



Orient Semiconductor Electronics, Ltd.

**The 2022 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.)

Type of meeting: Physical shareholders' meeting

Date of the meeting: June 10, 2022

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

(Nanzih Export Processing Zone Administration / ZhuangJing Hall)

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Orient Semiconductor Electronics, Ltd.
The 2022 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. Extempore Motions

Seven. Adjournment

Orient Semiconductor Electronics, Ltd.
The Agenda of 2022 Annual General Shareholders' Meeting

Time: June 10, 2022 (Friday) at 9:00 a.m.

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

(Nanzih Export Processing Zone Administration / ZhuangJing Hall)

One. Call the Meeting to Order

Two. Chairman Remarks

Three. Management Presentation

I. 2021 Business Report

II. Audit Committee's Review Report.

III. 2021 Employees' compensation and Directors' remuneration.

IV. The proposal for cash distribution of 2021 profits.

Four. Proposals for Recognition

I. 2021 Business Report and Financial Statements.

II. Distribution of 2021 profits.

Five. Discussion

I. Amendments to the " Procedure for Acquisition or Disposal of Assets ".

II. Establishment of the " Procedures for Financial Derivatives ".

Six. Extempore Motions

Seven. Adjournment

I. Management Presentation

Motion No. 1

Motion: 2021 Business Report, please review.

Description: For the Company's 2021 business report, please refer to Appendix 1 (pages 7-11).

Motion No. 2

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

Description: For Audit Committee Review Report, please refer to Appendix 2 (page 12).

Motion No. 3

Motion: 2021 Employees' compensation and Directors' remuneration, please review.

Description:

- I. As is required by Article 235-1 of the Company Act and Article 26 of the Company's Articles of Incorporation.
- II. The Company's 2021 profit (meaning current income before tax before deducting employee and director remuneration, net of accumulated loss) amounted to NT\$2,167,456,887, among which 10% and 1% was distributed to employees and directors, respectively. representing NT\$216,745,689 and NT\$21,674,569, respectively - all paid in cash.
- III. The accrued employee remuneration and director remuneration agreed with the recognized amount for 2021.
- IV. Such motion was resolved in favor at the Board meeting dated February 24, 2022.

Motion No. 4

Subject: The proposal for cash distribution of 2021 profits, please review.

Description:

- I. This motion is handled according to Article 26-1 of the Articles of Incorporation, which vests the power in the Board of Directors to distribute the mandatory distribution amount, in whole or in part, in cash, and to report to the General Meeting of the Shareholders.
- II. The earnings proposed to be distributed are the distributable retained earnings of 2021; each common share and each privately-offered Class C preferred share is entitled to NT\$1, totaling 733,915,533.
- III. Cash dividends was calculated at the distribution percentage and rounded down to the nearest whole number. The sum of the fractional amount less than NT\$1 will be

recognized as the Company's other income.

- IV. This motion was resolved in favor by the Board of Directors, which authorized the Chairman to separately set an ex-dividend date. If subsequently the Company's share capital changes, which affects the number of outstanding shares and therefore the dividend payout ratio, the Chairman is also fully authorized to handle such a matter.

II. Proposals for Recognition

Proposal 1 for Recognition

【Proposed by the Board of Director】

Proposal: 2021 Business report and financial statements, herein reported for recognition.

Description:

- I. The Company's business report and various financial statements for the year of 2021 were prepared by the Company, and were audited by the Independent auditors, Kuo-Hua Wang; CPA: Tsai-Yen Chiang, PwC Taiwan.
- II. Enclosed are the business report and financial statements for recognition.
 1. Business report, 【please refer to Appendix 1 (page 7-11)】
 2. Auditor's report of the parent company 【please refer to Appendix 3 (page 13-18)】
 3. Financial statements for the parent company 【Please refer to Appendices 4 to 7 (page 19-24)】
 4. Consolidated Independent Auditor's report 【Please refer to Appendix 8 (page 25-30)】
 5. Consolidated financial statements 【Please refer to Appendices 9 to 12 (page 31-37)】

Resolutions:

Proposal 2 for Recognition

【Proposed by Board of Directors】

Proposal: **Distribution of 2021 profits, herein reported for recognition.**

Description:

- I. The Board Meeting held on April 28, 2022, resolved to approve the 2021 Earnings Distribution Statement and sent it to the Audit Committee for review and completion. Please refer to Appendix 13 (page 38).
- II. Please approve.

III. Discussion Matters

Discussion 1

【Proposed by Board of Director】

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

Description:

- I. Amended to meet practical operating requirements, and to comply with the regulations set out in the official letter of the FSC coded Jin Guan Zheng Fa Zi No. 1110380465 dated January 28, 2022. In response to the Company's operational needs, we intend to amend the current provisions of the "Procedure for Acquisition or Disposal of Assets".
- II. Please refer to Appendix 14 (page 39) for a comparison table of the revised "Procedure for Acquisition or Disposal of Assets".

Resolutions:

Discussion 2

【Proposed by Board of Director】

Proposal: Establishment of the "Procedures for Financial Derivatives Transactions" for discussion.

Description:

- I. The Company formulates its "Procedures for Financial Derivatives Transactions" in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. Please refer to Appendix 15 (page 55)

Resolutions:

IV. Extempore Motions

V. Adjournment

I. 2021 Business Report

2021 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. Logic-based products in 2021 got out of the red due to the execution of projects aiming to improve production rate in the most recent two years. We will also continue our in-depth engagement in the memory market and the packaging market for logic-based products, 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. Although in 2021, 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, automotive, and industrial control type products to create a win-win outcome.

Operating Results

Unit: NTD thousand

Year	2021	2020	Difference	%
Operating revenue	15,948,138	13,851,909	2,096,229	15.13%
Operating margin	2,936,744	697,353	2,239,391	321.13%
Operating income (loss)	1,876,281	(186,030)	2,062,311	1,108.59%
Non-operating income and expenses	62,895	(57,178)	120,073	210.00%
Net income (loss) before tax	1,939,176	(243,208)	2,182,384	897.33%
Income tax benefits (expenses)	(408,595)	(22,915)	(385,680)	1,683.09%
Net income (loss)	1,530,581	(266,123)	1,796,704	675.14%

The Company's 2021 operating margin, net operating income, non-operating income and expenses, net income are explained as follows:

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

In 2021, the Semiconductor Group derived more operating revenue than in 2020. This is because global demands for memory grew; the demand for packaging boomed, mainly due to the multi-facet growth in down-stream applications, e.g., 5G, AI, network communication, and electric cars; immense business opportunities came with the eruption of cloud computing and remote work - after two years of post pandemic shock,- typically due to the introduction of SSD into the applications such as notebook computers, data centers, and servers to accelerate their speed; and the packaging price increased. In addition, the increase in orders improved the capacity utilization rate such that economies of scale was attained, which in turn lowered the unit labor cost and unit manufacturing overheads and therefore pushed up the gross profit and net operating profit for the

current period.

