaining the list of main customers for 2020 and assessing if their backgrounds, transaction amounts were consistent with their scale ; verifying the occurrence of sales by confirmations; testing the journal entries to ensure the transactions to be recorded properly; selecting samples to perform test of details and reviewing significant contact terms and conditions to verify the accuracy of sales revenue.

We also considered the appropriateness of the disclosures of sales. Please refer to Notes 4 and 6 to the parent company only financial statements.

2. Deferred tax assets

The Company recognized deferred tax assets in the amount of \$1,549,088 thousand, for the years ended December 31, 2020. The recognition of deferred tax assets for the related unused tax losses, unused tax credits, and deductible temporary differences arising from operating entities located in other areas is based on management estimates of its future available taxable profits and the probability that the related deferred tax assets will be realized. As a result, we determined the matter to be a key audit matter.

Our audit procedures include (but are not limited to) understanding and testing the controls surrounding the Company's assessment process for recognition of deferred tax assets; understanding the Company's significant operating entities for which deferred tax assets were recognized and assessing the management estimates for assumptions used in the future cash flow projection and future taxable profits calculation; retrospectively reviewing the accuracy of assumptions used in prior-period estimates of future cash flow projection and assessing whether there were any other matters that will affect the recognition of deferred tax assets; and assessing the adequacy of the Company's disclosures regarding its deferred tax asset recognition policy and other related disclosures.

We also considered the appropriateness of the income tax disclosures. Please refer to Notes 5 and 6 to the parent company only financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures included OSE PHILIPPINES, INC., OSE PROPERTIES, INC. and OSE USA, INC., and the balances of investments in these investee companies accounted for using the equity method amounted to \$33,476 thousand and \$96,341 thousand, representing 0.23% and 0.61% of parent company only total assets as of December 31, 2020 and 2019, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to (\$59,838) thousand and (\$25,100) thousand, representing 24.38% and (3.42%) of the parent company only net income and net loss before tax for the years ended December 31, 2020 and 2019, respectively. The share of other comprehensive income of associates and joint ventures were (\$2,444) thousand and (\$57) for the years ended December 31, 2020 and 2019.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen, Chih-Chung

Chen, Cheng-Chu

Ernst & Young, Taiwan

March 10, 2021

Notice to Readers

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants 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, Ernst & Young 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.

English Translation of Financial Statements Originally Issued in Chinese

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Notes	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4, 6.(1)	\$1,641,549	11	\$1,491,029	9
Financial assets measured at amortized cost-Current	4, 6.(2)	131,045	1	—	—
Contract assets-Current	4, 6.(20)	304,825	2	302,982	2
Notes receivable	4, 6.(3)	852	—	1,770	—
Accounts receivable-Non Affiliates	4, 6.(4)	2,137,854	15	2,421,804	15
Accounts receivable-Affiliates	4, 6.(4), 7	229,921	2	229,557	2
Other receivable-Non Affiliates	4	26,444	—	28,562	—
Other receivable-Affiliates	4, 7	22,621	—	5,811	—
Inventories	4, 6.(5)	1,017,582	7	1,049,757	7
Prepayments	4, 6.(11)	59,086	1	45,339	—
Other current assets		12,222	—	24,611	—
Other financial assets-Current	8	26,555	—	154,226	1
Total current assets		5,610,556	39	5,755,448	36
Non-current assets					
Financial asset at fair value through profit or loss-Non current	4, 6.(6)	6,486	—	—	—
Financial assets at fair value through other comprehensive income-Non current	4, 6.(7)	107,232	1	226,860	2
Investments accounted for using the equity method	4, 6.(8), 8	909,446	6	1,117,589	7
Property, plant, and equipment	4, 6.(9), 8	5,246,877	37	6,220,127	39
Right-of-use asset	4, 6.(22)	166,568	1	159,535	1
Intangible assets	4, 6.(10)	34,553	—	58,192	—
Deferred income tax assets	4, 6.(26)	1,549,088	11	1,546,059	10
Prepayment for equipment	4, 6.(11)	107,304	1	151,424	1
Refundable deposits	8	147,340	1	136,251	1
Long-term receivables-Affiliates	4, 6.(12), 7	476,298	3	496,399	3
Other non-current assets	4	2,176	—	4,281	—
Total non-current assets		8,753,368	61	10,116,717	64
Total assets		\$14,363,924	100	\$15,872,165	100

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

English Translation of Financial Statements Originally Issued in Chinese

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Notes	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current liabilities					
Short-term loans	6.(13)	\$1,101,572	8	\$2,373,766	15
Short-term notes payable	6.(14)	—	—	379,210	2
Contract Liabilities-Current	4, 6.(20)	25,365	—	27,845	—
Notes payable		14,608	—	54,503	—
Accounts payable-Non Affiliates		2,210,032	16	2,923,081	19
Accounts payable-Affiliates	7	21,299	—	209,377	1
Other payablese-Non Affiliates		716,115	5	986,972	6
Other payablese-Affiliates	7	603	—	—	—
Lease liabilities-Current	4, 6.(22)	14,882	—	13,864	—
Current portion of long-term loans	6.(15)	241,600	2	1,190,490	8
Other current liabilities		190,314	1	114,307	1
Total current liabilities		4,536,390	32	8,273,415	52
Non-current liabilities					
Long-term loans	6.(15)	620,000	4	904,836	6
Deferred tax liabilities	4, 6.(26)	7,346	—	31,272	—
Lease liabilities-Non current	4, 6.(22)	153,193	1	146,759	1
Preferred stock liabilities-Non current	4, 6.(17)	1,006,485	7	—	—
Net defined benefit liabilities-Non current	4, 6.(16)	384,246	3	430,850	3
Deposits received	4	3,424	—	3,474	—
Credit balance for investments accounted for using equity method	4, 6.(8)	50,072	—	15,404	—
Total non-current liabilities		2,224,766	15	1,532,595	10
Total liabilities		6,761,156	47	9,806,010	62
Equity	4, 6.(18)				
Capital					
Common stock		5,570,425	39	5,573,285	35
Preferred stock		1,801,800	13	—	—
Total capital stock		7,372,225	52	5,573,285	35
Additional paid-in capital		220,723	1	45,711	—
Retained earnings					
Legal reserve		53,719	—	—	—
Special reserve		18,730	—	—	—
Undistributed earnings		88,258	1	537,191	3
Total retained earnings		160,707	1	537,191	3
Other Components of Equity		(150,887)	(1)	(90,032)	—
Total stockholders' equity		7,602,768	53	6,066,155	38
Total liabilities and stockholders' equity		\$14,363,924	100	\$15,872,165	100

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2020 and 2019

(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Notes	2020		2019	
		Amount	%	Amount	%
Net revenue	4, 6.(20), 7	\$13,567,698	100	\$17,235,914	100
Cost of goods sold	4, 6.(5), 6.(23)	(12,900,897)	(95)	(15,538,410)	(90)
Gross profit		666,801	5	1,697,504	10
Operating expenses	4, 6.(23)				
Selling and administration expenses		(528,340)	(4)	(648,531)	(4)
Research and development expenses		(267,325)	(2)	(278,307)	(2)
Expected credit (gains) losses	4, 6.(21)	3,488	—	(7,714)	—
Subtotal		(792,177)	(6)	(934,552)	(6)
Net other operating income and expenses		1,015	—	357	—
Operating (loss) income		(124,361)	(1)	763,309	4
Non-operating income and expenses	6.(24)				
Interest revenue		10,324	—	10,833	—
Other income		72,328	1	41,836	—
Other gains and losses		(73,996)	(1)	(7,771)	—
Financial costs		(73,906)	(1)	(113,801)	—
Expected credit gains (losses)	4, 6.(21)	1,148	—	(1148)	—
Share of profits of associates and joint ventures under equity method	4, 6.(8)	(56,930)	—	40,743	—
Subtotal		(121,032)	(1)	(29,308)	—
Pretax (loss) income		(245,393)	(2)	734,001	4
Income tax (expense)	4, 6.(26)	(20,730)	—	(146,041)	(1)
Net (loss) income		(266,123)	(2)	587,960	3
Other comprehensive income (loss)	4, 6.(25)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans		(34,730)	—	(8,772)	—
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		(119,628)	(1)	(8,018)	—
Income tax related to items that will not be reclassified		30,872	—	2,170	—
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(23,475)	—	(18,965)	—
Share of other comprehensive income of associates and joint ventures		272	—	1,081	—
Income tax related to items that may be reclassified		4,695	—	3,793	—
Total other comprehensive income (loss), net of tax		(141,994)	(1)	(28,711)	—
Total comprehensive income (loss)		(\$408,117)	(3)	\$559,249	3
Basic (losses) earnings per share (Expressed in NTD)	4, 6.(27)	(\$0.48)		\$1.06	
Diluted (losses) earnings per share (Expressed in NTD)	4, 6.(27)	(\$0.48)		\$1.06	

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

English Translation of Financial Statements Originally Issued in Chinese

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2020 and 2019

(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Capital stock		Capital Surplus	Retained earnings			Other equity			Total Equity
	Common stock	Preferred stock		Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Employee Unearned Benefit	
Balance as of January 1, 2019	\$5,523,285	—	\$20,104	—	—	(\$44,832)	(\$20,095)	\$24,138	—	\$5,502,600
Share of changes in net assets of associates and joint ventures accounted for using the equity method	—	—	(122)	—	—	—	—	—	—	(122)
Income for the years ended December 31, 2019	—	—	—	—	—	587,960	—	—	—	587,960
Other comprehensive income (loss) for the years ended December 31, 2019	—	—	—	—	—	(5,937)	(15,172)	(7,602)	—	(28,711)
Total comprehensive income (loss)	—	—	—	—	—	582,023	(15,172)	(7,602)	—	559,249
Share-based payment transaction	50,000	—	25,729	—	—	—	—	—	(\$71,301)	4,428
Balance as of December 31, 2019	\$5,573,285	—	\$45,711	—	—	\$537,191	(\$35,267)	\$16,536	(\$71,301)	\$6,066,155
Balance as of January 1, 2020	\$5,573,285	—	\$45,711	—	—	\$537,191	(\$35,267)	\$16,536	(\$71,301)	\$6,066,155
Appropriation and distribution of 2019 retained earnings:										
Legal reserve	—	—	—	\$53,719	—	(53,719)	—	—	—	—
Special reserve	—	—	—	—	\$18,730	(18,730)	—	—	—	—
Cash dividends	—	—	—	—	—	(82,849)	—	—	—	(82,849)
(Loss) for the years ended December 31, 2020	—	—	—	—	—	(266,123)	—	—	—	(266,123)
Other comprehensive income (loss) for the years ended December 31, 2020	—	—	—	—	—	(27,512)	(18,780)	(95,702)	—	(141,994)
Total comprehensive income (loss)	—	—	—	—	—	(293,635)	(18,780)	(95,702)	—	(408,117)
Preferred stocks issued	—	\$1,801,800	198,198	—	—	—	—	—	—	1,999,998
Share-based payment transaction	(2,860)	—	(23,186)	—	—	—	—	—	53,627	27,581
Balance as of December 31, 2020	\$5,570,425	\$1,801,800	\$220,723	\$53,719	\$18,730	\$88,258	(\$54,047)	(\$79,166)	(\$17,674)	\$7,602,768

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

English Translation of Financial Statements Originally Issued in Chinese

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019
(Amounts expressed in Thousands of New Taiwan Dollars)

Items	2020	2019	Items	2020	2019
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Pretax (loss) income	(\$245,393)	\$734,001	Acquisition of financial assets measured at amortized cost	(131,045)	—
Adjustments to reconcile net loss before tax to net			Acquisition of property, plant and equipment	(458,626)	(723,348)
The profit or loss items which did not affect cash flows:			Disposal of property, plant and equipment	3,309	43,900
Depreciation	1,420,968	1,446,034	(Increase) in refundable deposits	(11,089)	—
Amortization	51,156	65,235	Decrease in refundable deposits	—	32,177
Expected credit (gain) loss	(4,636)	8,862	Acquisition of intangible assets	(20,316)	(32,657)
Interest expense	73,906	113,801	Decrease in long-term receivables	20,101	3,002
Interest revenue	(10,324)	(10,833)	Dividends received	151,475	—
Compensation costs of shared-based payment	27,581	4,428	Net cash (used in) investing activities	(446,191)	(676,926)
Share of loss (profit) of associates accounted for using the equity method	56,930	(40,743)			
(Gain) on disposal of property, plant and equipment	(3,384)	(41,191)	Cash flows from financing activities:		
Others-(Gain) on lease modifications	(1,015)	(356)	(Decrease) in short-term loans	(1,272,327)	(433,155)
Others-Loss on disposal and allowance for inventory valuation	45,648	110,113	Increase in short-term notes payable	—	379,210
Changes in operating assets and liabilities:			(Decrease) in short-term notes payable	(379,210)	(349,610)
(Increase) Decrease in contract assets	(1,843)	122,702	Increase in long-term loans	1,738,149	1,300,000
Decrease in notes receivable	918	8,740	Repayment of long-term loans	(2,976,291)	(2,262,010)
Decrease (Increase) in accounts receivable-non affiliates	287,438	(75,474)	Preferred stock liabilities issued	999,999	—
(Increase) Decrease in accounts receivable-affiliates	(364)	465,978	Increase in guarantee deposits received	—	50
Decrease in other receivable-non affiliates	7,962	18,698	(Decrease) in guarantee deposits received	(50)	—
(Increase) Decrease in other receivable-affiliates	(5,532)	28,627	Increase in other payable-Affiliates	603	—
(Increase) Decrease in inventories	(13,473)	94,214	Repayment of lease liabilities	(15,684)	(18,794)
(Increase) Decrease in prepayments	(2,064)	22,429	Cash dividends	(82,849)	—
Decrease in other current assets	12,398	13,267	Preferred stock issued	1,999,998	—
Decrease in other non-current assets	596	766	Interest paid	(75,848)	(116,497)
(Decrease) Increase in contract liabilities	(2,480)	12,695	Other financing activities	127,671	89,389
(Decrease) in notes payable-non affiliates	(39,895)	(7,695)	Net cash provided by (used in) financing activities	64,161	(1,411,417)
(Decrease) in accounts payable-non affiliates	(713,049)	(174,183)			
(Decrease) Increase in accounts payable-affiliates	(188,078)	67,206	Net Increase in cash and cash equivalents	150,520	935,549
Increase in other payable	1,942	2,696	Cash and cash equivalents, beginning of period	1,491,029	555,480
(Decrease) Increase in other current liabilities	(135,539)	103,616	Cash and cash equivalents, end of period	\$1,641,549	\$1,491,029
(Decrease) in net defined benefit liabilities	(81,334)	(73,818)			
Cash generated from operation	539,040	3,019,815			
Interest received	5,628	4,418			
Income tax paid	(12,118)	(341)			
Net cash provided by operating activities	532,550	3,023,892			

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

Independent Auditors' Report
English Translation of a Report Originally Issued in Chinese

To Orient Semiconductor Electronics Limited

Opinion

We have audited the accompanying consolidated balance sheets of Orient Semiconductor Electronics Limited (the "Company") and its subsidiaries as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively referred to as "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter.

1. Validity of occurrence of sales revenue from main customers

Sales revenue amounted to \$13,851,909 thousand which were highly accounted for by major customers were material to the consolidated financial statement as a whole for the year ended December 31, 2020. Therefore, we consider the occurrence of sales as key audit matters to address the risk.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy of revenue recognition; evaluating and testing the design and operating effectiveness of internal controls around revenue recognition; performing cut-off tests by selecting samples of transactions from either side of the balance sheet date and vouching related certificates to verify correctness of the timing of recognizing transaction; obtaining the list of main customers for 2020 and assessing if their backgrounds, transaction amounts were consistent with their scale ; verifying the occurrence of sales by confirmations; testing the journal entries to ensure the transactions to be recorded properly; selecting samples to perform test of details and reviewing significant contact terms and conditions to verify the accuracy of sales revenue.

We also considered the appropriateness of the disclosures of sales. Please refer to Notes 4 and 6 to the Company's consolidated financial statements.

2. Deferred tax assets

The Group recognized deferred tax assets in the amount of \$1,550,989 thousand, for the years ended December 31, 2020. The recognition of deferred tax assets for the related unused tax losses, unused tax credits, and deductible temporary differences arising from operating entities located in other areas was based on management estimates of its future available taxable profits and the probability that the related deferred tax assets will be realized. As a result, we determined the matter to be a key audit matter.

Our audit procedures include (but are not limited to) understanding and testing the controls surrounding the Company's assessment process for recognition of deferred tax assets; understanding the Company's significant operating entities for which deferred tax assets were recognized and assessing the management estimates for assumptions used in the future cash flow projection and future taxable profits calculation; retrospectively reviewing the accuracy of assumptions used in prior-period estimates of future cash flow projection and assessing whether there were any other matters that will affect the recognition of deferred tax assets; and assessing the adequacy of the Company's disclosures regarding its deferred tax asset recognition policy and other related disclosures.

We also considered the appropriateness of the income tax disclosures. Please refer to Notes 5 and 6 to the Company's consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiaries, whose statements reflected total assets of \$733,007 thousand and \$800,395 thousand accounting for 5.06% and 5.03% of consolidated total assets as of December 31, 2020 and 2019, respectively; total operating revenues amounted to \$46,744 thousand and \$59,130 thousand, constituting 0.34% and 0.34% of consolidated operating revenues for the years ended December 31, 2020 and 2019, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2020 and 2019.

Chen, Chih-Chung

Chen, Cheng-Chu

Ernst & Young, Taiwan

March 10, 2021

Notice to Readers

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants 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, Ernst & Young 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.

English Translation of Financial Statements Originally Issued in Chinese
ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2020 and 2019
(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Notes	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4, 6.(1)	\$1,845,800	13	\$1,701,412	11
Financial assets measured at amortized cost-Current	4, 6.(2)	131,045	1	—	—
Contract assets-Current	4, 6.(21)	304,825	2	302,982	2
Notes receivable	4, 6.(3)	852	—	1,770	—
Accounts receivable-Non Affiliates	4, 6.(4)	2,182,326	16	2,455,324	16
Accounts receivable-Affiliates	4, 6.(4), 7	229,921	2	229,557	1
Other receivable-Non Affiliates	4	30,750	—	31,044	—
Other receivable-Affiliates	4, 7	47,554	—	50,435	—
Inventories	4, 6.(5)	1,140,652	8	1,250,419	8
Prepayments	4, 6.(12)	64,366	—	53,122	—
Other current assets		15,018	—	28,179	—
Other financial assets-Current	8	26,555	—	154,226	1
Total current assets		6,019,664	42	6,258,470	39
Non-current assets					
Financial assets at fair value through profit or loss-Non current	4, 6.(6)	6,486	—	—	—
Financial assets at fair value through other comprehensive income-Non current	4, 6.(7)	107,232	1	226,860	1
Investments accounted for using the equity method	4, 6.(8), 8	450,878	3	459,383	3
Property, plant, and equipment	4, 6.(9), 8	5,285,569	36	6,264,246	39
Right-of-use assets	4, 6.(23)	244,707	2	253,847	2
Investment Property	4, 6.(10)	394,486	3	440,433	3
Intangible assets	4, 6.(11)	34,706	—	58,445	—
Deferred income tax assets	4, 6.(27)	1,550,989	11	1,547,937	10
Prepayment for equipment	4, 6.(12)	128,499	1	151,901	1
Refundable deposits	8	167,650	1	157,615	1
Long-term receivables-Affiliates	4, 6.(13), 7	88,352	—	93,315	1
Other non-current assets	4	4,601	—	6,298	—
Total non-current assets		8,464,155	58	9,660,280	61
Total assets		\$14,483,819	100	\$15,918,750	100

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

English Translation of Financial Statements Originally Issued in Chinese
ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2020 and 2019
(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Notes	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current liabilities					
Short-term loans	6.(14), 7	\$1,106,413	8	\$2,373,766	15
Short-term notes payable	6.(15)	—	—	379,210	3
Contract Liabilities-Current	4, 6.(21)	25,371	—	29,439	—
Notes payable	4	14,608	—	54,503	—
Accounts payable-Non Affiliates	4	2,305,268	16	3,057,906	19
Accounts payable-Affiliates	4,7	2,486	—	38,483	—
Other payables-Non Affiliates		809,213	5	1,053,956	7
Other payables-Affiliates	7	603	—	—	—
Lease liabilities-Current	4, 6.(23)	26,895	—	25,725	—
Current portion of long-term loans	6.(16)	246,446	2	1,190,490	8
Other current liabilities		112,063	1	59,910	—
Total current liabilities		4,649,366	32	8,263,388	52
Non-current liabilities					
Long-term loans	6.(16)	620,000	5	904,836	6
Deferred tax liabilities	4, 6.(27)	7,346	—	31,272	—
Lease liabilities-Non current	4, 6.(23)	210,089	1	218,681	1
Preferred stock liabilities-Non current	6.(18)	1,006,485	7	—	—
Net defined benefit liability-Non current	4, 6.(17)	384,246	3	430,850	3
Deposits received	4	3,519	—	3,568	—
Total non-current liabilities		2,231,685	16	1,589,207	10
Total liabilities		6,881,051	48	9,852,595	62
Equity attributable to the parent company	4, 6.(19)				
Capital					
Common stock		5,570,425	38	5,573,285	35
Preferred stock		1,801,800	12	—	—
Total capital stock		7,372,225	50	5,573,285	35
Additional paid-in capital		220,723	1	45,711	—
Retained earnings					
Legal reserve		53,719	—	—	—
Special reserve		18,730	—	—	—
Undistributed earnings		88,258	1	537,191	3
Total retained earnings		160,707	1	537,191	3
Other Components of Equity		(150,887)	—	(90,032)	—
Equity attributable to stockholders of the parent		7,602,768	52	6,066,155	38
Total stockholders' equity		7,602,768	52	6,066,155	38
Total liabilities and stockholders' equity		\$14,483,819	100	\$15,918,750	100

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

English Translation of Financial Statements Originally Issued in Chinese
ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2020 and 2019
(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Notes	2020		2019	
		Amount	%	Amount	%
Net revenue	4, 6 (21), 7	\$13,851,909	100	\$17,515,145	100
Cost of goods sold	4, 6 (5), 6 (24)	(13,154,556)	(95)	(15,742,203)	(90)
Gross profit		697,353	5	1,772,942	4
Operating expenses	4, 6 (24)				
Selling and administration expenses		(620,006)	(4)	(710,778)	(4)
Research and development expenses		(267,325)	(2)	(278,307)	(2)
Expected credit (gains) losses	4, 6 (22)	2,933	—	(7,742)	—
Subtotal		(884,398)	(6)	(996,827)	(6)
Net other operating income and expenses		1,015	—	357	—
Operating (loss) income		(186,030)	(1)	776,472	4
Non-operating income and expenses	6 (25)				
Interest revenue		4,892	—	5,951	—
Other income		76,251	1	44,513	—
Other gains and losses		(82,613)	(1)	(13,999)	—
Financial costs		(76,816)	(1)	(115,732)	—
Expected credit gains (losses)	4, 6 (22)	1,148	—	(1,148)	—
Share of profit of associates under equity method	4, 6 (8)	19,960	—	40,536	—
Subtotal		(57,178)	(1)	(39,879)	—
Pretax (loss) income		(243,208)	(2)	736,593	4
Income tax (expense)	4, 6 (27)	(22,915)	—	(148,633)	(1)
Consolidated net (loss) income		(266,123)	(2)	587,960	3
Other comprehensive income (loss)	4, 6 (26)				
Items that will not be reclassified subsequently to profit or loss :					
Remeasurements of defined benefit plans		(34,730)	—	(8,772)	—
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(119,628)	(1)	(8,018)	—
Income tax related to items that will not be reclassified		30,872	—	2,170	—
Items that may be reclassified subsequently to profit or loss :					
Exchange differences on translation of foreign operations		(23,475)	—	(18,965)	—
Share of other comprehensive income of associates and joint ventures		272	—	1,081	—
Income tax related to items that may be reclassified		4,695	—	3,793	—
Total other comprehensive income (loss), net of tax		(141,994)	(1)	(28,711)	—
Total comprehensive income (loss)		(\$408,117)	(3)	\$559,249	3
Consolidated net (loss) income attributable to:					
Common stockholders of the parent		(\$266,123)	(2)	\$587,960	3
Non controlling interests		—	—	—	—
		(\$266,123)	(2)	\$587,960	3
Consolidated comprehensive income (loss) attributable to:					
Common stockholders of the parent		(\$408,117)	(3)	\$559,249	3
Non-controlling interests		—	—	—	—
		(\$408,117)	(3)	\$559,249	3
Basic (losses) earnings per share (Expressed in NTD)	4, 6 (28)	(\$0.48)		\$1.06	
Diluted (losses) earnings per share (Expressed in NTD)	4, 6 (28)	(\$0.48)		\$1.06	

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

English Translation of Financial Statements Originally Issued in Chinese
ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2020 and 2019
(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Equity attributable to stockholders of the parent									Total Equity	
	Stock		Capital surplus	Retained earnings			Other equity				Total
	Common stock	Preferred stock		Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Employee Unearned Benefit		
Balance as of January 1, 2019	\$5,523,285	—	\$20,104	—	—	(\$44,832)	(\$20,095)	\$24,138	—	\$5,502,600	\$5,502,600
Share of changes in net assets of associates and joint ventures accounted for using equity method	—	—	(122)	—	—	—	—	—	—	(122)	(122)
Income for the years ended December 31, 2019	—	—	—	—	—	587,960	—	—	—	587,960	587,960
Other comprehensive income (loss) for the years ended December 31, 2019	—	—	—	—	—	(5,937)	(15,172)	(7,602)	—	(28,711)	(28,711)
Total comprehensive income (loss)	—	—	—	—	—	582,023	(15,172)	(7,602)	—	559,249	559,249
Share-based payment transaction	50,000	—	25,729	—	—	—	—	—	(\$71,301)	4,428	4,428
Balance as of December 31,2019	\$5,573,285	—	\$45,711	—	—	\$537,191	(\$35,267)	\$16,536	(\$71,301)	\$6,066,155	\$6,066,155
Balance as of January 1, 2020	\$5,573,285	—	\$45,711	—	—	\$537,191	(\$35,267)	\$16,536	(\$71,301)	\$6,066,155	\$6,066,155
Appropriation and distribution of 2019 retained earnings:											
Legal reserve	—	—	—	\$53,719	—	(53,719)	—	—	—	—	—
Special reserve	—	—	—	—	\$18,730	(18,730)	—	—	—	—	—
Cash dividends	—	—	—	—	—	(82,849)	—	—	—	(82,849)	(82,849)
(Loss) for the years ended December 31, 2020	—	—	—	—	—	(266,123)	—	—	—	(266,123)	(266,123)
Other comprehensive income (loss) for the years ended December 31, 2020	—	—	—	—	—	(27,512)	(18,780)	(95,702)	—	(141,994)	(141,994)
Total comprehensive income (loss)	—	—	—	—	—	(293,635)	(18,780)	(95,702)	—	(408,117)	(408,117)
Preferred stocks issued	—	\$1,801,800	198,198	—	—	—	—	—	—	1,999,998	1,999,998
Share-based payment transaction	(2,860)	—	(23,186)	—	—	—	—	—	53,627	27,581	27,581
Balance as of December 31, 2019	\$5,570,425	\$1,801,800	\$220,723	\$53,719	\$18,730	\$88,258	(\$54,047)	(\$79,166)	(\$17,674)	\$7,602,768	\$7,602,768

(The accompanying notes are an integral part of the financial statements)

English Translation of Financial Statements Originally Issued in Chinese
ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019
(Amounts expressed in Thousands of New Taiwan Dollars)