The Electronics Manufacturing Services Group's sales revenue declined in 2021 compared with 2020, mainly because shipments of high-end servers decreased and the proportion of sales revenue from processing-on-order customers also decreased, causing direct materials cost to decrease and therefore the gross profit and net operating revenue to increase.

In summary, in 2020, operating revenue decreased by 15.13%; operating cost decreased by 1.09%; gross operating profit decreased by 321.13%; and net operating profit decreased by 1,108.59% compared with the previous year.

II. Non-operating income and (expenses):

(1) Recognized investment gains increased by 108.48% due to the increase in profits of investees recognized under the equity method.

(2) Foreign exchange losses declined by 40.41% due to the less-depreciated US dollars in 2021 compared with 2020.

(3) Finance cost decreased by 56.83% compared with last year due to the Company's continuous efforts to maintain a sound capital structure.

In summary, operating revenue increased by 210% from last year's level

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	
			2021	2020
Financial structure	Debt-asset ratio%		47.28	47.61
	Ratio of long-term capital to fixed assets and plant and equipment %		209.54	186.06
Profitability	Return on assets%		9.88	(1.35)
	Return on equity %		18.47	(3.89)
	Profit margin before tax%		9.60	(1.92)
	Earnings per share(NTD)		2.24	(0.48)

R&D status

The R&D expenditure of 2021 was NT\$302,028 thousand.

IC Unit: Aside from continuously qualifying the 3D NAND flash processes of different brands to put them into mass production and continuously qualifying and developing products relating to the flip chip (FC) process, we will also introduce FC products and fan-out packaging, and will develop the third-generation semiconductor processes and products to seize the opportunities associated with electric cars. 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, etc. In 2020, the Company cooperated with the government policies, 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 into 2022, 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 third-generation semiconductor processes and 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 business plans for 2022 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 and AMD's new generation, Ice Lake in 2021, in response to customer demand for new products, will enter mass production.
- III. In-vehicles has obtained IATF 16949 certification, and after trial production, the product will enter mass production from 2021 onwards.
- IV. Obtainment of AS9100 aerospace certification in 2021 should facilitate grasp of new opportunities.

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 to expand the product markets of the development of 5G, IoT and AI. To respond to the development in future electric car market, we will jointly develop third-generation semiconductor products and processes with customers.

- 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. Under the strategic alliance with CHIPBOND TECHNOLOGY CORPORATION, our high-end packaging products will have a more competitive cost competitiveness.
- 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.
- VII. Development of third-generation semiconductor processes and products: The Company will leverage its advantages in design, analysis, and process development to explore the application market for third-generation products.

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 2021. 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 and AI. The 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 IEK report, although global economic recovery slowed down due to the continuous effect of the COVID-19 pandemic, global semiconductor market substantially grew in 2021, mainly due to soaring global demands for terminal electronic products driven by globalization and 0-touch economy. The global semiconductor market was valued at US\$614 billion in 2021, with performance up about 25% compared to 2020. According to IEK research, global semiconductor production value for 2022, driven by digital transformation and thriving new applications, will reach US\$680.6 billion, up by roughly 11%, a rare double-digit growth in three consecutive years. The global outbreak of the COVID-19 caused a halt to global economic and industrial activities, but Taiwan maintained somewhat normal operations due to successful 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. Plus the rising market demand for semiconductors, the production value of Taiwan's semiconductor industry as a whole reached NT\$4.1 trillion in 2021, up roughly by 25.9% from 2020. An additional growth of 12% is expected for 2022, which will push the figure further to NT\$4.5 trillion.

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 Review Report

The Board of Directors have prepared the 2021 standalone and consolidated financial statements and retained the CPAs, Wang, Kuo-Hua and Chiang, Tsai-Yen of PricewaterhouseCoopers Taiwan 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 Profit Allocation 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

2022 Annual General Shareholders' Meeting of Orient Semiconductor Electronics, Ltd.

Orient Semiconductor Electronics, Ltd.

Convener of the Audit Committee: Jia-Hua Hsu

April 28, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying balance sheet of Orient Semiconductor Electronics, Ltd. (the “Company”) as at December 31, 2021, and the related statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the report of other auditors (please refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2021 and its parent company only financial performance and its parent company only cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report 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 the Company’s 2021 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, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

Existence of sales revenue recognition of top 10 customers

Description

Please refer to Note 4(31) for accounting policies on revenue recognition and Note 6(23) for details of operating revenue account.

The operating revenue of the Company mainly arises from customer contract income. The Company is primarily engaged in packaging and testing and electronic manufacturing service. Operating revenue is a main index which is used in assessment of the management's operating performance and is a concern to users of the report. Because the sales revenue of top 10 customers represents a higher proportion of the whole operating revenue, we considered the existence of sales revenue recognition of top 10 customers as a key audit matter in the current year.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Understood, assessed and tested the design and execution of internal control procedures of top 10 customers' sales revenue recognition.
2. Obtained the details of top 10 customers' details of sales revenue and sampled customers' orders, delivery bills, invoices and collection records.
3. Examined the content and related evidences of sales returns and discounts to top 10 customers after the balance sheet date.
4. Sampled and sent confirmations to inquire on the balance of accounts receivable. Performed reconciliation and alternative audit procedures on the confirmation replies.

Realisability of deferred tax assets

Description

Please refer to Note 4(29) of parent company only financial statements for details of accounting policies on the recognition of deferred income tax assets. As of December 31, 2021, the amount of the Company's deferred income tax assets was NTD 1,203,930 thousand, please refer to Note 6(30) of parent company only financial statements for details.

Deferred income tax assets can only be recognised in the scope of being used in possibly offsetting the taxable income in the future. The forecasted income statements which was used in the assessment of realisability of deferred income tax assets in the future and potential taxable income involved subjective judgment of management. We considered that the aforementioned judgment involved the forecast of subsequent years, and the assessment result is material to taxable income. Thus, we considered the realisability of deferred income tax assets as a key audit matter.

How our audit addressed the matter

Our audit procedures performed on the realisability of deferred income tax assets included the following:

1. Obtained future operating plan and forecasted income statements which were approved by management.
2. Examined the estimates in the forecasted income statements and compared that with historical result, and assessed the reasonableness of related assumptions which were adopted.
3. Compared taxable income in the future years with taxable loss in the past years and assessed the realisability of deferred income tax assets.