Items	2020	2019	Items	2020	2019
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Pretax (loss) income	(\$243,208)	\$736,593	Acquisition of financial assets measured at amortized cost	(131,045)	—
Adjustments to reconcile net income (loss) before tax to net			Acquisition of property, plant and equipment	(482,271)	(728,482)
The profit or loss items which did not affect cash flows:			Disposal of property, plant and equipment	3,684	48,897
Depreciation	1,464,347	1,491,025	(Increase) Decrease in refundable deposits	(10,035)	44,288
Amortization	51,256	65,339	Acquisition of intangible assets	(20,316)	(32,657)
Expected credit (gain) loss	(4,081)	8,890	Decrease in long-term receivables	4,963	1,985
Interest expense	76,816	115,732	Net cash (used in) investing activities	(635,020)	(665,969)
Interest revenue	(4,892)	(5,951)			
Compensation costs of share-based payment	27,581	4,428	Cash flows from financing activities:		
Share of (profit) of associates accounted for using the equity method	(19,960)	(40,536)	(Decrease) in short-term loans	(1,267,486)	(433,155)
(Gain) on disposal of property, plant and equipment	(2,297)	(36,367)	Increase in short-term notes payable	—	379,210
Others - (Gain) on lease modification	(1,015)	(357)	(Decrease) in short-term notes payable	(379,210)	(349,610)
Others - Loss on disposal and allowance for inventory valuation	44,836	105,828	Increase in long-term loans	1,742,995	1,300,000
Changes in operating assets and liabilities:			Repayment of long-term loans	(2,976,291)	(2,262,010)
(Increase) Decrease in contract assets	(1,843)	122,702	Preferred stock liabilities issued	999,999	—
Decrease in notes receivable	918	8,740	Increase in guarantee deposits received	—	46
Decrease (Increase) in accounts receivable-non affiliates	275,961	(79,162)	(Decrease) in guarantee deposits received	(49)	—
(Increase) Decrease in accounts receivable-affiliates	(364)	465,791	Increase in other payable-affiliates	603	—
Decrease in other receivable-non affiliates	1,316	10,447	Repayment of lease liabilities	(27,344)	(30,050)
Decrease in other receivable-affiliates	24,059	41,019	Cash dividends	(82,849)	—
Decrease in inventories	65,371	211,432	Preferred stock issued	1,999,998	—
Decrease in prepayments	439	11,759	Interest paid	(79,361)	(118,428)
Decrease in other current assets	13,233	8,228	Other financing activities	127,671	89,389
Decrease in other non-current assets	188	2,166	Net cash provided by (used in) financing activities	58,676	(1,424,608)
(Decrease) Increase in contract liabilities	(4,068)	13,618			
(Decrease) in notes payable-non affiliates	(39,895)	(7,695)	Effect of exchange rate changes on cash and cash equivalents	6,085	(5,102)
(Decrease) in accounts payable-non affiliates	(752,638)	(238,082)	Net Increase in cash and cash equivalents	144,388	939,101
(Decrease) in accounts payable-affiliates	(35,997)	(10,727)	Cash and cash equivalents, beginning of period	1,701,412	762,311
Increase in other payable	2,545	2,696	Cash and cash equivalents, end of period	<u>\$1,845,800</u>	<u>\$1,701,412</u>
(Decrease) Increase in other current liabilities	(133,279)	99,887			
(Decrease) in net defined liabilities	(81,334)	(73,818)			
Cash generated from operations	<u>723,995</u>	<u>3,033,625</u>			
Interest received	4,955	5,966			
Income tax (paid)	(14,303)	(4,811)			
Net cash provided by operating activities	<u>714,647</u>	<u>3,034,780</u>			

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

Orient Semiconductor Electronics, Ltd.
Deficit Compensation Statement
2020

Unit: NT\$

Item	Amount	
	Sub-total	Total
Undistributed Earnings at the Beginning of the Period		381,892,330
Less: net loss after-tax in the year	(266,122,698)	
Less: other comprehensive income (re-measurement of defined benefit plans)	(27,511,950)	(293,634,648)
Distributable net profit at the end of the period		88,257,682
Items:		
Less: 10% legal reserves	0	
Less: special reserve	(88,257,682)	(88,257,682)
Accumulated Deficit to be Compensated at the End of the Period		0
The Company's net loss after tax for 2020 was NT\$266,122,698. The Company's available-for-distribution earnings for the year ended December 31, 2020 were \$88,257,682, and special reserve was provided to undistributed earnings of \$0.		

Chairman: Yueh-Ming, Tung

Manager: Yueh-Ming, Tung

Head of Accounting: Shu-Yung, Chu

Orient Semiconductor Electronics, Ltd.

"Article of Incorporation"

Comparison Table of Amendment Clauses

Clause No.	Content		Amendment basis and reasons
	After the amendment	Before the amendment	
Article 2	The Company has established its head office in Kaohsiung City. If necessary, a branch company or subsidiaries may be established domestically or abroad with the resolution of the Chairman according to the laws.	The Company has established its head office at Nanzih Export Processing Zone in Kaohsiung City. If necessary, a branch company or more branches may be established at home or abroad with the resolution of the Chairman according to the laws.	Meeting the Company's operational needs.
Article 26	The Company shall first reserve the amount of the accumulated loss from the profit before-tax of the year prior to deducting the compensation for the Employees and remuneration for the Directors. In the event of the remaining profit, it shall set aside <u>10%</u> to <u>15%</u> for the compensation of the Employees and not higher than <u>1%</u> for the remuneration of the Directors. The distribution ratios for the compensation of the Employees and the remuneration of the Directors as well as the distribution form by stock or cash shall be determined by the Board of Directors with the attendance of two-thirds or more of the Directors and resolution of one-half or more of the attending Directors, and it shall be reported to the Shareholders' Meeting. The counterparty of the Employees' compensation with stock or cash may include the Employees of the controlled or subordinate company who shall meet certain conditions.	The Company shall first reserve the amount of the accumulated loss from the profit before-tax of the year prior to deducting the compensation of the Employees and remuneration of the Directors. In the event of the remaining profit, it shall set aside 8% to 12% for the compensation of the Employees and not higher than 3% for the remuneration of the Directors. The distribution ratios for the compensation of the Employees and the remuneration of the Directors as well as the distribution form by stock or cash shall be determined by the Board of Directors with the attendance of two-thirds or more of the Directors and resolution of one-half or more of the attending Directors, and it shall be reported to the Shareholders' Meeting. The counterparty of the Employees' compensation with stock or cash may include the Employees of the controlled or subordinate company who shall meet certain conditions.	Meeting the Company's operational needs.
Article 30	The Company's Articles of Incorporation are dated May 27, 1971. (Omission) The 47th amendment was made on December 3, 2020. <u>The 48th amendment is made on May 28, 2021.</u>	The Company's Articles of Incorporation are dated May 27, 1971. (Omission) The 47th amendment was made on December 3, 2020.	Add the date of the amendment.

Orient Semiconductor Electronics, Ltd.

"Procedure for Acquisition or Disposal of Assets"

Comparison Table of Amendment Clauses

Clause No.	Content		Amendment basis and reasons
	After the amendment	Before the amendment	
Article 5	<p>Maximum Amount for Investment on Real Estate and Securities for Non-Business Purposes</p> <p>The maximum amount for the Company and its subsidiaries to acquire the aforesaid assets individually is as follows:</p> <p>I. Total amount of real estate ownership and the right-of-use for non-business purpose, shall not exceed 15% of the net worth.</p> <p>II. Total amount of investment for long-term and short-term securities shall not exceed <u>150%</u> of the net worth.</p> <p>III. The amount of investment for individual security shall not exceed <u>100%</u> of the net worth.</p>	<p>Maximum Amount for Investment on Real Estate and Securities for Non-Business Purposes</p> <p>The maximum amount for the Company and its subsidiaries to acquire the aforesaid assets individually is as follows:</p> <p>I. Total amount of real estate ownership and the right-of-use for non-business purpose, shall not exceed 15% of the net worth.</p> <p>II. Total amount of investment for long-term and short-term securities shall not exceed 50% of the net worth.</p> <p>III. The amount of investment for individual security shall not exceed 25% of the net worth.</p>	Meeting the Company's operational needs.

Orient Semiconductor Electronics, Ltd.

List of Candidates of Directors and Independent Directors

Candidates of Directors

Serial Number	Name	Amount of Shareholding	Major academic (career) background
1	Yueh-Ming, Tung	534,739	Education: National Sun Yat-sen University Master Degree of EMBA Experience: President, Orient Semiconductor Electronics, Ltd. Currently: Chairman, Orient Semiconductor Electronics, Ltd. Chairman, OSE PHILIPPINES, INC. Chairman, OSE PROPERTIES, INC. Chairman, OSE INTERNATIONAL LTD. Representative Director, OSE USA INC. Representative Director, COREPLUS (HK) LTD. Representative Director, VALUE-PLUS TECHNOLOGY (SUZHOU) CO., LTD.
2	Phison Electronics Corporation	7,336,369	Currently: Director, Orient Semiconductor Electronics, Ltd.
3	Chipbond Technology Corporation. Representative: Huoo-wen, Gau	434,265,498 (including preferred shares of private placement 270,270,000 shares)	Education: Master of Applied Chemistry, National Tsing Hua University Experience: Director of Micro-electronics Division, ERSO/ITRI President, SIMPAL Electronics Corporation Limited. Currently: Director & President, Chipbond Technology Corporation. Director, Chipmore Holding Company Limited (Cayman) Director, Qicheng Investment Co.Ltd.
4	Chipbond Technology Corporation. Representative: Shyh-wey, Lo	434,265,498 (including preferred shares of private placement 270,270,000 shares)	Education: EMBA of National Chiao Tung University / Accounting, Chung Yuan Christian University. Experience: Vice President, PricewaterhouseCoopers Auditing. Currently: Senior Vice President of Management Center, Chipbond Technology Corp Ltd. Chairman, Qicheng Investment Co.Ltd. Supervisor, Feature Integration Technology Inc. Supervisor, Vision Advance Technology Inc. Representative Director, Hefei ESWIN Technology Co. Ltd. Representative Director, Hefei ESWIN Materials Technology Co. Ltd. Independent Director & Member of Remuneration Committee, Sunjuice Holdings Co. Independent Director, Member of Audit Committee & Remuneration Committee, GLGA Solar Materials Corp.. Independent Director, Member of Audit Committee & Remuneration Committee, GIGA Diamond Materials Corp.

Candidates of Independent Directors

Serial Number	Name	Amount of Shareholding	Major academic (career) background
1	Ching-Tien, Tsai	0	<p>Education: Bachelor, Accounting, National Cheng Kung University</p> <p>Experience: Certified Public Accountant of Ernst & Young Executive Director & Managing Supervisor of CPA Associations R.O.C.-Kaohsiung.</p> <p>Currently: Certified Public Accountant of WENPING Accounting Office. Independent Director, O-TA Precision Industry Co., Ltd. Independent Director, Member of Audit Committee & Remuneration Committee, Orient Semiconductor Electronics, Ltd.</p>
2	Jeng-Ren, Chiou	0	<p>Education: Ph. D., Finance, The City University of New York</p> <p>Experience: Professor of the Accounting Faculty of National Cheng Kung University</p> <p>Currently: Independent Director, JUNG SHING WIRE CO. LTD. Independent Director, STRONGLED LIGHTING SYSTEMS (CAYMAN) CO., LTD. Independent Director, WAH HONG INDUSTRIAL CORP. Independent Director, Member of Audit Committee & Remuneration Committee, Orient Semiconductor Electronics, Ltd.</p>
3	Cha-Hwa, Hsu	0	<p>Academic: Bachelor of Business Management, Tunghai University</p> <p>Experience: VP, F&A Dept, First Steamship Co., Ltd. CFO, Chilin Optoelectronics Co., LTD. Independent Director, Chipbond Technology Corporation.</p> <p>Currently: Chairman, Chilin Optoelectronics Co., LTD. Member of Remuneration Committee, Orient Semiconductor Electronics, Ltd.</p>

Orient Semiconductor Electronics, Ltd.

Release of Non-Competition for Candidates of Directors

Legal person Directors (Company names) Representative of legal person Director, name of Independent Director	Proposal to the Shareholders' Meeting to release the Non-competition code Concurrent corporate responsibilities/other titles
Yueh-Ming, Tung, Director	Chairman, OSE PHILIPPINES, INC. Representative Director, OSE USA INC. Representative Director, COREPLUS (HK) LTD. Representative Director, VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD.
Phison Electronics Corporation.	Director, APACER TECHNOLOGY INC. Director, Lian Xu Dong Investment Corporation. Director, PHISONTECH ELECTRONICS TAIWAN CORP. Director, EMTOPS ELECTRONICS CORP. Power Flash (Samoa) Limited Everspeed Technology Limited Regis Investment (Samoa) Limited Director, MICROTOPS DESIGN CORPORATION.
Chipbond Technology Corporation.	Chipmore Holding Company Limited (Cayman) Chipmore Holding Company Ltd. (H.K.) International Semiconductor Technology Holding Company Ltd. (Samoa) Feixing Electronics (Kunshan) Co., Ltd. Hefei ESWIN Technology Co. Ltd. Hefei ESWIN Materials Technology Co. Ltd.
Chipbond Technology Corporation Representative: Huoo-wen, Gau	Director & President, Chipbond Technology Corporation. Director, Chipmore Holding Company Limited (Cayman) Director, Qicheng Investment Co.Ltd.
Chipbond Technology Corporation Representative: Shyh-wey, Lo	Senior Vice President of Management Center, Chipbond Technology Corp Ltd. Chairman, Qicheng Investment Co.Ltd. Supervisor, Feature Integration Technology Inc. Supervisor, Vision Advance Technology Inc. Representative Director, Hefei ESWIN Technology Co. Ltd. Representative Director, Hefei ESWIN Materials Technology Co. Ltd. Independent Director & Member of Remuneration Committee, Sunjuice Holdings Co. Independent Director, Member of Audit Committee & Remuneration Committee, GLGA Solar Materials Corp.. Independent Director, Member of Audit Committee & Remuneration Committee, GIGA Diamond Materials Corp.
Ching-Tien, Tsai, Independent Director	Independent Director, O-TA Precision Industry Co., Ltd.
Jeng-Ren, Chiou, Independent Director	Independent Director, JUNG SHING WIRE CO. LTD. Independent Director, STRONGLIGHT LIGHTING SYSTEMS (CAYMAN) CO., LTD. Independent Director, WAH HONG INDUSTRIAL CORP.
Cha-Hwa, Hsu, Independent Director	Chairman, Chilin Optoelectronics Co., LTD.

Orient Semiconductor Electronics, Ltd.