Other matter-Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for using the equity method which were audited by other auditors. Therefore, our opinion expressed herein, in so far as it relates to the amounts included in respect of these investees is based solely on the reports of the other auditors. The credit balance of these investments accounted for using the equity method amounted to NTD 46,536 thousand, constituting 0.59% of the total liabilities as at December 31, 2021, and the comprehensive income of the investees amounted to NTD 2,158 thousand, constituting 0.16% of the total comprehensive income for the year then ended.

Other matter-Prior financial statements were audited by other auditors

The parent company only financial statements of the Company for the year ended December 31, 2020, were audited by other auditors. On March 10, 2021, some investees' financial statements which were included in the parent company only financial statements were audited by other auditors who expressed unmodified opinion with other matter paragraphs.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 the generally accepted auditing standards 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, 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 parent company only 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 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 the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WANG, KUO-HUA

CHIANG, TSAI-YEN

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2022

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

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 2,498,233	15	\$ 1,641,549	12
1136	Current financial assets at amortised cost	6(4) and 8	11,465	-	131,045	1
1140	Current contract assets	6(23)	296,090	2	304,825	2
1150	Notes receivable, net	6(5)	146	-	852	-
1170	Accounts receivable, net	6(5)	2,847,170	17	2,165,785	15
1180	Accounts receivable due from related parties, net	6(5) and 7	473,491	3	229,921	2
1200	Other receivables		55,489	-	26,444	-
1210	Other receivables due from related parties	7	15,492	-	22,621	-
130X	Current inventories	6(6)	1,655,024	10	1,017,582	7
1410	Prepayments		88,878	-	59,086	-
1460	Non-current assets or disposal groups classified as held for sale, net	6(12)	136,137	1	-	-
1476	Other current financial assets	8	-	-	26,555	-
1479	Other current assets, others		13,160	-	12,222	-
11XX	Current assets		<u>8,090,775</u>	<u>48</u>	<u>5,638,487</u>	<u>39</u>
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,261	-	6,486	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	39,879	-	107,232	1
1550	Investments accounted for using equity method	6(7)	1,136,804	7	909,446	6
1600	Property, plant and equipment	6(8) and 8	5,349,052	32	5,246,877	37
1755	Right-of-use assets	6(9)	193,395	1	166,568	1
1780	Intangible assets	6(11) and 7	32,421	-	34,553	-
1840	Deferred tax assets	6(30)	1,203,930	7	1,549,088	11
1915	Prepayments for business facilities		167,490	1	107,304	1
1920	Guarantee deposits paid	8	133,479	1	147,340	1
1940	Long-term notes and accounts receivable due from related parties	7	518,507	3	476,298	3
1990	Other non-current assets, others		2,119	-	2,176	-
15XX	Non-current assets		<u>8,778,337</u>	<u>52</u>	<u>8,753,368</u>	<u>61</u>
1XXX	Total assets		<u>\$ 16,869,112</u>	<u>100</u>	<u>\$ 14,391,855</u>	<u>100</u>

(Continued)

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Current borrowings	6(13) and 8	\$ 290,000	2	\$ 1,101,572	8
2110	Short-term notes and bills payable	6(14)	49,986	-	-	-
2130	Current contract liabilities	6(23)	88,151	1	25,365	-
2150	Notes payable		59,087	-	14,608	-
2170	Accounts payable		3,084,424	18	2,210,032	16
2180	Accounts payable to related parties	7	1,039	-	21,299	-
2200	Other payables	6(15)	1,585,528	10	716,115	5
2220	Other payables to related parties	7	20,602	-	603	-
2250	Current provisions		10,356	-	12,888	-
2280	Current lease liabilities		28,240	-	14,882	-
2320	Long-term liabilities, current portion	6(16) and 8	60,700	-	241,600	2
2365	Current refund liabilities		24,820	-	15,043	-
2399	Other current liabilities, others	7	244,009	2	190,314	1
21XX	Current liabilities		<u>5,546,942</u>	<u>33</u>	<u>4,564,321</u>	<u>32</u>
Non-current liabilities						
2540	Non-current portion of borrowings	6(16) and 8	587,694	4	620,000	4
2570	Deferred tax liabilities	6(30)	-	-	7,346	-
2580	Non-current lease liabilities		166,602	1	153,193	1
2635	Non-current preference share liabilities	6(18)	1,005,149	6	1,006,485	7
2640	Net defined benefit liability, non-current	6(17)	487,200	3	384,246	3
2645	Guarantee deposits received		56,924	-	3,424	-
2650	Credit balance of investments accounted for using equity method	6(7)	46,536	-	50,072	-
25XX	Non-current liabilities		<u>2,350,105</u>	<u>14</u>	<u>2,224,766</u>	<u>15</u>
2XXX	Liabilities		<u>7,897,047</u>	<u>47</u>	<u>6,789,087</u>	<u>47</u>
Equity attributable to owners of parent						
Share capital		6(19)(20)				
3110	Ordinary share		5,554,319	33	5,570,425	39
3120	Preference share		1,801,800	11	1,801,800	13
Capital surplus		6(21)				
3200	Capital surplus		234,897	1	220,723	1
Retained earnings		6(22)				
3310	Legal reserve		53,719	-	53,719	-
3320	Special reserve		106,988	1	18,730	-
3350	Unappropriated retained earnings		1,385,221	8	88,258	1
Other equity interest						
3400	Other equity interest		(164,879)	(1)	(150,887)	(1)
3XXX	Total equity		<u>8,972,065</u>	<u>53</u>	<u>7,602,768</u>	<u>53</u>
Significant contingent liabilities and unrecognised contract commitments		9				
3X2X	Total liabilities and equity		<u>\$ 16,869,112</u>	<u>100</u>	<u>\$ 14,391,855</u>	<u>100</u>

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share)