Rules of Procedure for Shareholders' Meetings

Establishment on March 8, 1990

Amendment on June 08, 2002

Amendment on June 11, 2013

- I. Unless otherwise provided by laws, the Company's Shareholders' Meeting shall be subject to this rule.
- II. The attending Shareholders shall provide the sign-in card instead of signing in, and the number of attending shares shall be calculated according to the number of the sign-in cards.
- III. The attendance and voting for the Shareholders' Meeting shall be calculated by the shares.
- IV. The place where the Shareholders' Meeting is held shall be at the place where the Company is located or where it is convenient for the Shareholders' attending and shall be suitable for the Shareholders' Meeting. The starting time for the meeting shall not be earlier than 9.00 am or later than 3.00 pm.
- V. When the Shareholders' Meeting is convened by the Board of Directors, the Chairman shall chair the meeting. If the Chairman is on leave or unable to exercise the duties for certain reasons, the vice Chairman shall represent. If there is no vice Chairman or the vice Chairman is also on leave or unable to exercise the duties for certain reasons, the Chairman shall appoint one of the executive Directors to represent. If there is no executive Directors, one of the Directors shall be appointed to represent. If the Chairman does not appoint the representative, the executive Directors or Directors shall recommend one of them to represent. Provided that the Shareholders' Meeting is convened by a person other than the Board of Directors who has authority to convene, such convener shall chair the meeting.
- VI. The Company may appoint its assigned lawyers, CPAs or the related persons to attend the Shareholders' Meeting.
The personnel who are in charge of the matters of the Shareholders' Meeting shall wear identification badges or armbands.
- VII. The Company shall conduct the sound recording or video recording for the entire process of the Shareholders' Meeting and keep it for at least one year.
- VIII. At the time of the meeting, the Chairman shall call the meeting to order. However, if the attending Shareholders do not represent more than half of the total number of shares issued, the Chairman may announce to postpone the meeting. The number of delays shall be limited to two times and total time delayed shall not exceed one hour. If the attending Shareholders still do not represent one-thirds or more of the total numbers of shares issued after two postponements, the tentative resolutions may be made according to the first Paragraph of the Article 175 of the Company Act.
Before the end of the meeting, if the attending Shareholders have represented more than half of the total number of shares issued, the Chairman may re-report the tentative resolutions to the meeting for voting according to Article 174 of the Company Act.
- IX. When the Shareholders' Meeting is convened by the Board of Directors, its meeting agenda shall be determined by the Board of Directors. The meeting shall be conducted according to the scheduled agenda and shall not be changed without the resolution of the Shareholders' Meeting.
When the Shareholders' Meeting is convened by persons other than the Board of Directors who have authority to convene the meeting, the regulations of the preceding paragraph shall be applicable.
Before the scheduled agenda (including Extempore Motions) stated in the preceding two paragraphs are resolved, the Chairman shall not announce the adjournment.

After the adjournment of the meeting, the Shareholders shall not elect another Chairman to continue the meeting at the same place or any other place. However, if the Chairman violates the meeting rules to announce the adjournment, the meeting may continue with the consent of more than half of the voting rights represented by the attending Shareholders to elect one person to chair the meeting.

- X. Before the attending Shareholders speak, they shall fill in the notes stating their subjects, their Shareholder account numbers (or their attending certificate number) and their names. The Chairman shall determine the order of speaking.

The attending Shareholders who provide the speaking notes but did not speak shall be deemed as not having spoken. When the content of speaking is different from the speaking notes, the content of speaking notes shall prevail.

When an attending Shareholder speaks, other Shareholders shall not speak to interfere without the consent of the Chairman and the speaking Shareholder. The Chairman shall stop any violation.

- XI. Without the consent of the Chairman, each Shareholder on the same proposal may not speak more than once, and each time shall not exceed 5 minutes. If a Shareholder speaks in violation of the regulations stipulated in the preceding paragraph or exceeds the scope of the agenda, the Chairman shall prevent the speaker from speaking further.

- XII. When a legal person is delegated to attend the Shareholders' Meeting, such legal person shall only assign one person to present his/her attendance.

When a legal person assigns two or more representatives to attend the Shareholders' Meeting, only one person can speak on the same proposal.

- XIII. After an attending Shareholder speaks, the Chairman may answer in person or assign the related persons to answer.

- XIV. When the Chairman considers that the discussion of a proposal has reached the level of voting, such discussion may be stopped discussing and proceed with the voting.

- XV. The scrutineers and the tellers for the voting of the proposals shall be assigned by the Chairman, but the scrutineers shall be Shareholders. The results of the voting shall be reported on the spot and made into a record.

- XVI. During the meeting, the Chairman may, at his or her discretion, announce to take a break.

- XVII. Unless otherwise provided by the Company Act and the Articles of Incorporation, the voting on a proposal shall be approved by more than half of the voting rights represented by the attending Shareholders.

While voting, if the Chairman asks for an opinion and results in no objection, the motion shall be deemed to have been passed and its validity shall be the same as the voting.

- XVIII. If there are amendments or alternatives to the same proposal, the Chairman shall combine them together with the original proposal and determine their voting order. If one of the proposals has been passed, the other proposals shall be deemed to have been vetoed and no further votes are required.

- XIX. The Chairman may direct the pickets (or security guards) to assist in maintaining order in the venue. When the pickets (or security guards) are present to assist in maintaining order, the armbands with the printed words of "Picket" shall be worn.

- XX. (Deleted)

- XXI. This rule shall be approved by the Shareholders' Meeting and implemented afterwards. The same shall apply to the amendment .

Orient Semiconductor Electronics, Ltd.

The Articles of Incorporation

Chapter 1 General Provisions

Article 1 The Company has been founded in accordance with the Company Act and has been named the Orient Semiconductor Electronics, Ltd.

The Company's name in English is Orient Semiconductor Electronics, Ltd.

Article 2 The Company has established its head office at Nanzih Export Processing Zone in Kaohsiung City. If necessary, a branch company or more branches may be established at home or abroad with the resolution of the Chairman according to the laws.

Article 3 The Company's public announcements are duly made in accordance with the Company Act of the ROC, and other applicable laws and regulations.

Chapter 2 Shares

Article 4 The Company's total capital is NT\$20 billion, which is divided into 2 billion shares with the par value of NT\$10 per share. The total number of shares is issued in installments. The unissued shares will be issued in separate issues of common shares and preferred shares, depending on the Company's business needs. Out of the unissued shares, 90 million shares are retained for the purpose of the share subscription warrants and the Board of Directors is authorized to resolve the issuance at a suitable time.

Article 4-1 The rights and obligations of the Company's Preferred Shares B and the main conditions of issuance are as follows

- I. The Company's earnings shall be distributed in accordance with the provisions of the Company's Articles of Incorporation, and the earnings to be distributed for the current year or quarter and the accumulated undistributed earnings of the Preferred Shares B shall have priority. If there are no earnings or insufficient earnings to be distributed the full amount of dividends to Preferred Shares B, the earnings to be distributed shall still be given priority to Preferred Shares B, and any shortfall in dividends shall be paid first in the following years or quarters when there are earnings.
- II. The annual interest rate of dividends for Preferred Shares B is 2%, which is calculated based on the issued price per share and paid in cash. the Board of Directors is authorized to set the ex-dividend date of the Preferred Shares. The number of dividends issued in the year or in the quarter and the number of dividends received in the year or in the quarter is calculated based on the actual number of days of issuance.
- III. If the Company's proposed distribution of dividends for common shares for the current year or current quarter exceeds the number of dividends on Preferred Shares B, holders of Preferred Shares B will not be entitled to dividends.
- IV. Except for aforementioned dividends, Preferred Shares B cannot participate in the distribution of earnings or reserves from common shares and other preferred shares.
- V. There is no contractual right to convert Preferred Shares B into common shares.
- VI. Shareholders of Preferred Shares B do not have voting rights at common shares' Shareholders Meeting, nor do they have the voting rights to elect a Director (Independent Directors included); however, Shareholders of Preferred Shares B have voting rights regarding matters concerning Shareholders rights of Preferred Shares B at Shareholders' Meeting of Preferred Shares.

- VII. Preferred Shares B shall have priority over the common shares and Preferred Shares C in the order of distribution of the Company's remaining property, provided that the amount of each share receives does not exceed the issued price plus the total amount of unpaid dividends payable.
- VIII. Preferred Shares B shall be issued for a period of five years and the preferred Shareholders have no right to request the Company to redeem the preferred shares held by them prior to that. However, the Company may redeem all or part of the preferred shares at the actual issue price, or in any other manner permitted by law, at any time from the day following the third year of the issue. The rights and obligations shall continue under the conditions of the issuance of Preferred Shares B until they are redeemed by the Company. In the year in which Preferred Shares B are to be redeemed, if the Company's Shareholders' Meeting has resolved to issue dividends, the dividends shall be paid up to the date when Preferred Shares B are redeemed, and shall be calculated on the basis of the actual days of holding of shares in that year.
- IX. When the Company issues new shares of common shares by increasing cash capital, the Shareholders of Preferred Shares B have the same preemptive right as the Shareholders of common shares.
- X. Where Preferred Shares B are qualified for an early redemption or after the expiration of the issuance period, if the Company is unable to redeem all or part of Preferred Shares B due to force majeure or reasons not attributable to the Company, the rights of unredeemed preferred shares shall remain in accordance with the conditions of issuance as described in the preceding paragraph until Preferred Shares B are fully redeemed by the Company. Dividends are also calculated at the original annual interest rate and the actual extension period. The rights of Preferred Shares B shall not be violated as stipulated in the Company's Articles of Incorporation.
- XI. Preferred Shares B will not be listed for trading during the issuance period.
- The Board of Directors is authorized to determine the name, issuance date and specific conditions of issuance of Preferred Shares B in accordance with the Company's Articles of Incorporation, and relevant laws and regulations depending on the market situation and investors' willingness to subscription of shares.

Article 4-2 The rights and obligations of the Company's Preferred Shares C and the main conditions of issuance are as follows:

- I. The Company's earnings distribution is handled in accordance with the Company's Articles of Incorporation. Distributable earnings shall be distributed first to Preferred Shares B in the current year or the current quarter and accumulated undistributed dividends, then dividends shall be distributed to Preferred Shares C in the current year or quarter.
- II. The annual interest rate of dividends for Preferred Shares C is 2%, which is calculated based on the issued price per share and paid in cash. the Board of Directors is authorized to set the annual ex-dividend date of the Preferred Shares. The number of dividends issued in the year or in the quarter and the number of dividends received in the year or in the quarter is calculated based on the actual number of days of issuance.
- III. If the proposed dividend for the year or quarter exceeds the amount of Preferred Shares C's dividend, the Shareholders of Preferred Shares C shall be entitled to participate in the distribution until the amount of Preferred Shares C's dividend per share is the same as the dividend per share of common shares.

- IV. The Company has discretion over distributing dividend to Preferred Shares C. If the Company has no earnings or insufficient earnings to distribute or due to other necessary considerations, the Company may resolve not to distribute dividends to Preferred Shares C, which shall not constitute an event of default, and the Shareholders of Preferred Shares C may not disagree. Preferred Shares C are Non-cumulative, and their undistributed or under-distributed dividends will not be accumulated in subsequent years or quarters.
- V. Preferred Shares C may, from the day after five years of the issuance date, be converted into common shares at the ratio of one preferred share to one common share (conversion ratio 1:1). The rights and obligations (except for conversion restrictions and unlisted shares prescribed by laws and regulations) of the converted common shares from Preferred Shares C are the same as the Company's other issued Common shares. Preferred Shares C that have been converted into Common shares prior to the annual or quarterly ex-rights (dividend) date of conversion are entitled to participate in the distribution of Common shares earnings and reserves in the current year or current quarter, but may not participate in dividend distributions of preferred shares in the current year or the current quarter. Preferred Shares C that have been converted into Common shares prior to the annual or quarterly ex-rights (dividend) date of conversion are entitled to participate in the distribution of preferred dividend and reserves in the current year or current quarter, but may not participate in dividend distributions of Common shares and capital surplus in the current year or the current quarter. Preferred Shares dividends and common shares dividends of the same year or quarter are distributed on a Non-recurring basis.
- VI. Shareholders of Preferred Shares C do not have voting rights at common shares Shareholders' Meeting, nor do they have the voting rights to elect a Director (Independent Directors included); however, holders of Preferred Shares C have voting rights regarding matters concerning Shareholders' rights of Preferred Shares C at Shareholders' Meeting of Preferred Shares.
- VII. The order of distribution of the remaining property of the Company from Preferred Shares C shall have priority over the Common Shares and be subordinate to Preferred Shares B, but each share shall not exceed the issue price plus the number of unpaid dividends payable.
- VIII. There is no expiration date for Preferred Shares C. Holders of Preferred Shares C do not have the right to demand redemption of Preferred Shares C or demand the Company for an early conversion of preferred shares to common shares. However, the Company may redeem all or part of Preferred Shares C at their original issue price by cash at any time after three years from the date of issuance, or commence mandatory conversion of new issue of shares or other methods permitted by laws and regulations. The rights and obligations shall continue under the conditions of the issuance of Preferred Shares C until they are redeemed by the Company. In the year in which Preferred Shares C are to be redeemed, if the Company's Shareholders' Meeting has resolved to issue dividends, the dividends shall be paid up to the date when Preferred Shares C are redeemed, and shall be calculated on the basis of the actual number of issuance days in the year.
- IX. When the Company issues new shares of common shares by increasing cash capital, the holders of Preferred Shares C have the same preemptive right as the Shareholders of common shares.
- X. During the issuance period, Preferred Shares C are not listed for trading. However, where

Preferred Shares C are fully or partly converted to common shares, the Board of Directors are authorized to apply for public trading from the competent authority in accordance with relevant regulations, depending on the current situation.

The Board of Directors is authorized to determine the name, issuance date and specific conditions of issuance of Preferred Shares C in accordance with the Company's Articles of Incorporation, and relevant laws and regulations depending on the market situation and investors' willingness to subscription of shares.

Article 5 The Company's shares are all registered. Share certificates shall be affixed with the signatures and personal seals of three or more of the Company's Directors with the serial numbers assigned. In accordance with the laws, it shall be certified by the certifying institutions appointed by the competent authority before issuance. Taiwan Depository and Clearing Corporation may request to integrate and exchange to issue the large par value securities. The Company may deliver the shares through the book-entry system with Non-physical shares according to the laws. The issuance of other securities shall apply the same.

The shares issued by the Company may be exempt from printing shares with the registration of the centralized securities depository corporation.

Article 5-1 deleted.

Article 6 The Company shall conduct the shares matters according to the "Regulations Governing the Administration of Shareholder Services of Public Companies" and the relevant laws announced by the competent authority.

Article 7 deleted.

Article 8 deleted.

Article 9 The share transfer registration shall be suspended 60 days prior to the Annual General Shareholders' Meeting, 30 days prior to the Extraordinary Shareholders' Meeting, or within 5 days prior to the date set by the Company for the distribution of dividends, bonus, or other benefits.

Chapter 3 Operations

Article 10 The Company's business is listed as the left:

- (I) IC and various types of the semiconductor's parts and components.
- (II) Various types of PCB for electronic, computer and communication.
- (III) Hardware, software, systems and peripheral equipment for computer and communication products.
- (IV) Research and development, design, manufacture, assembly, processing, testing and after-sales service of the aforesaid products.
- (V) General import and export trade business (except for licensing business).

Article 11 The Company may provide external guarantee business for the companies in the same industry.

Chapter 4 Shareholders' Meeting

Article 12 The Shareholders' Meeting is divided into General Meeting and Extraordinary Meeting. The General Meeting shall be held once a year within 6 months after the end of fiscal year. The Extraordinary Shareholders' Meeting shall be held in accordance with the relevant laws when necessary; the Extraordinary Shareholders' Meeting shall be convened by the Board of Directors in accordance with the relevant laws when necessary.

Article 13 The resolution of the Shareholders' Meeting shall, unless otherwise provided by the Company Act, be attended by the Shareholders who represent more than half of the total number of the shares issued, and shall be approved by more than half of voting rights represented by the attending Shareholders.

- Article 14 The Company's Shareholders have one vote per share, unless otherwise stated in the Articles of Incorporation. However, in case there are any circumstances stated in Article 179 of the Company Act, such shares have no the voting rights.
- Article 15 When a Shareholder is unable to attend the Shareholders' Meeting for reasons, he or she may execute a power of attorney prepared by the Company, and state the scope of delegation to appoint a proxy to attend the Shareholders' Meeting. In addition to the provisions of Article 177 of the Company Act, the method of shareholders' proxy attendance shall be in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authorities.
- Article 16 The resolution of the Shareholders' Meeting shall be included into the meeting minutes, which shall be affixed with the Chairman's signature or personal seal and distributed to all Shareholders within 20 days after the meeting. The distribution of the meeting minutes stated in the preceding paragraph shall be in accordance with Article 183 of the Company Act. The meeting minutes shall record the year, month, date and place of the meeting, the Chairman's name, the resolution method and the essentials of the meeting and its results. The meeting minutes shall be kept together with the sign-in book and the power of attorney in the Company.
- Article 16-1 The Shareholders' Meeting shall be convened by the Board of Director and the Chairman shall chair the meeting. When the Chairman is absent, the Chairman shall appoint one of the Directors to represent. If the Chairman did not appoint, one of the Directors shall be elected as Chairman. If the meeting is convened by a person other than someone from the Board of Directors, such convener shall act as the Chairman. If there are two or more conveners, one of them shall be recommended as Chairman.

Chapter 5 Directors

- Article 17 The Company has set up 5 to 9 Directors, including at least 3 Independent Directors with the 3-year term, who shall be elected among the persons with disposing capacity by the Shareholders' Meeting and shall be re-elected. The elections of Directors shall adopt the candidate nomination system.
- The nomination acceptance methods for the candidates of the Directors and its announcement shall be subject to the applicable regulations of the Company Act and the Securities and Exchange Act. Independent Directors and Non-Independent Directors shall conduct elections together and calculate the number of elected seats, respectively. However, the total number of registered shares held by the Directors other than Independent Directors shall be subject to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" published by the competent authority.
- For the remuneration of all Directors of the Company, the Board of the Director is authorized to resolve it according to their participation in the Company's operation, the contribution value to the Company and the reference to the standard in the same industry.
- Article 17-1 When the vacancy of the Directors reaches one-thirds, the Board of Director shall hold the Extraordinary Shareholders' Meeting within 60 days to conduct by-election; and the term shall be the remaining period of the current term.
- Article 17-2 The convening of the Company's Board Meeting may be notified by writing, e-mail or fax.
- Article 17-3 The Company may purchase the liability insurance for the Directors and the Supervisors against the indemnification that shall be liable in accordance with the law in the execution of their duties during their term of office in order to reduce and mitigate the risk of material damage to the Company and Shareholders due to errors or negligence. The Board of Directors is authorized to handle the insurance-related matters.

Article 17-4 The Company shall establish the Audit Committee, and may establish other functional committee.

The Audit Committee shall be constructed by all Independent Directors. Its members shall not be less than three persons; one of them shall be the convener; and at least one person shall have the professional in accounting or finance field.

The Audit Committee shall be responsible for executing the Supervisors' authority stipulated in the Company Act, the Securities and Exchange Act and other laws and shall comply with the relevant laws and the Article of Incorporation.

Article 18 The Company sets up one Chairman and shall be mutually elected from among the Directors according to law. The Chairman shall represent the Company externally and shall be responsible for all decisions of the Company. If the Chairman is on leave or unable to exercise the duties for certain reasons, the Chairman shall appoint one of the Directors to represent. If the Chairman did not appoint the representative, one of the Directors shall be recommended to represent.

Article 19 Unless otherwise provided by the Company Act, the resolution of the Board Meeting shall be attended by more than half of the Directors and approved by more than half of the Directors present. When a Director is unable to attend the Board of Directors' meeting for reasons, he or she may conclude the power of attorney that lists the scope of delegation for the meeting to delegate other Directors to attend, but one person shall only be delegated by one person.

Article 20 All the Company's business shall be submitted to the president for execution after the resolution of the Board of Directors. the Board of Directors shall be responsible for the supervision and evaluation.

Article 21 deleted.

Chapter 6 Managers and Consultants

Article 22 The company may set up a manager; his appointment, dismissal and compensation shall be subject to the Article 29 of the Company Act.

The Company's manager has the authority of managing affairs and signatures within the scope of the delegation stipulated in the Articles of Incorporation or contract.

Article 23 The Company may employ a number of consultants with the resolution of the Board of Directors.

Chapter 7 Accounting

Article 24 The Company's fiscal year is from January 1 to December 31 of each year.

Article 25 At the end of each fiscal year, the Company's Board of Director shall prepare the following reports and shall report to the Annual General Shareholders' Meeting for recognition:

I. Business report.

II. Financial statements.

III. Proposal for earnings distribution or deficit compensation.

Article 26 The Company shall first reserve the amount of the accumulated loss from the profit before tax of the year prior to deducting the compensation of the Employees and remuneration of the Directors. In the event of there being some remaining profit, it shall set aside 8% to 12% for the compensation of the Employees and not higher than 3% for the remuneration of the Directors.

The distribution ratios for the compensation of the Employees and the remuneration of the Directors as well as the distribution form by stock or cash shall be determined by the Board of Directors with the attendance of two-thirds or more of the Directors and resolution of one-half or more of the attending Directors, and it shall be reported to the Shareholders' Meeting.

The counterparty of the Employees' compensation with stock or cash may include the Employees of the controlled or subordinate company who shall meet certain conditions.

Article 26-1 The Company may distribute earnings or make up losses after the end of each quarter, and the distribution of earnings in cash shall be resolved by the Board Meeting and reported to the Shareholders' Meeting in accordance with Article 228-1 and Paragraph 5, Article 240 of the Company Act.

If there is any surplus in the Company's annual final accounts, the Company shall first provide for taxes, make up for accumulated losses in previous years, and secondly provide 10% as legal reserve, and set aside or reverse the special reserve as required by law or the competent authority, and may distribute dividends to preferred shares. If there is any surplus, the remaining balance will be added to the accumulated undistributed earnings of the previous years, and the Board of Directors will prepare a proposal for distribution and submit it to the Shareholders for approval.

As the Company operates in a volatile business environment, the enterprise life cycle is in the growth stage, and to take into consideration the Company's capital demand in the future, long-term financial plan and to satisfy the Shareholders' cash flow. The distribution of the earnings in the year shall not be less than 10% of the accumulated distributable earnings; however, when the accumulated distributable earnings is less than 1% of paid-in capital, it may not be distributed; in which the cash dividends shall not be less than 10% of the total dividends.

Chapter 8 Supplementary Provisions

Article 27 The Company's total re-investment may not be subject to 40% of the paid-in capital.

Article 28 The organizational regulations and operational regulations for the Company shall be determined by the Board of Directors, separately.

Article 29 The items that are not specified in the Articles of Incorporation shall be subject to the Company Act and the relevant laws.

Article 30 The Company's Article of Incorporation was established on May 27, 1971.

The first amendment was made on August, 8, 1972.

The second amendment was made on March 9, 1974.

The third amendment was made on November 11, 1975.

The fourth amendment was made on May 10, 1977.

The fifth amendment was made on November 25, 1978.

The sixth amendment was made on July 16, 1979.

The seventh amendment was made on May 13, 1980.

The eighth amendment was made on November 5, 1980.

The ninth amendment was made on July 11, 1981.

The tenth amendment was made on January 23, 1982.

The eleventh amendment was made on June 15, 1982.

The twelfth amendment was made on March 14, 1983.

The thirteen amendment was made on January 25, 1984.

The fourteenth amendment was made on April 21, 1984.

The fifteenth amendment was made on September 13, 1984.

The sixteenth amendment was made on July 1, 1985.

The seventeenth amendment was made on June 26, 1987.

The eighteenth amendment was made on December 12, 1987.

The nineteen amendment was made on May 31, 1988.

The twentieth amendment was made on June 24, 1989.

The twenty-first amendment was made on April 8, 1990.
The twenty-second amendment was made on November 6, 1990.
The twenty-third amendment was made on June 15, 1991.
The twenty-fourth amendment was made on May 30, 1992.
The twenty-fifth amendment was made on May 29, 1993.
The twenty-sixth amendment was made on November 20, 1993.
The twenty-seventh amendment was made on June 11, 1994.
The twenty-eighth amendment was made on September 28, 1994.
The twenty-ninth amendment was made on June 10, 1995.
The thirtieth amendment was made on May 20, 1996.
The thirty-first amendment was made on May 22, 1997.
The thirty-second amendment was made on May 22, 1998.
The thirty-third amendment was made on June 14, 2000.
The thirty-fourth amendment was made on June 19, 2001.
The thirty-fifth amendment was made on June 19, 2002.
The thirty-sixth amendment was made on June 27, 2003.
The thirty-seventh amendment was made on April 28, 2004.
The thirty-eighth amendment was made on June 14, 2005.
The thirty-ninth amendment was made on June 14, 2006.
The fortieth amendment was made on June 21, 2007.
The forty-first amendment was made on June 15, 2010.
The forty-second amendment was made on June 15, 2012.
The forty-third amendment was made on May 6, 2015.
The forty-fourth amendment was made on June 22, 2016.
The forty-fifth amendment was made on June 18, 2019.
The forty-sixth amendment was made on June 18, 2020.
The forty-seventh amendment was made on December 3, 2020.

Orient Semiconductor Electronics, Ltd.

Chairman: Yueh-Ming Tung

Orient Semiconductor Electronics, Ltd.

Procedure for Acquisition or Disposal of Assets

May 16, 1995 Establishment
August 24, 1995 Amendment Announcement
November 16, 1999 Amendment Announcement
June 27, 2003 Amendment Announcement
June 21, 2007 Amendment Announcement
June 15, 2012 Amendment Announcement
June 18, 2014 Amendment Announcement
June 15, 2017 Amendment Announcement
June 18, 2019 Amendment Announcement

Article 1 Purpose

This procedure has been established in order to protect assets and implement information disclosure.

Article 2 Legal Basis

This procedure is conducted pursuant to Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the "Act") and the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" published by the Financial Supervisory Commission (hereinafter referred to as the "FSC"). Provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 3 Scope of Assets

- I. Securities: includes equities, public bonds, corporate bonds, financial bonds, securities of outstanding funds, global depository receipt, call (put) warrants, beneficiary securities and assets backed securities etc.
- II. Real estate (including land, house and building, real estate investment, construction stock) and equipment.
- III. Memberships.
- IV. Intangible assets: includes patents, copyrights, trademarks and concessions.
- V. Right-of-use assets.
- VI. Debts from financial institutions (including receivables, purchase and sale discounts, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

Article 4 Definition of Terms

- I. Derivative instruments: Forward contracts, option contracts, futures contracts, leveraged margin contracts, swap contracts, combinations of the above, or combination of contracts embedded in derivative instruments or structured instruments whose values are derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) contracts.
- II. Assets acquired or disposed of through mergers, demergers, acquisitions or transfer of

shares in accordance with law: refers to assets acquired or disposed of through mergers, demergers or acquisitions pursuant to the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts; or issuance of new shares due to acquisition of shares of another company (hereinafter referred to as the "transfer of shares") stipulated by Article 156-3 of the Company Act.

- III. The related parties and subsidiaries: shall be determined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers by Securities Issuers.
- IV. Professional appraiser: refers to the real estate appraiser or other person who is engaged in appraisal for real estate and other fixed assets pursuant to laws.
- V. The date of occurrence of the facts: refers to the earliest date among the date on which the transaction is signed, the date of payment, the date of closing the deal by delegation, the date registered, the resolution date of the Board Meeting, or other dates on which the counterparty of the transaction and its amount are determined. However, investors who are subject to the approval of the competent authority shall be subject to the earlier date between the aforesaid dates or the date when receiving the approval of the concerned authority.
- VI. Investment in Mainland China: refers to investments in Mainland China pursuant to the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China published by the Investment Commission, MOEA.
- VII. Investment professionals: Financial holding companies, banks, insurance companies, bill finance companies, trust companies, securities dealers engaged in proprietary or underwriting business, futures dealers engaged in proprietary business, securities investment trusts, securities investment advisors and fund management companies established under the law and regulated by the local financial authorities.
- VIII. Securities exchange: domestic securities exchange refers to Taiwan Stock Exchange Corporation; overseas securities exchange refers to any securities exchange markets who have an organization and are governed by the securities authority of such country.
- IX. OTC: domestic OTC refers to the special counter for the securities dealers to trade at the places of business of securities firms; overseas OTC refers to the places of business of the financial institutions where are governed by foreign securities authority to operate securities business.
- X. The term "within one year" shall be based on the date of acquisition or disposal of assets and is retroactively calculated for one year. Those that have been announced already shall no longer be counted in.
- XI. The term "latest financial statement" shall refer to the announced audited financial statement pursuant to law before acquisition or disposal of assets by the Company.

Article 5 Maximum Amount for Investment on Real Estate and Securities for Non-Business Purpose

The maximum amount for the Company and its subsidiaries to acquire the aforesaid assets individually is as follows:

- I. Total amount of real estate ownership and the right-of-use for non-business purpose, shall not exceed 15% of the net worth.
- II. Total amount of investment for long-term securities and short-term securities shall not exceed 50% of the net worth.
- III. The amount of investment for individual security shall not exceed 25% of the net worth.

Article 6 In the event that the Company obtains an appraisal report or an opinion from an accountant, attorney or

securities underwriter, such professional appraiser and its appraisers, accountants, attorneys or securities underwriters shall comply with the following requirements.

- I. No violation of the Law, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Entity Accounting Act, or fraud, breach of trust, embezzlement, forgery of documents or occupational crime, that is subject to the declaration of more than one year imprisonment. However, completion of service of the sentence, expiration of the period of a suspended sentence or receiving the pardon for three years shall not be subject to the restrictions.
- II. They shall not be the related party or de facto related party with any party of transaction.
- III. In case the Company shall obtain the appraisal reports from two or more professional appraisers, the different professional appraisers or the appraisal officers shall not be the related party or de facto related party of each other.