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(23) and 7	\$ 15,670,942	100	\$ 13,567,698	100
5000	Operating costs	6(6)(11)(28)(29) and 7	(12,756,989)	(82)	(12,900,897)	(95)
5900	Gross profit from operations		<u>2,913,953</u>	<u>18</u>	<u>666,801</u>	<u>5</u>
	Operating expenses					
6100	Selling expenses	6(11)(28)(29)	(707,908)	(4)	(528,340)	(4)
6300	Research and development expenses		(302,028)	(2)	(267,325)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	<u>15,492</u>	<u>-</u>	<u>3,488</u>	<u>-</u>
6000	Operating expenses		(994,444)	(6)	(792,177)	(6)
6500	Net other income (expenses)		<u>-</u>	<u>-</u>	<u>1,015</u>	<u>-</u>
6900	Net operating income (loss)		<u>1,919,509</u>	<u>12</u>	<u>124,361</u>	<u>(1)</u>
	Non-operating income and expenses					
7100	Interest income	6(24)	11,346	-	10,324	-
7010	Other income	6(25) and 7	65,617	-	72,328	1
7020	Other gains and losses	6(26)	(50,132)	-	(73,996)	(1)
7050	Finance costs	6(27)	(31,499)	-	(73,906)	(1)
7055	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(33,664)	-	1,148	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(7)	<u>47,860</u>	<u>-</u>	<u>(56,930)</u>	<u>-</u>
7000	Non-operating income and expenses		<u>9,528</u>	<u>-</u>	<u>121,032</u>	<u>(1)</u>
7900	Profit (loss) before income tax		1,929,037	12	(245,393)	(2)
7950	Income tax expense	6(30)	(398,456)	(2)	(20,730)	-
8200	Profit (loss)		<u>\$ 1,530,581</u>	<u>10</u>	<u>(\$ 266,123)</u>	<u>(2)</u>
	Other comprehensive loss					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans	6(17)	(\$ 183,401)	(1)	(\$ 34,730)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(34,626)	-	(119,628)	(1)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(7)	(7,758)	-	272	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	<u>44,146</u>	<u>-</u>	<u>30,872</u>	<u>-</u>
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(181,639)	(1)	(123,214)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(7)	(2,795)	-	(23,475)	-
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(7)	(1,567)	-	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(30)	<u>16,498</u>	<u>-</u>	<u>4,695</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>12,136</u>	<u>-</u>	<u>(18,780)</u>	<u>-</u>
8300	Other comprehensive loss		(\$ 169,503)	(1)	(\$ 141,994)	(1)
8500	Total comprehensive income (loss)		<u>\$ 1,361,078</u>	<u>9</u>	<u>(\$ 408,117)</u>	<u>(3)</u>
	Basic earnings (loss) per share	6(31)				
9750	Total basic earnings (loss) per share		<u>\$ 2.24</u>		<u>(\$ 0.48)</u>	
9850	Total diluted earnings (loss) per share		<u>\$ 2.06</u>		<u>(\$ 0.48)</u>	

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Capital			Retained Earnings			Other equity interest			
								Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation		
	Notes	Ordinary share	Preference share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences		Total equity	
<u>Year ended December 31, 2020</u>											
At January 1, 2020		\$ 5,573,285	\$ -	\$ 45,711	\$ -	\$ -	\$ 537,191	(\$ 35,267)	\$ 16,536	(\$ 71,301) \$6,066,155	
Loss for the year		-	-	-	-	-	(266,123)	-	-	(266,123)	
Other comprehensive loss for the year		-	-	-	-	-	(27,512)	(18,780)	(95,702)	(141,994)	
Total comprehensive income		-	-	-	-	-	(293,635)	(18,780)	(95,702)	(408,117)	
Distribution of 2019 earnings:	6(22)										
Legal reserve		-	-	-	53,719	-	(53,719)	-	-	-	
Special reserve		-	-	-	-	18,730	(18,730)	-	-	-	
Cash idvidends		-	-	-	-	-	(82,849)	-	-	(82,849)	
Issuance of preference share	6(20)	-	1,801,800	198,198	-	-	-	-	-	1,999,998	
Share-based payment transactions	6(19)	(2,860)	-	(23,186)	-	-	-	-	53,627	27,581	
At December 31, 2020		<u>\$ 5,570,425</u>	<u>\$ 1,801,800</u>	<u>\$ 220,723</u>	<u>\$ 53,719</u>	<u>\$ 18,730</u>	<u>\$ 88,258</u>	<u>(\$ 54,047)</u>	<u>(\$ 79,166)</u>	<u>(\$ 17,674) \$7,602,768</u>	
<u>Year ended December 31, 2021</u>											
At January 1, 2021		<u>\$ 5,570,425</u>	<u>\$ 1,801,800</u>	<u>\$ 220,723</u>	<u>\$ 53,719</u>	<u>\$ 18,730</u>	<u>\$ 88,258</u>	<u>(\$ 54,047)</u>	<u>(\$ 79,166)</u>	<u>(\$ 17,674) \$7,602,768</u>	
Profit for the year		-	-	-	-	-	1,530,581	-	-	1,530,581	
Other comprehensive (loss) income for the year		-	-	-	-	-	(146,721)	12,136	(34,918)	(169,503)	
Total comprehensive income (loss)		-	-	-	-	-	1,383,860	12,136	(34,918)	1,361,078	
Distribution of 2020 earnings:	6(22)										
Special reserve		-	-	-	-	88,258	(88,258)	-	-	-	
Share-based payment transactions	6(19)	(16,106)	-	14,174	-	-	-	-	10,151	8,219	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	-	1,361	-	(1,361)	-	
At December 31, 2020		<u>\$ 5,554,319</u>	<u>\$ 1,801,800</u>	<u>\$ 234,897</u>	<u>\$ 53,719</u>	<u>\$ 106,988</u>	<u>\$ 1,385,221</u>	<u>(\$ 41,911)</u>	<u>(\$ 115,445)</u>	<u>(\$ 7,523) \$8,972,065</u>	

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 1,929,037	(\$ 245,393)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(28)	1,261,837	1,420,968
Amortization expense	6(11)(28)	36,822	51,156
Loss (gain) on expected credit impairment	7 and 12(2)	18,172	(4,636)
Losses on financial assets at fair value through profit or loss	6(26)	5,225	-
Interest expense	6(27)	31,499	73,906
Interest income	6(24)	(11,346)	(10,324)
Share-based payments	6(19)	8,219	27,581
Share of loss (profit) loss of subsidiaris, associates and joint ventures accounted for using the equity method	6(7)	(47,860)	56,930
Gain on disposal of property, plant and equipment	6(26)	(4,704)	(3,384)
Gain on disposal of investments accounted for using equity method	6(26)	(3,550)	-
Loss on decline in market value	6(6)	19,481	45,648
Gain arising from lease modifications	6(9)	(1,324)	(1,015)
Reclassification of exchange differences on translation of foreign financial statements to foreign exchange losses		6,439	-
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease (increase) in contract assets		8,735	(1,843)
Decrease in notes receivable		706	918
(Increase) decrease in accounts receivable	(	665,893)	276,955
Increase in accounts receivable due from related parties	(	243,570)	(364)
(Increase) decrease in other receivable	(	25,225)	7,962
Decrease (increase) in other receivables due from related parties		11,247	(5,532)
Increase in inventories	(	656,923)	(13,473)
Increase in other prepayments	(	8,649)	(2,064)
(Increase) decrease in other current assets, others	(	931)	12,398
(Increase) decrease in other non-current assets -others	(	1,008)	596
Increase (decrease) in contract liabilities		62,786	(2,480)
Decrease in notes payable	(	14,608)	(39,895)
Increase (decrease) in accounts payable		874,392	(713,049)
Decrease in accounts payable to related parties	(	20,260)	(188,078)
Increase in other payables		383,521	1,942
Decrease in current provisions	(	2,532)	(777)
Increase (decrease) in other current liabilities		63,472	(124,279)
Decrease in net defined benefit liability	(	80,447)	(81,334)
Cash inflow generated from operations		2,932,760	539,040
Interest received		1,533	5,628
Income tax paid		-	(12,118)
Net cash flows from operating activities		2,934,293	532,550