When the persons stated in the preceding paragraph issue the appraisal report or their opinions, they shall comply with the following items:

- I. Prior to accepting a project, they shall carefully assess themselves the professional ability, the practical experience and the independence.
- II. When auditing a project, they shall properly plan and perform the appropriate operational procedures to work out the conclusions and issue the report or opinions. The procedure performed, the data collected and conclusions shall be recorded in detail in the working paper of such project.
- III. The source, parameters and information of the data used shall be assessed item by item for its completeness, accuracy and reasonableness to become the basis of the issuance of appraisal report or opinions.
- IV. The statement items shall include the professionalism and independence of the relevant persons, the reasonableness and accuracy of the information used for appraisal and the compliance with the relevant laws.

Article 7 Procedure on acquisition or disposal of real estate, equipment, or the rights-of-use assets

- I. Appraisal and Operating Procedure
The real estate, equipment or its rights-of-use assets acquired or disposed of by the Company shall be subject to this procedure.
- II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount
 - (I) The acquisition or disposal of real estate shall refer to the announce current value, appraised value and actual transaction price of adjacent real estate, etc. The transaction conditions and transaction price determined shall be prepared in an analysis report and submitted to the president; its amount shall be approved according to the rule of hierarchical authorization.
 - (II) The acquisition or disposal of equipment or its rights-of-use assets shall be made by one of the way of price comparison, price negotiation or bidding; its amount shall be approved according to the rule of each level's authorization.
- III. Execution Department
After the real estate or other fixed assets acquired or disposed of by the Company are approved according to the authorization or approval of the preceding sub-paragraph, the custodial department, accounting department and administration department shall be responsible for the implementation.
- IV. Appraisal Report of Real Estate, Equipment or Its Rights-of-Use Assets
Except for trading with domestic governments, engaging others to build on its own land,

engaging others to build on rented land, or acquiring/disposing equipment or its rights-of-use assets for business use, for the acquisition or disposal of real estate, equipment or its rights-of-use assets, when the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain the appraisal report (the items that shall be stated in the appraisal report are specified in Appendix 1) issued by the professional appraiser before the date of occurrence of the facts, and shall meet the following requirements:

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board Meeting; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (2) Where the transaction amount reaches NT\$1 billion or more, it shall be appraised by 2 or more professional appraisers.
- (3) Where the appraised results by the professional appraiser has one of the following circumstances, it shall, unless the appraised results for acquisition of the assets are all higher than the transaction amount or the appraised results for disposal of the assets are all less than the transaction amount, consult with the CPAs in accordance with the Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter referred to as the "ARDF"), and express specific opinions regarding the reasons for the discrepancy and the appropriateness of the transaction price:
 1. The discrepancy between appraised results and transaction amount reaches 20% or more of the transaction amount.
 2. The discrepancy of the appraised results between the 2 professional appraisers reaches 10% or more of the transaction amount.
- (IV) The date on which the professional appraiser issues the report and the date of the established contract shall not exceed three months. However, if it applies the same period of the announced current value and does not exceed six months, the original professional appraiser may issue a written opinion.
- (V) When the Company acquires or disposes of the assets through the court auction procedure, the certificated documents issued by the court may replace the appraisal report or CPA's opinions.

Article 8 Procedure for Acquisition or Disposal of the Investment of Securities

I. Appraisal and Operating Procedure

The purchase and selling of long-term securities and short-term securities by the Company shall be subject to this procedure.

II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount

- (I) For the securities that are traded in the centralized securities exchange or the OTC, the department in-charge shall refer to the market conditions to determine. At the same time, it shall also provide an analysis report regarding the unrealized gain or loss for long-term securities and short-term securities. Its amount shall be approved according to the rule of hierarchical authorization.
- (II) For the securities that are not traded in the centralized securities exchange or the OTC, before the date of occurrence of the facts, the department in-charge shall obtain the latest audited financial statements of the targeted company for reference to

appraise the trading price by considering its net worth per share, profitability and further development potentials, etc; and at the same time, it shall provide an analysis report regarding the unrealized gain or loss for long-term securities and short-term securities. Its amount shall be approved according to the rule of hierarchical authorization.

III. Execution Department

After the Company's investment of long-term and short-term securities is approved pursuant to the authorization of approval in the preceding paragraph, the accounting/finance department shall be responsible for the execution.

IV. Obtaining Expert's Opinions

- (I) When the transaction amount of the securities acquired or disposed of by the Company reaches 20% of the Company's paid-in capital or NT\$300 million or more, it shall consult with the CPA for its opinions on the rationality of the transaction price before the date of occurrence of the facts. If the CPA needs to adopt the expert report, it shall be conducted pursuant to the Statement of Auditing Standards No. 20 published by the ARDF. However, provided that such securities have quoted prices from the active market or otherwise provided by the securities authority, it shall not be subject to this restriction.
- (II) When the Company acquires or disposes of assets through the court auction procedure, the certificated documents issued by the court may replace the appraisal report or the CPA's opinions.

Article 9 Transaction with the Related Party

- I. When the Company acquires or disposes of assets from the related parties, except for compliance with the procedure for the acquisition of real estate stated in Article 7, it shall comply with the following regulations to conduct the relevant resolution procedure and evaluate the reasonableness of trading conditions. Besides, when the transaction amount reaches 10% or more of the Company's total assets, the appraisal report issued by the professional appraiser or the CPAs' opinions shall also be obtained pursuant to Article 7, Article 8 and Article 10. The transaction amount of the preceding paragraph shall be calculated pursuant to Article 10-1. In addition, when it judges whether or not the transaction counterparty is the related party, in addition to paying attention to its legal form, the substantial relationship shall be considered.
- II. Appraisal and Operating Procedure

When the Company acquires or disposes of the real estate or its right-of-use assets from the related party, or when it acquires or disposes of other assets other than real estate or its right-of-use assets from the related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more, in addition to trading in domestic government bonds, or bonds with repurchase and resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be approved by more than one-half of all members of the Audit Committee and shall be reported to the Board Meeting for resolution before signing the transaction contract and making payment:

 - (I) The purpose and necessity for acquisition or disposal of assets and its anticipated benefits.
 - (II) The reasons for selecting the related party as the transaction counterparty.
 - (III) The relevant information that assesses the reasonableness of the pre-determined trading

conditions for acquisition of the real estate or its rights-of-use assets from the related party pursuant to Sub-paragraph (I) and Sub-paragraph (IV) of Paragraph 3 of this Article.

(IV) The date and price at which the related party originally acquired, as well as the original transaction counterparty and its relationship with the Company and the related party, etc.

(V) Monthly cash flow forecast in the coming year starting from the month expected to sign the contract and assess the necessity of transaction and reasonableness of the use of the fund.

(VI) The appraisal report issued by the professional appraiser or the opinions from CPAs pursuant to the first Paragraph of this Article.

(VII) The restrictions of this transaction and other important appointment items.

The transaction amount in the preceding paragraph shall be calculated pursuant to Subparagraph (V) of first Paragraph of Article 14. The term "within one year" shall be based on the date of occurrence of the facts for the transaction and is retro-actively calculated for one year. Those that have been approved by more than one-half of all members of the Audit Committee and have been reported to the Board Meeting for resolution shall not be counted in.

When the following transactions are engaged between the Company, its parent company or its subsidiaries, or between the subsidiaries whose shares issued or total capital are 100% held by the Company directly or indirectly, the Board of Directors may authorize the chairperson to approve them first within a certain amount pursuant to the Sub-paragraph 3 of first Paragraph of Article 7 and afterward shall be reported to the latest Board Meeting for ratification.

(I) Acquisition or disposal of equipment or its rights-of-use assets for business use.

(II) Acquisition or disposal of real estate or its rights-of-use assets for business use.

III. Assessment for the Rationality of the Transaction Cost

(I) When the Company acquires the real estate or its rights-of-use assets from the related party, it shall conduct the following methods to appraise the reasonableness of transaction cost:

1. The transaction amount with the related party shall be added by the necessary interest of the fund and the cost that shall be borne by the buyer pursuant to law. The term "necessary interest of the fund" shall be calculated based on the weighted average interest rates of the borrowings for the year in which the assets are purchased by the Company. However, it shall not be higher than the maximum borrowing interest rate of the non- financial industry announced by the Ministry of Finance.

2. Total appraisal value loaned on such subject matter from the financial institutions, if the related party is used to set up the mortgages on such subject matter to the financial institutions; however, the actual accumulated amount loaned by the financial institution on such subject matter shall reach 70% or more of the total appraisal value loaned and the loan period shall have been more than one year. However, this shall not be applicable if the financial institution and the transaction counterparty are the related parties.

(II) In the case of a combined purchase or lease of land and buildings of the same subject matter, the transaction costs may be evaluated for the land and buildings

respectively, by any of the methods listed in the preceding paragraph.

(III) When the Company acquires real estate or its right-to-use assets from a related party, the Company shall assess the cost of the real estate in accordance with paragraphs (I) and (II) of this Article, and shall request an accountant to review and express a specific opinion.

(IV) Where the Company acquires the real estate or its rights-of-use assets from the related party to carry out the appraisal pursuant to the Sub-paragraph (I) and (II) of Paragraph 3 of this Article, provided that the appraisal result is less than the transaction price, it shall be subject to Sub-paragraph (V) of Paragraph 3 of this Article. However, if there are the following circumstances and the objective evidence can be provided as well as the specific reasonable opinions from the real estate professional appraisers and CPAs can be obtained, it shall not be limited to this restriction:

1. When the related party acquires the undeveloped land or leased land for construction, its evidences shall meet one of the following conditions:

(1) The undeveloped land is appraised according to the regulations of the preceding article and the house is based on the related party's construction cost plus the reasonable construction margin; the total amount of the above appraisal exceeds the actual transaction price. The aforesaid reasonable construction margin shall be the average operating margin of the related party's construction department in the latest three years or the latest construction industry's margin ratio announced by the Ministry of Finance, whichever is lower.

(2) For the transaction cases from other unrelated parties in other floors of the same subject's premise or the adjacent areas within one year, its measurements are similar and the terms of transaction that are appraised by the consideration of the reasonable price discrepancies in floors or areas according to the practice of transactions or lease of real estate are similar.

2. The Company provides evidence that proves the transaction terms for real estate or the lease to acquire the real estate rights-of-use assets from the related party are similar to the terms of transaction cases of other unrelated parties in the adjacent area within one year and the measurements are similar as well. The aforesaid transaction cases in the adjacent area shall refer to the same or adjacent street and the distance to the transaction subject is less than 500 meters or its announced current value is equivalent in principle. The similar measurement herein shall refer to the transaction cases of other unrelated parties and that its measurements are not less than 50% of the measurements of the trading subject in principle. The aforesaid "within one year" shall be based on the date of occurrence of the facts for the acquisition of real estate or its rights-of-use assets and is retro-actively calculated for one year.

(V) Where the Company acquires the real estate or its rights-of-use assets from the related party, if the appraisal result, pursuant to Sub-paragraph (I) and (II) of Paragraph 3 of this Article, is lower than the transaction price, the following matters shall be conducted. And when the Company and the public company who invests in the Company with the equity method have set aside the special reserve pursuant to the aforesaid regulations, such special reserve shall not be utilized before the assets

which are purchased or leased at a higher price have recognized the valuation loss or have been disposed of or have terminated the lease contract or have been adequately compensated or have been restored, or other evidences to ensure that there is no unreasonable and have been approved by the securities authorities.

1. With respect of the variance between the transaction amount of the real estate or its rights-of-use assets and the appraisal cost, the Company shall, pursuant to Paragraph 1 of Article 41 of the Securities and Exchange Act, set aside the special reserve and it shall not be distributed or transferred for capital increase or stock dividends. An investor who invests in the Company using the equity method is a public company shall also set aside the special reserve in proportion to its shareholdings pursuant to Paragraph 1 of Article 41 of the Securities and Exchange Act.
2. The Independent Directors as the members in the Company's Audit Committee shall be applicable to Article 218 of the Company Act.
3. The execution situation for point 1 and point 2 of Sub-paragraph (V) of Paragraph 3 of this Sub-paragraph shall be reported to the Shareholders' Meeting, and the transaction detailed content shall be disclosed in the annual report and the prospectus.

(VI) Where the Company acquires the real estate from a related party, any of the following circumstances shall be conducted according to the regulations of the appraisal and operating procedure stipulated in Paragraph 1 and Paragraph 2 of this Article, and shall not be subject to the appraisal regulations for the rationality of the transaction cost stipulated in Paragraph 3(I), (II) and (III) of this Article:

1. The related party acquires the real estate or its rights-of-use assets due to inheritance or grant.
2. There have been more than 5 years from the time the contract was signed by the related party to acquire the real estate or its rights-of-use assets to the date of current transaction signed.
3. The real estate is acquired through signing a joint construction contract with the related party or assigning the related party to build the real estate on its own land or on rented land.
4. The real estate rights-of-use assets for business use are acquired between the Company, its parent company and its subsidiaries, or between its subsidiaries whose issued shares or total capital are 100% held by the Company directly or indirectly.

(VII) Where the Company acquires the real estate or its rights-of-use assets from the related party, if there is other evidence that proves that the transaction has irregular business practices, it shall also be conducted pursuant to Sub-paragraph (V) of Paragraph 3 of this Article.

Article 10 Procedure for Acquisition or Disposal of Memberships or Intangible Assets or its rights-of-use assets

I. Appraisal and Operating Procedure

The memberships or intangible assets or its rights-of-use assets acquired or disposed of by the Company shall be subject to this procedure.

II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount

- (I) The acquisition or disposal of memberships shall refer to the fair market price. The resolutions of the trading conditions and transaction price shall be prepared as an

analysis report and shall be reported to the General Manager. If its amount is NT\$5 million or less, it shall be approved by the General Manager and afterward shall be reported to the latest Board Meeting; if exceeding NT\$5 million, it shall be reported to the Board Meeting for approval.

(II) The acquisition or disposal of the intangible assets or its rights-of-use assets shall refer to the expert's appraisal report or the fair market price. The resolutions of the trading conditions and transaction price shall be prepared as analysis report and shall be reported to the Chairman. If its amount is NT\$50 million or below, it shall be approved by the Chairman and afterward shall be reported to the latest Board Meeting for reference; if exceeding NT\$50 million, it shall be reported to the Board Meeting for approval.

(III) Where the Company acquires or disposes of assets that shall be approved by more than one-half of all members of the Audit Committee pursuant to the established procedure or other laws, afterwards it shall report to the Board Meeting for resolution.

III. Execution Department

After the memberships or intangible assets or its rights-of-use assets acquired or disposed of by the Company is approved pursuant to the authorization of approval in the preceding paragraph, the department in charge, accounting department and administrative department shall be responsible for implementation.