(Continued)

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	\$ 32,727	\$ -
Decrease (increase) in current financial assets at amortised cost		119,580	(131,045)
Acquisition of investments accounted for using equity method	6(7)	(290,000)	-
Proceeds from disposal of investments accounted for using equity method	6(7)	13,535	-
Proceeds from returns of share capital due to liquidation of subsidiaries	6(7)	69,164	-
Acquisition of property,plant and equipment (including prepayment for equipment)	6(32)	(1,028,876)	(458,626)
Proceeds from disposal of property, plant and equipment		9,731	3,309
Decrease (increase) in other receivables		13,861	(11,089)
(Increase) decrease in long-term accounts receivable due from related parties		(71,415)	20,101
Acquisition of intangible assets	6(11)	(27,841)	(20,316)
Dividends received	6(7)	6,767	151,475
Net cash flows used in investing activities		(1,152,767)	(446,191)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(33)	3,098,880	-
Decrease in short-term borrowings	6(33)	(3,910,452)	(1,272,327)
Increase in short-term notes and bills payable	6(33)	49,972	-
Decrease in short-term notes and bills payable	6(33)	-	(379,210)
Proceeds from long-term borrowings	6(33)	1,255,700	1,738,149
Repayments of long-term debt	6(33)	(1,468,906)	(2,976,291)
Proceeds from issuing preference share	6(33)	-	999,999
Increase (decrease) in guarantee deposits received	6(33)	53,500	(50)
Increase in other payable to related parties		-	603
Payments of lease liabilities	6(33)	(16,409)	(15,684)
Cash dividends paid	6(22)	-	(82,849)
Proceeds from issuing preference share		-	1,999,998
Interest paid		(13,682)	(75,848)
Other financing activities		26,555	127,671
Net cash flows (used in) from financing activities		(924,842)	64,161
Net increase in cash and cash equivalents		856,684	150,520
Cash and cash equivalents at beginning of year		1,641,549	1,491,029
Cash and cash equivalents at end of year		\$ 2,498,233	\$ 1,641,549

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheet of Orient Semiconductor Electronics, Ltd. and subsidiaries (the “Group”) as at December 31, 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the reports of other auditors (please refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit and the report 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 the Group’s 2021 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s 2021 consolidated financial statements are stated as follows:

Existence and occurrence of sales revenue recognition of top 10 customers

Description

Please refer to Note 4(32) for accounting policies on revenue recognition and Note 6(24) for details of operating revenue account.

The operating revenue of the Group mainly arises from customer contract income. The Group is primarily engaged in package and testing and electronic manufacturing service. Operating revenue is a main index which is used in assessment of the management's operating performance and is a concern to users of the report. Because the sales revenue of top 10 customers represents a higher proportion of the whole operating revenue, we considered the existence of sales revenue recognition of top 10 customers as a key audit matter in the current year.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Understood, assessed and tested the design and execution of internal control procedures of top 10 customers' sales revenue recognition.
2. Obtained the details of top 10 customers' details of sales revenue and sampled customers' orders, delivery bills, invoices and collection records.
3. Examined the content and related evidences of sales returns and discounts to top 10 customers after the balance sheet date.
4. Sampled and sent confirmations to inquire on the balance of accounts receivable. Performed reconciliation and alternative audit procedures on the confirmation replies.

Realisability of deferred tax assets

Description

Please refer to Note 4(30) of parent company only financial statements for details of accounting policies on the recognition of deferred income tax assets. As of December 31, 2021, the amount of the Company's deferred income tax assets was NTD 1,205,821 thousand, please refer to Note 6(31) of parent company only financial statements for details.

Deferred income tax assets can only be recognised in the scope of being used in possibly offsetting the taxable income in the future. The forecasted income statements which was used in the assessment of realisability of deferred income tax assets in the future and potential taxable income involved subjective judgment of management. We considered that the aforementioned judgment involved the forecast of subsequent years, and the assessment result is material to taxable income. Thus, we considered the realisability of deferred income tax assets as a key audit matter.

How our audit addressed the matter

Our audit procedures performed on the realisability of deferred income tax assets included the following:

1. Obtained future operating plan and forecasted income statements which were approved by management.
2. Examined the estimates in the forecasted income statements and compared that with historical result, and assessed the reasonableness of related assumptions which were adopted.
3. Compared taxable income in the future years with taxable loss in the past years and assessed the realisability of deferred income tax assets.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$569,532 thousand, constituting 3.35% of the consolidated total assets as at December 31, 2021, and the operating revenue amounted to NT\$0 thousand, constituting 0% of the consolidated total operating revenue for the year then ended.

Other matter - Prior financial statements were audited by other auditors

The consolidated financial statements of the Group for the year ended December 31, 2020, were audited by other auditors. On March 10, 2021, some subsidiaries' financial statements which were included in the consolidated financial statements were audited by other auditors who expressed unmodified opinion with other matter paragraph.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion on the consolidated financial statements of Orient Semiconductor Electronics, Ltd. as at and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' 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 the generally accepted auditing standards 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 the generally accepted auditing standards 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 Group 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 the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WANG, KUO-HUA

CHIANG, TSAI-YEN

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2022

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

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

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

	Assets	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 2,723,171	16	\$ 1,845,800	13
1136	Current financial assets at amortised cost	6(4) and 8	11,465	-	131,045	1
1140	Current contract assets	6(24)	296,090	2	304,825	2
1150	Notes receivable, net	6(5)	146	-	852	-
1170	Accounts receivable, net	6(5)	2,892,798	17	2,210,256	16
1180	Accounts receivable due from related parties, net	6(5) and 7	458,409	3	229,921	2
1200	Other receivables		59,042	-	30,750	-
1210	Other receivables due from related parties	7	56,596	-	47,554	-
130X	Inventories	6(6)	1,825,991	11	1,140,652	8
1410	Prepayments		97,313	-	64,366	-
1460	Non-current assets or disposal groups classified as held for sale, net	6(13)	488,274	3	-	-
1476	Other current financial assets	8	-	-	26,555	-
1479	Other current assets, others		15,941	-	15,018	-
11XX	Current Assets		<u>8,925,236</u>	<u>52</u>	<u>6,047,594</u>	<u>42</u>
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,261	-	6,486	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	314,683	2	107,232	1
1550	Investments accounted for using equity method	6(7) and 8	467,174	3	450,878	3
1600	Property, plant and equipment	6(8) and 8	5,403,685	32	5,285,569	36
1755	Right-of-use assets	6(9)	256,264	2	244,707	2
1760	Investment property - net	6(11)	-	-	394,486	3
1780	Intangible assets	6(12) and 7	32,972	-	34,706	-
1840	Deferred tax assets	6(31)	1,205,821	7	1,550,989	11
1915	Prepayments for business facilities		167,490	1	128,499	1
1920	Guarantee deposits paid	8	154,187	1	167,650	1
1940	Long-term notes and accounts receivable due from related parties	7	85,839	-	88,352	-
1990	Other non-current assets, others		3,877	-	4,601	-
15XX	Non-current assets		<u>8,093,253</u>	<u>48</u>	<u>8,464,155</u>	<u>58</u>
1XXX	Total assets		<u>\$ 17,018,489</u>	<u>100</u>	<u>\$ 14,511,749</u>	<u>100</u>

(Continued)

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

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

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Current borrowings	6(14) and 8	\$ 299,408	2	\$ 1,106,413	8
2110	Short-term notes and bills payable	6(15)	49,986	-	-	-
2130	Current contract liabilities	6(24)	88,971	1	25,371	-
2150	Notes payable		59,087	-	14,608	-
2170	Accounts payable		3,221,816	19	2,305,267	16
2180	Accounts payable to related parties	7	745	-	2,486	-
2200	Other payables	6(16)	1,657,867	10	809,213	5
2220	Other payables to related parties	7	20,602	-	603	-
2250	Current provisions		10,356	-	12,888	-
2280	Current lease liabilities	7	35,532	-	26,895	-
2320	Long-term liabilities, current portion	6(17) and 8	60,700	-	246,446	2
2365	Current refund liabilities		24,820	-	15,043	-
2399	Other current liabilities, others		165,963	1	112,063	1
21XX	Current Liabilities		5,695,853	33	4,677,296	32
Non-current liabilities						
2540	Non-current portion of borrowings	6(17) and 8	587,694	4	620,000	5
2570	Deferred tax liabilities	6(31)	-	-	7,346	-
2580	Non-current lease liabilities	7	213,510	1	210,089	1
2635	Non-current preference share liabilities	6(19)	1,005,149	6	1,006,485	7
2640	Net defined benefit liability, non-current	6(18)	487,200	3	384,246	3
2645	Guarantee deposits received		57,018	-	3,519	-
25XX	Non-current liabilities		2,350,571	14	2,231,685	16
2XXX	Total Liabilities		8,046,424	47	6,908,981	48
Equity attributable to owners of parent						
	Share capital	6(20)(21)				
3110	Share capital - common stock		5,554,319	33	5,570,425	37
3120	Preference share		1,801,800	11	1,801,800	12
	Capital surplus	6(22)				
3200	Capital surplus		234,897	1	220,723	1
	Retained earnings	6(23)				
3310	Legal reserve		53,719	-	53,719	-
3320	Special reserve		106,988	1	18,730	-
3350	Unappropriated retained earnings		1,385,221	8	88,258	1
	Other equity interest					
3400	Other equity interest		(164,879)	(1)	(150,887)	1
31XX	Equity attributable to owners of the parent		8,972,065	53	7,602,768	52
3XXX	Total equity		8,972,065	53	7,602,768	52
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		\$ 17,018,489	100	\$ 14,511,749	100

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			Year ended December 31			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(24) and 7		\$ 15,948,138	100	\$ 13,851,909	100
5000 Operating costs	6(6)(12)(29)(30) and 7		(13,011,394)	(81)	(13,154,556)	(95)
5900 Net operating margin			2,936,744	19	697,353	5
Operating expenses	6(12)(29)(30)					
6100 Selling and administrative expenses			(774,535)	(5)	(620,006)	(4)
6300 Research and development expenses			(302,028)	(2)	(267,325)	(2)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)		16,100	-	2,933	-
6000 Total operating expenses			(1,060,463)	(7)	(884,398)	(6)
6500 Net other income			-	-	1,015	-
6900 Operating profit (loss)			1,876,281	12	(186,030)	(1)
Non-operating income and expenses						
7100 Interest income	6(25)		3,831	-	4,892	-
7010 Other income	6(26) and 7		97,403	-	76,251	1
7020 Other gains and losses	6(27)		(47,993)	-	(82,613)	(1)
7050 Finance costs	6(28)		(33,158)	-	(76,816)	(1)
7055 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)		1,200	-	1,148	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(7)		41,612	-	19,960	-
7000 Total non-operating income and expenses			62,895	-	(57,178)	(1)
7900 Profit (loss) before income tax			1,939,176	12	(243,208)	(2)
7950 Income tax expense	6(31)		(408,595)	(2)	(22,915)	-
8200 Profit (loss) for the year			\$ 1,530,581	10	(\$ 266,123)	(2)

(Continued)

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		Year ended December 31			
		2021		2020	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(18)			
		(\$	183,401)	(	1)
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)		(\$	34,730)
		(	42,384)	-	(
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss			119,628)	(
				(	1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)			
			-		-
				272	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
			44,146	-	
				30,872	-
			(	181,639)	(
				123,214)	(
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(7)			
			(	2,795)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(7)			
			(	23,475)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(31)			
			(	1,567)	-
				-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
			16,498	-	
				4,695	-
8300	Components of other comprehensive income that will be reclassified to profit or loss				
			12,136	-	(
				18,780)	-
8500	Total other comprehensive loss for the year				
			(\$	169,503)	(
				141,994)	(
8500	Total comprehensive income (loss) for the year				
			\$	1,361,078	9
			Profit (loss), attributable to:		
8610	Owners of parent				
			\$	1,530,581	10
			Comprehensive income attributable to:		
8710	Owners of parent				
			\$	1,361,078	9
			Basic earnings (loss) per share		
9750	Total basic earnings (loss) per share	6(32)			
			\$	2.24	(\$
9850	Total diluted earnings (loss) per share				0.48)
			\$	2.06	(\$
					0.48)