IV. Expert's Appraisal Opinions Report for Memberships or Intangible Assets

When the transaction amount of the memberships or intangible assets or its rights-of-use assets acquired or disposed of by the Company reaches 20% of the Company's paid-in capital or NT\$300 or more, except for the transaction with domestic governmental institution, the CPA shall be consulted to express opinions on the rationality of the transaction price before the date of occurrence of the facts; and the CPA shall conduct pursuant to the Statement of Auditing Standards No. 20 published by the ARDF.

Article 10-1

The transaction amount stated in Article 7, Article 8 and Article 10 shall be calculated pursuant to Sub-paragraph (V) of Paragraph 1 of Article 14; and the term "within one year" shall be based on the date of occurrence of the fact for the transaction and shall be retroactively calculated for one year. Those who have obtained the appraisal report issued by the professional appraiser or the CPA's opinions pursuant to this procedure shall not be counted in.

Article 11 Procedure on the Acquisition or Disposal of a Financial Institution's Claims

The Company does not engage in the transaction of the acquisition or disposal of a financial institution's claims in principle. If the Company intends to engage in the transaction of acquisition or disposal of a financial institution's claims in the future, it shall report to the Board Meeting for approval and then establish the procedure for its appraisal and operation.

Article 12 Procedure for the Acquisition or Disposal of Derivatives

I. Transaction Principle and Guidelines

(I) Transaction Type

1. The derivative financial commodities engaged by the Company refers to a transaction contract whose value is derived from assets, interest rates, exchange rates, indices or other commodity benefits etc. (such as forward contracts, options, futures, interest rate or exchange rate and swap, and hybrid contracts

combing the above commodities, etc.).

2. The matters related to bond margin transactions shall be subject to the relevant regulations of this procedure. The engagement in the transaction of bonds under a repurchase agreement shall not apply to this procedure.

(II) Operation (Hedge) Strategy

The Company shall aim at hedging as the purpose, and the trading instruments shall be selected to hedge risks arising from the Company's business. The currency held must be in line with the foreign currency demands from the Company's actual import and export transactions, and shall be based on the principles that the Company's overall internal position (referring to foreign currency income and expenses) can offset itself in order to reduce the Company's overall risk on foreign exchange and save the cost on foreign exchange operation. Other specific purpose transactions shall be carefully evaluated and shall be reported to the Board Meeting for approval before proceeding.

(III) Delegation of Authorization and Duties

1. Finance/Accounting Department

(1) Trader

- A. Be responsible for the strategy establishment for the entire financial commodities transactions for the Company.
- B. The traders shall regularly calculate the position every two weeks, collect market information, justify the tendency and evaluate the risk as well as draft the operating strategy that will be the trading basis after approval by the authorized hierarchy.
- C. Execute transactions according the authorized limits and the established strategy.
- D. When the financial market has material changes and the trader judges that the existing established strategy is not applicable, the trader shall provide the assessment report at any time and renew the established strategy that shall be approved by the president as the basis of the trading.

(2) Finance/Accounting Personnel

- A. Performing the transaction confirmation.
- B. Review whether the transaction is proceeded based on the authorized limits and the established strategy.
- C. Proceed with monthly assessments and report the assessment to the president.
- D. Accounting processing
- E. Reporting and announcement according to the regulations of the security authority.

(3) Settlement Personnel: perform settlement tasks.

(4) Derivatives Authorized Limits

A. Hedging Trading Authorized Limits

Approver	Daily trading limits	Net Accumulated Position Trading Limits
Chief of Finance Department	USD 1 million and below	USD 2 million and below

Chief of General Administration Division	USD 2 million and below	USD 5 million and below
General Manager	USD 4 million and below	USD 10 million and below

B. Other specific purpose transactions shall be reported to the Board Meeting for approval before proceeding.

C. Where the Company acquires or disposes of assets that shall be approved by more than one-half of all members of the Audit Committee pursuant to the established procedure or other laws, afterwards it shall report to the Board Meeting for resolution.

2. Audit Department

Be responsible for understanding the appropriateness of internal control for the derivatives trading, auditing the compliance of the operating procedures for the trading department, analyzing the trading cycle and preparing an audit report. Any material deficiency shall be reported to the Board of Directors.

3. Performance Evaluation

(1) Hedging transaction

A. The profit and loss generated from the derivatives financial transactions with the exchange rate booking cost shall be the basis of the performance evaluation.

B. In order to completely control and express the evaluation risk of the transaction, the Company adopts the monthly evaluation method to assess the profit and loss.

C. The finance department shall provide the evaluation for foreign exchange position, the foreign exchange market trend and market analysis to the president as a management reference and instructions.

(2) Specific Purpose Transactions

The actual profit and loss generated shall be the basis of the performance evaluation and the finance department shall regularly prepare the report for its position for management reference.

4. Establishment for Total Contract Amount and Loss Limit

(1) Total Contract Amount

A. Maximum Amount of Hedging Transactions

The finance department shall control the Company's overall position to avoid the trading risk. The hedging trading amount shall not exceed one-half of the Company's overall net position; any amount exceeding one-half of the overall net position shall be reported to president for approval.

B. Specific Purpose Transactions

Based on the forecast of market changes, the finance unit may formulate the strategy as needed and report to the General Manager and Chairman for approval before execution. The total contract amount of the Company's overall net accumulated position for the specific purpose transaction shall be limited to USD 10 million. When exceeding the aforesaid amount, it shall be subject to the approval of the Board Meeting and follow its strategic instructions before execution.

(2) Establishment of Loss Limit

- A. The hedging transactions are made to avoid the risk, so it is not necessary to set a limit for loss.
- B. In the case of a transaction contract for special purposes, after the position is established, a stop loss point shall be set to prevent an excess loss. The stop loss point shall not exceed 10% of the transaction contract amount. In case the loss amount exceeds 10% of the transaction amount, it shall be reported to the General Manager immediately and shall be reported to the Board Meeting to discuss the necessary countermeasures.
- C. The loss amount for the individual contract shall not exceed USD 20,000 or 5% of the transaction contract amount, of which the lower amount is the limit of loss.
- D. The maximum annual loss for the specific purpose trading operations for the Company shall be limited to USD 300,000.

II. Risk Management Measures

(I) Credit Risk Management

Because various factors will change the market, it is easy to cause operating risks of derivatives financial commodities. With respect to market risk management, it shall be conducted according to the following principles:

Transaction Counterparty: mainly domestic and famous foreign financial institutions.

Trading Product: limited to the products provided by the domestic and famous foreign financial institutions.

Transaction Amount: the amount of open position for the same transaction counterparty shall not exceed 10% of the total authorized amount; however if it is approved by the General Manager, this restriction shall not be applicable.

(II) Market Risk Management

The open foreign exchange market provided by banks is the main market, and the futures market is not considered at the moment.

(III) Liquidity Risk Management

In order to ensure the market liquidity, the financial products are mainly selected with higher liquidity (that is, it can be squared off at any time in the market). The financial institutions that we delegated with the transaction shall have sufficient information and the capability of trading in any market at any time.

(IV) Cash Flow Risk Management

In order to ensure the stability of the Company's working capital's turnover, the source of funds for the Company's derivatives trading is limited to its own funds. Its operated amount shall take into account the fund demand according to the cash flow forecast in the coming three months.

(V) Operational Risk Management

- 1. The Company's authorized maximum amount, operating procedure and internal audit shall be adhered to in order to avoid operating risks.
- 2. Traders who are engaged in derivatives trading and the operators who are responsible for confirmation and settlement shall not act for each other.
- 3. The persons who are responsible for risk measurement, supervision and

controlling shall be in different departments from the persons stated in the preceding sub-paragraph, and shall report to the Board of Directors or senior executives who are not responsible for making the decision on the transaction or the position.

4. The holding position for the derivatives trading shall be evaluated at least once a week. However, the hedging transactions for the business demand shall be evaluated at least twice a month. Its appraisal report shall be submitted to the senior executives who are authorized by the Board of Directors.

(VI) Commodity Risk Management

Internal traders shall have complete and correct professional knowledge for financial commodities and shall ask banks to fully disclose the risks to avoid the misuse risk of financial commodities.

(VII) Legal Risk Management

The document to be signed with financial institutions shall be reviewed by the professional persons from foreign the exchange unit, the legal and law counsel before being officially signed to avoid legal risks.

III. Internal Audit System

- (I) The internal auditor shall regularly understand the appropriateness of internal control for derivatives trading, monthly audit the compliance of the trading department on derivatives trading procedure, analyze the transaction cycle and prepare the audit report. In the event of any material violations, it shall be notified to the Audit Committee in writing.
- (II) The internal auditor shall make the audit reports and the annual auditing situation of the internal audit operations to the Securities and Futures Bureau before the end of February of the following year; and the improvement situation for any abnormal items shall be reported to the securities authority for reference by the end of May of the following year.

IV. Regularly Evaluation Method

- (I) The Board of Directors shall authorize the senior executives to regularly supervise and evaluate whether or not the derivatives trading are actually conducted according to the transaction procedures established by the Company and whether or not the risk borne is within the undertaking scope allowed. When there is an abnormal situation in the market price appraisal report (such as the holding position has exceeded the limit of loss), it shall be reported to the Board Meeting immediately and shall take the appropriate countermeasures.
- (II) Derivatives trading positions held shall be evaluated at least once per week; however, trades for hedging purposes required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

V. The Supervision Management Principles of the Board of Directors When Engaging in Derivatives Trading

- (I) The Board of Directors shall appoint the senior executives to always pay attention to the supervision and control for the risk of the derivatives trading. Its management principles are as follows:
 1. To regularly evaluate whether or not the currently used risk management measures are appropriate and make sure to conduct in accordance with this procedure and the

procedure for derivatives trading established by the Company.

2. To supervise the trading and its profit and loss. In the event of an abnormal circumstance, the necessary countermeasures shall be taken and the Board of Directors shall be informed immediately. If the Company has set up the Independent Directors, they shall attend such Board of Directors' meeting and express their opinions.
- (II) To regularly evaluate whether or not the performance of the derivatives trading meets the established operating strategy and whether or not the risk borne is within the scope allowed by the Company.
- (III) When the Company engages in the derivatives trading and authorizes the related persons to execute it pursuant to the established procedure for derivatives trading, it shall be reported to the latest Board of Director afterwards.
- (IV) When the Company engages in the derivatives trading, it shall set up the memorandum book. The type of the derivatives trading, its amount, the date approved by the Board of Directors and the items that shall be carefully assessed according to Sub-paragraph (II) of Paragraph 4 and Sub-paragraph (I) and (II) of Paragraph 5 in this Article shall be recorded in detail on the memorandum book for reference.

Article 13 Procedure for Mergers, demergers, Acquisitions or Transfer of Shares

I. Appraisal and Operating Procedure

- (I) When the Company conducts the mergers, demergers, acquisitions or transfer of shares, the lawyers, CPAs and underwriters are recommended to be invited to jointly discuss the statutory procedures and its estimated timetable; and the project team shall be organized to execute it according the statutory procedures. Before convening the Board of Directors for resolution, the CPAs, lawyers or underwriters shall be appointed to express their opinions on the reasonableness of the share exchange ratio, acquired price or distributing cash or other properties to the Shareholders' Meeting and it shall be reported to the Board Meeting for approval. However, if the parent company merges its subsidiaries whose issued shares or total capital are 100% held by the Company directly or indirectly, or the merger between its subsidiaries whose issued shares or total capital are 100% held by the Company directly or indirectly, the aforesaid experts' opinions on reasonableness are exempt from having to be obtained.
- (II) Before the Shareholders' Meeting, the important agreed upon contents and related matters for the Company's mergers, demergers or acquisitions shall be prepared into the public documents for the Shareholders, together with the experts' opinions stated in Sub-paragraph (I) of Paragraph 1 of this Article as well as the meeting notice, and shall be submitted to the Shareholders as a reference for whether or not to agree with such merger, demerger or acquisition. However, if other laws stipulate that the Shareholders' Meeting may not be held to resolve the matters of mergers, demergers or acquisitions, it shall not be subject to this restriction. In addition, with respect to any of the companies who participates in the mergers, demergers or acquisition, its Shareholders' Meeting is unable to be convened and resolved due to insufficient attendance and voting rights or other legal restrictions, or the proposal is rejected by the Shareholders' Meeting, such company shall immediately publicly explain the reasons for the occurrence, the subsequent processing and the date of the expected Shareholders' Meeting.

- (III) When the Company conducts the mergers, demergers, acquisitions or transfer of shares, the following information shall be fully included into the minutes and shall be kept for 5 years for inspection:
 - 1. Basic Personnel Information: includes all persons who participate in the planning of mergers, demergers, acquisitions or transfer of shares before the news is published and its executors, their positions, names, identification card number (passport number for foreigner).
 - 2. Date of Important Matters: includes the date of signing the letter of intent or memorandum, the financial or legal counsel delegated, signing the contract and the Board of Directors, etc.
 - 3. Important Letters and Meeting Minutes: include the plans for the mergers, demergers, acquisitions or transfer of shares, the letter of intent, memorandum, important contract and the Board Meeting's minutes, etc.
- (IV) The information stated in the preceding Sub-paragraphs 1 and 2 shall be declared with the defined format through the internet information system to the FSC within 2 days from the date of approval by the Board of Directors.
- (V) Where a company who participates in the mergers, demergers, acquisitions or transfer of shares is neither the public company nor its shares are traded in OTC, the Company shall comply with the regulations of Sub-paragraphs (III) and (IV) to sign the agreement with such company.