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Notes	Equity attributable to owners of the parent									
	Capital			Retained Earnings				Other equity interest		
	Ordinary share	Preference share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Total equity
<u>Year ended December 31, 2020</u>										
At January 1, 2020	\$ 5,573,285	\$ -	\$ 45,711	\$ -	\$ -	\$ 537,191	(\$ 35,267)	\$ 16,536	(\$ 71,301)	\$6,066,155
Loss for the year	-	-	-	-	-	(266,123)	-	-	-	(266,123)
Other comprehensive loss for the year	-	-	-	-	-	(27,512)	(18,780)	(95,702)	-	(141,994)
Total comprehensive loss	-	-	-	-	-	(293,635)	(18,780)	(95,702)	-	(408,117)
Distribution of 2019 earnings:	6(23)									
Legal reserve	-	-	-	53,719	-	(53,719)	-	-	-	-
Special reserve	-	-	-	-	18,730	(18,730)	-	-	-	-
Cash dividends	-	-	-	-	-	(82,849)	-	-	-	(82,849)
Issuance of preference share	6(21)	-	1,801,800	198,198	-	-	-	-	-	1,999,998
Share-based payment transactions	6(20)	(2,860)	-	(23,186)	-	-	-	-	53,627	27,581
Balance at December 31, 2020	<u>\$ 5,570,425</u>	<u>\$ 1,801,800</u>	<u>\$ 220,723</u>	<u>\$ 53,719</u>	<u>\$ 18,730</u>	<u>\$ 88,258</u>	<u>(\$ 54,047)</u>	<u>(\$ 79,166)</u>	<u>(\$ 17,674)</u>	<u>\$7,602,768</u>
<u>Year ended December 31, 2021</u>										
At January 1, 2021	\$ 5,570,425	\$ 1,801,800	\$ 220,723	\$ 53,719	\$ 18,730	\$ 88,258	(\$ 54,047)	(\$ 79,166)	(\$ 17,674)	\$7,602,768
Profit for the year	-	-	-	-	-	1,530,581	-	-	-	1,530,581
Other comprehensive income (loss) for the year	-	-	-	-	-	(146,721)	12,136	(34,918)	-	(169,503)
Total comprehensive income (loss)	-	-	-	-	-	1,383,860	12,136	(34,918)	-	1,361,078
Distribution of 2020 earnings:	6(23)									
Special reserve	-	-	-	-	88,258	(88,258)	-	-	-	-
Share-based payment transactions	6(20)	(16,106)	-	14,174	-	-	-	-	10,151	8,219
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	1,361	-	(1,361)	-	-
At December 31, 2021	<u>\$ 5,554,319</u>	<u>\$ 1,801,800</u>	<u>\$ 234,897</u>	<u>\$ 53,719</u>	<u>\$ 106,988</u>	<u>\$ 1,385,221</u>	<u>(\$ 41,911)</u>	<u>(\$ 115,445)</u>	<u>(\$ 7,523)</u>	<u>\$8,972,065</u>

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		\$ 1,939,176	(\$ 243,208)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(11)(29)	1,301,755	1,464,347
Amortization charge	6(12)(29)	37,035	51,256
Gain on expected credit impairment	12(2)	(17,300)	(4,081)
Losses on financial assets at fair value through profit or loss	6(27)	5,225	-
Interest expense	6(28)	33,158	76,816
Interest income	6(25)	(3,831)	(4,892)
Dividend income	6(26)	(9,538)	-
Share-based payments	6(20)	8,219	27,581
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(41,612)	(19,960)
Gain on disposal of property, plant and equipment	6(27)	(4,457)	(2,297)
Loss on disposal of investment property	6(27)	9,335	-
Gain on disposal of investments accounted for using equity method	6(27)	(3,550)	-
Loss on decline in market value	6(6)	18,720	44,836
Gain arising from lease modifications	6(9)	(1,324)	(1,015)
Reclassification of exchange differences on translation of foreign financial statements to foreign exchange losses		6,439	-
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease (increase) in contract assets		8,735	(1,843)
Decrease in notes receivable		706	918
(Increase) decrease in accounts receivable	(	( 669,690)	(265,515)
Increase in accounts receivable due from related parties	(	( 228,488)	(364)
(Increase) decrease in other receivables	(	( 34,328)	(1,316)
(Increase) decrease in other receivables due from related parties	(	( 12,456)	(24,059)
(Increase) decrease in inventories	(	( 708,004)	(65,371)
Decrease in prepayments		7,937	439
(Increase) decrease in other current assets	(	( 971)	(13,233)
(Increase) decrease in other non-current assets -others	(	( 389)	(188)
Changes in operating liabilities			
Increase (decrease) in contract liabilities		63,608	(4,068)
Decrease in notes payable	(	( 14,608)	(39,895)
Decrease (increase) in accounts payable		931,226	(752,638)
Increase (decrease) in accounts payable to related parties		1,741	(35,997)
Increase in other payable		375,240	2,545
Decrease in current provisions	(	( 2,532)	(777)
Increase (decrease) in other current liabilities		64,103	(122,056)
Decrease in net defined benefit liability	(	( 80,446)	(81,334)
Cash inflow generated from operations		2,978,834	723,995
Interest received		3,764	4,955
Income tax paid		-	(14,303)
Net cash flows from operating activities		2,982,598	714,647