II. Other Precautionary Matters

- (I) Date of the Board Meeting: a company who participates in the mergers, demergers or acquisitions shall, except when otherwise provided by law or special factors approved by the Board of Directors in advance, holds the Board Meeting and the Shareholders' Meeting on the same day to resolve the related matters of the mergers, demergers or acquisitions. A Company who participates in the transfer of shares shall, except when otherwise provided by law or special factors approved by the securities authority in advance, holds the Board Meeting on the same day.
- (II) Non-disclosure agreement beforehand: all persons who participate in or know the Company's plans for mergers, demergers, acquisitions or transfer of shares shall submit a written confidentiality commitment. Before the information is published, they shall neither disclose the contents of the plans to others nor trade the shares and other equity-type securities of all companies related to mergers, demergers, acquisitions or transfer of shares on their own or in the name of others.
- (III) Principle for setting and changing the share exchange ratio or acquired price: the companies who participate in the mergers, demergers, acquisitions or transfer of shares shall, before both parties' Board Meetings, assign CPAs, lawyers or the securities underwriters to express their opinions on the reasonableness of the share exchange ratio, acquired price or distributing cash or other properties to the Shareholders and shall report them to the Shareholders' Meeting. In principle, the share exchange ratio or acquired price shall not be changed arbitrarily; however, if the contract has specified the conditions of the change and has disclosed publicly, it shall not be subject to this restriction. The share exchanges ratio or acquired price may be changed based on the following conditions:
 - 1. Conducting the capital increase by cash, issuance of the convertible bonds, distribution of stock dividends, issuance of corporate bonds with warrants,

- preferred shares with warrants, stock warrants and other equity-type securities.
2. The Company disposes of the major assets and other activities that impact the Company's financial operation.
 3. Material disasters and material technological changes that impact on the Shareholders' rights and interests or the securities' prices.
 4. Any of the companies who participate in the mergers, demergers, acquisitions or transfer of shares buys back the treasury stock for adjustment according to laws.
 5. The main entity or the number of entities who participates in the mergers, demergers, acquisitions or transfer of shares has changed.
 6. The contract has specified the other change conditions and has them disclosed publicly.
- (IV) The contents that shall be stated in the contract: the contract for the mergers, demergers, acquisitions or transfer of shares shall, except for the regulations of Article 317 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, specify the following items:
1. Dealing with the violation.
 2. The processing principles for the equity-type securities previously issued by or the treasury shares previously bought back by the companies that are extinguished in a merger or are demerged.
 3. The number of treasury shares bought back by the participating companies after the target date of calculating the share exchange ratio and their processing principles.
 4. The processing principles for the changes on the main entity or the number of entities participating.
 5. The executing progress of the estimated plans and the estimated completion schedule.
 6. When the plan is not completed before the scheduled deadline, the date of the scheduled Shareholders' Meeting according to law and other relevant processing procedures.
- (V) Changes in the number of the companies who participate in the mergers, demergers, acquisitions or transfer of shares: where the information of the mergers, demergers, acquisitions or transfer of shares has been disclosed publicly, if any of the participating companies intends to merge, demerge, acquire or transfer shares with another company, the procedures or legal actions that have been completed towards the original mergers, demergers, acquisitions or transfer of shares shall be re-done by all the participating companies; except when the number of the participating companies is decreased and the Shareholder's meeting has resolved and authorized the Board Meeting to change the limits of authorization; in that event the participating companies are exempted from holding another Shareholders' Meeting to resolve the new matters.
- (VI) When a company who participates in the mergers, demergers, acquisitions or transfer of shares is not a public company, the Company shall sign the agreement with such company and shall be subject to the date of the Board of Directors' meeting stipulated in Sub-paragraph (I), the confidentiality commitment beforehand stipulated in Sub-paragraph (II) and the changes in the number of the companies who participate in the mergers, demergers, acquisitions or transfer of shares stipulated in Sub-paragraph (V),

under the Paragraph 2 of this Article.

Article 14 Information Disclosure Procedures

I. Announcement Items and Standards

- (I) Where acquisition or disposal of real estate or its rights-of-use assets from the related party, or where acquisition or disposal of other assets other than real estate or its rights-of-use assets from the related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more. provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (II) Proceedings for the mergers, demergers, acquisitions or transfer of shares.
- (III) The loss of the derivatives trading reaches the maximum limited loss amount of the whole or individual agreement stipulated in the procedure established.
- (IV) Assets acquired or disposed of are the equipment or its rights-of-use assets for business use, and its transaction counterparty is not a related party, and the transaction amount reaches one of the following regulations:
 - 1. Paid-in capital does not reach NT\$10 billion and the transaction amount reaches NT\$500 million or more.
 - 2. Paid-in capital reaches NT\$10 billion or more and transaction amount reaches NT\$1 billion or more.
- (V) Where the Company engages in construction business to acquire or dispose of the real estate or its rights-of-use assets for construction use, its transaction counterparty is not the related party and its transaction amount reaches NT\$500 million or more. Among which, if a company whose paid-in capital reaches NT\$10 billion or more disposes of the completed construction of real estate which is built by itself and the transaction counterparty is not the related party, the threshold for transaction amount shall be NT\$1 billion or more.
- (VI) Where the real estate is acquired by the way of building on its own land, building on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, its transaction counterparty is not the related part and the estimated transaction amount invested by the Company reaches NT\$500 million or more.
- (VII) Except for the preceding six sub-paragraphs, for the assets transactions, the claims of the financial institutions or investments in Mainland China, its transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more. However, the following circumstances are not subject to the restrictions herein:
 - 1. Trading domestic public bonds.
 - 2. Where a professional investor trades the securities on domestic or oversea securities exchanges or OTC, or where a securities firm subscribes the ordinary corporate bond or general bank debentures without equity characteristics (excluding subordinated debentures) that are offered and issued in the domestic primary market, or subscribes or redeems the securities investment trust fund or future trust fund, or where a securities firm subscribes the securities due to the demand of its underwriting business or the regulations from the Taipei Exchange for acting as the counseling recommending securities firms for an emerging stock company.

3. Trading in bonds with repurchase and resale agreement or subscription of redemption of money market funds issued by domestic securities investment trust enterprises.

(VIII) The transaction amount stated in this paragraph shall be calculated as follows, and the term "within one year" shall be based on the date of occurrence of the facts for the transaction and shall be retroactively calculated for one year. Those that have already announced according to regulations shall not be counted in.

1. The amount of each transaction.
2. The accumulated transaction amount of acquisition or disposal of the same character with the same transaction counterparty within one year.
3. The accumulated amount of acquisition or disposal of (acquisition and disposal are accumulated respectively) real estate or its rights-of-use assets for the same development project within one year.
4. The accumulated amount of acquisition or disposal of (acquisition and disposal are accumulated respectively) the same securities within one year.

II. Deadline of Announcements and Declarations

When the Company acquires or disposes of the assets that contain the announced the items stated in the paragraphs of this article and the transaction amount reaches the standards of the announcement stipulated in this article, such transaction shall be announced **within 2 days of the date of occurrence of the facts.**

III. Announcement and Declaration Procedure

- (I) The Company shall report the relevant information to the website designated by the securities authority for the announcement.
- (II) The Company shall, on a monthly basis, enter the derivatives transactions information for the Company and its Non-domestic subsidiaries as of the end of the previous month with the defined format into the website designated by the securities authority before 10 days of each month.
- (III) For the items that should be announced according to the regulations, if there are any errors or omissions for the announcement that should be remedied, the Company shall re-declare all items within 2 days from the date of knowing.
- (IV) When the Company acquires or dispose of the assets, the relevant contracts, the meeting minutes, the memorandum book, the appraisal reports, the opinions of the CPAs, the lawyers or the securities underwriters shall be kept by the Company at least 5 years, unless otherwise provided by laws.
- (V) After the Company announces the transactions according to the regulations of the preceding article, in the event of one of the following circumstances, the relevant information shall be declared in the website designated by the securities authority **within 2 days of the date of occurrence of the facts:**
 1. The relevant signed contracts for the original transaction have been changed, terminated or cancelled.
 2. The mergers, demergers, acquisitions or transfer of shares are not completed according to the contractual estimated schedule.
 3. The contents of the original announcement have been changed.

IV. Announcement Format

- (I) When the Company trades the securities of its parent company, subsidiaries or affiliates in the centralized securities markets or OCT markets at home or overseas,

the announcement format of the items and contents that shall be announced is as shown in Appendix 2.

- (II) When the real estate is acquired by the way of building on its own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale, the announcement format of the items and contents that shall be announced is as shown in Appendix 3.
- (III) When acquiring or disposing of real estate or other fixed assets or its rights-of-use assets, or acquiring real estate from a related party, the announcement format is as shown in Appendix 4.
- (IV) The announcement format for the securities, memberships, intangible assets and the claims of the financial institutions that are not traded in the centralized securities market or OCT market is as shown in Appendix 5.
- (V) The announcement format for the investment in Mainland China is as shown in Appendix 6.
- (VI) The announcement format for the derivatives transactions that shall be announced within 2 days from the date of occurrence of the facts is as shown in Appendix 7-1.
- (VII) The announcement format for the derivatives transactions that shall be announced by 10th day of each month is as shown in Appendix 7-2.
- (VIII) The announcement format for the mergers, demergers, acquisitions or transfer of shares is as shown in Appendix 8.

Article 15 The Company's subsidiaries shall comply with the following regulations:

- I. The subsidiaries shall also comply with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" to establish the "Procedure for Acquisition or Disposal of Assets". Such procedure shall be submitted to its Audit Committee and/or the Board of Director and/or the shareholders' meeting for resolution before implementation according to the relevant regulations. The same shall apply to the amendment .
- II. When a subsidiary acquires or disposes of the assets, it shall also be subject to the regulations of the Company.
- III. Where a subsidiary is not the public company, if its acquisition or disposal of the assets reaches the announcement standards stipulated in Article 14 of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," the parent company shall act for its subsidiary conducting the announcement.
- IV. For the announcement standards for the subsidiaries, the "paid-in capital or total assets" shall refer to the paid-in capital or total assets of the parent company (the Company).

Article 15-1

For the regulation of 10% of total assets stated in this procedure, it shall refer to the total assets stated in the latest parent company or individual financial statement that shall be prepared pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. In the case of a company whose shares have no par value or a par value other than NT\$10 for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article 16 Penalty

When the Company's managers and the persons in-charge conduct the lending funds to others in violation of the "Regulations Governing the Acquisition or Disposal of Assets by Public

Companies" published by the securities authority or the Company's "Procedure for Acquisition or Disposal of Assets," they shall be punished according to the working rules of the Company.

Article 17 Supplementary to Relevant Laws

The matters that are not covered in this procedure shall be subject to the relevant laws.

Article 18 Announcement and Implementation

The establishment or amendment for the "Procedure for Acquisition or Disposal of Assets" of the Company shall be approved by one-half of all members of the Audit Committee and reported to the Board of Director for resolution; afterward it shall be reported to the shareholders' meeting for approval. When it is not approved by one-half or more of all members of the Audit Committee, it may be approved by two-thirds or more of all Directors before implementation, and shall state the resolution of the Audit Committee in the Board Meeting's minutes. The same shall apply to the amendment .

The “Regulations Governing Election of Directors”

June 19, 2002 Amendment Announcement

June 22, 2016 Amendment Announcement

June 18, 2019 Amendment Announcement

- Article 1. The elections of the Directors for the Company shall be subject to this rule.
- Article 2. For the election of the Directors for the Company, each share shall have voting rights in number equal to the Directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 3. Before the election begins, the Chairman shall designate a number of scrutineers and tellers to perform various related duties.
- Article 4. The election of the Directors (including Independent Directors) for the Company shall adopt the candidate nomination system. The Shareholders shall elect the number of persons designated by the Article of Incorporation from the list of the candidates. According to the statistical results from the electronic communication platform and the ballots, those persons whose received votes representing the highest number of voting rights will be elected in turn. When two or more persons receive the same voting rights and result in an excess of the number of persons to be elected, they shall draw lots to determine and the Chairman shall draw lots on behalf of the absent persons.
- Article 4-1. The Company's Independent Directors and Non-Independent Directors shall conduct elections together according to the relevant regulations of this rule, and the Independent Directors and Non-Independent Directors shall be counted, respectively. Those persons who receive the highest number of votes shall be elected, respectively.
- Article 5. The Board of Director shall print the number of the ballots that are the same as the number of Directors to be elected, add in the number of voting rights and distribute to the shareholders who will attend the shareholders' meeting.
- Article 6. For the election of Directors, the Board of Director shall set up the ballot boxes, which shall be opened in public by the scrutineers before the voting.
- Article 7. Provided that an electee is a Shareholder, the Shareholder shall fill in the account name and the Shareholder's account number of an electee in the column of "electee" of ballot; if not, the name and identity card or tax ID number of an electee shall be filled in. However, when a government or a legal person Shareholder is the electee, the name of such government or legal person shall be filled in the column of the account name of electee of the ballot; it also may be filled in the name of such government or legal person and its representative; provided that there are several representatives, the names of the representatives should be added respectively.
- Article 8. The ballots shall be void in case one of the following circumstances occurs:
- (I) A ballot that does not comply with the regulation of this rule.
 - (II) A ballot that is blank to be put into ballot box.
 - (III) A ballot with illegible writing or being altered.
 - (IV) Provided that an electee is a Shareholder, the account name and Shareholder's account number are different from the Shareholder register; or in case an electee is not a Shareholder, the name and identity card or tax ID number are checked to make sure there are no discrepancies.

(V) In addition to filling in the electee's account name (name) or Shareholder's account number (identity card or tax ID number) and the allocated number of voting rights, the other characters must be written.

(VI) A ballot without filling in the account name (name) or the Shareholder's account number (identity card or tax ID number) of the electee.

(VII) A ballot filled in for 2 or more electees.

Article 9. The ballots shall be counted on site after the voting is completed, and the results of voting shall be announced by the Chairman on site.

Article 10. The Board of Director shall issue the notifications to the elected Directors respectively.

Article 11. The items that are not specified in this rule shall be subject to the Company Act and the relevant laws.

Article 12. This rule shall be implemented after the approval of the Shareholders' Meeting. The same shall apply to the amendment .

Orient Semiconductor Electronics, Ltd.

List of the Directors

Base Date: March 30, 2021

Position	Name	Date Elected	Shareholding While Elected			Current Shareholding			Remarks
			Type	Number of Shares	Shareholding Ratio (%) at the time	Type	Number of Shares	Shareholding Ratio (%) at the time	
Chairman	Yueh-Ming, Tung	June 18, 2019	Common shares	34,739	0.01%	Common shares	534,739	0.10%	
Director	PHISON ELECTRONICS CORPORATION	June 18, 2019	Common shares	7,336,369	1.33%	Common shares	7,336,369	1.32%	
Director	Daphane Wu	December 3, 2020	Common shares	0	0.00%	Common shares	0	0.00%	
Independent Director	Ching-Tien, Tsai	June 18, 2019	Common shares	0	0.00%	Common shares	0	0.00%	
Independent Director	Jeng-Ren, Chiou	June 18, 2019	Common shares	0	0.00%	Common shares	0	0.00%	
Total			Common shares	7,371,108		Common shares	7,871,108		

December 03, 2020 Total number of shares issued: 557,114,533 Shares

Total Number of Shares Issued on March 30, 2021: 556,861,033 Shares

Note: the minimum shareholdings of all Directors required by law: 26,474,001 shares, the shareholdings of all Directors on March 30, 2021: 7,871,108 Shares

The Company has an Audit Committee, so there is no statutory shareholding for Supervisors.

◎ The shares held by Independent Directors shall not be counted in the calculation of Directors' shareholdings.