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ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31				
		Notes		2021		2020
CASH FLOWS FROM INVESTING ACTIVITIES						
Increase in non-current financial assets at fair value through other comprehensive income			(\$	282,562)	\$	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		6(3)		32,727		-
Decrease (increase) in non-current financial assets at amortised cost				119,580	(	131,045)
Proceeds from disposal of investments accounted for using equity method		6(7)		13,535		-
Acquistion of property,plant and equipment (including prepayment for equipment)		6(33)	(	1,053,077 )	(	482,271)
Proceeds from disposal of property, plant and equipment				9,961		3,684
Decrease (increase) in refundable deposits				12,875	(	10,035)
Decrease in long-term accounts receivable due from related parties				-		4,963
Acquisition of intangible assets		6(12)	(	28,453 )	(	20,316)
Dividends received				22,442		-
Net cash flows used in investing activities			(	1,152,972 )	(	635,020)
CASH FLOWS FROM FINANCING ACTIVITIES						
Increase in short-term borrowings		6(34)		3,122,926		-
Decrease in short-term borrowings		6(34)	(	3,929,744 )	(	1,267,486)
Increase in short-term notes and bills payable		6(34)		49,972		-
Decrease in short-term notes and bills payable		6(34)		-	(	379,210)
Proceeds from long-term borrowings		6(34)		1,255,700		1,742,995
Repayments of long-term debt		6(34)	(	1,473,752 )	(	2,976,291)
Proceeds from issuance of preference share				-		999,999
Increase (decrease) in guarantee deposits received		6(34)		53,522	(	49)
Increase in other payables to related parties				-		603
Payments of lease liabilities		6(34)	(	29,494 )	(	27,344)
Cash dividends paid		6(23)		-	(	82,849)
Proceeds from issuing preference share				-		1,999,998
Interest paid			(	25,122 )	(	79,361)
Other financing activities				26,555		127,671
Net cash flows (used in) from financing activities			(	949,437)		58,676
Effect of exchange rate changes on cash and cash equivalents			(	2,818)		6,085
Net increase in cash and cash equivalents				877,371		144,388
Cash and cash equivalents at beginning of year				1,845,800		1,701,412
Cash and cash equivalents at end of year			\$	2,723,171	\$	1,845,800

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

Orient Semiconductor Electronics, Ltd.
Earnings Distribution Statement
2021

Unit: NT\$

Item	Amount	
	Sub-total	Total
Unappropriated earnings at beginning of period		0
Add: Net Profit of 2021	1,530,580,505	
Add: Disposal of equity instrument measured at fair value through other comprehensive income	1,361,216	
Less: Remeasurements of defined benefit plan	(146,720,882)	
Less: Appropriation of legal reserve (10%)	(138,522,084)	
Less: Appropriation of special reserve	(50,369,065)	
Available for distribution of earnings for 2021		1,196,329,690
Distribution Items:		
Less: Dividends for Preferred Shares C (Note 2)		(180,180,000)
Less: Cash dividend for common stock - NT\$1.0 per share (Note 3)		(553,735,533)
Unappropriated earnings at end of period		462,414,157
<p>Note 1: Among the Company's distributable earnings, the priority for distribution shall be given to the accumulated undistributed dividends of Class B preferred shares of the current year, which stood at NT\$20,602,719 as at December 31, 2021.</p> <p>Note 2: On December 3, 2020, through private placement, the Company issued 180,180,000 shares of preferred shares C, which bore an annual dividend rate of 2%. Calculated at the issuance price of NT\$11.10, the total distributed amount reached NT\$39,999,960. If the proposed dividend for the Company's common stock exceeds the dividend amount of Class C preferred shares, the holders of Class C preferred shares shall be entitled to participate in the distribution until the number of dividends per Class C preferred share is the same as the number of the dividend per common stock. An additional NT\$140,180,040 was distributed, bringing the total distribution amount to NT\$180,180,000.</p> <p>Note 3: Dividend distribution was calculated by applying the number of shares that had been issued and entitled to participation in right distribution as of the Board meeting dated April 28, 2022, which stood at 553,735,533 shares.</p> <p>Note 4: Cash dividends was calculated at the distribution percentage and rounded down to the nearest whole number. The sum of the fractional amount less than NT\$1 will be recognized as the Company's other income.</p>		

Chairman: Yueh-Ming, Tung

Manager: Yueh-Ming, Tung

Head of Accounting: Shu-Yung, Chu

Orient Semiconductor Electronics, Ltd.

"Procedure for Acquisition or Disposal of Assets"

Comparison Table of Amendment Clauses

After the amendment	Before the amendment	Amendment basis and reasons
<p>Article 4 Definition of Terms</p> <p><u>I.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.</u></p> <p><u>II. The related parties and subsidiaries: shall be determined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers by Securities Issuers.</u></p> <p><u>III. 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.</u></p> <p><u>IV.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.</u></p> <p><u>V.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.</u></p> <p><u>VI.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.</u></p> <p><u>VII.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.</u></p> <p><u>VIII.OTC: domestic OTC refers to the special counter</u></p>	<p>Article 4 Definition of Terms</p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>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.</u></p>	<p>Deleted, due to separate formulation of the "Procedures for Financial Derivatives Transactions".</p>

After the amendment	Before the amendment	Amendment basis and reasons
<p>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.</p> <p><u>IX.</u>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.</p> <p><u>X.</u>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.</p>	<p><u>VII.</u>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.</p> <p><u>VIII.</u>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.</p> <p><u>IX.</u>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.</p> <p><u>X.</u>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.</p> <p><u>XI.</u>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.</p>	
<p>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.</p> <p>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.</p> <p>II.They shall not be the related party or de facto related party with any party of transaction.</p> <p>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.</p> <p>When the persons stated in the preceding paragraph issue the appraisal report or their opinions, they shall comply with the <u>self-regulatory rules of their respective industry, in addition to the</u> following items:</p> <p>I.Prior to accepting a project, they shall carefully assess themselves the professional ability, the</p>	<p>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.</p> <p>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.</p> <p>II.They shall not be the related party or de facto related party with any party of transaction.</p> <p>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.</p> <p>When the persons stated in the preceding paragraph issue the appraisal report or their opinions, they shall comply with the following items:</p> <p>I.Prior to accepting a project, they shall carefully assess themselves the professional ability, the</p>	<p>Amended to align with the amendment to Article 5 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After the amendment	Before the amendment	Amendment basis and reasons
<p>practical experience and the independence.</p> <p>II. When <u>execution</u> 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.</p> <p>III. The source, parameters, and information of the data used shall be assessed item by item for their <u>suitability</u> and reasonableness to become the basis of the issuance of appraisal report or opinions.</p> <p>IV. The statement items shall include the professionalism and independence of the relevant persons, the <u>suitability</u> and reasonableness of the information used for appraisal, and the compliance with the relevant laws.</p>	<p>practical experience and the independence.</p> <p>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.</p> <p>III. The source, parameters and information of the data used shall be assessed item by item for its <u>completeness, accuracy</u> and reasonableness to become the basis of the issuance of appraisal report or opinions.</p> <p>IV. The statement items shall include the professionalism and independence of the relevant persons, the reasonableness and <u>accuracy</u> of the information used for appraisal and the compliance with the relevant laws.</p>	
<p>Article 7 Procedure on acquisition or disposal of real estate, equipment, or the rights-of-use assets</p> <p>I. Appraisal and Operating Procedure</p> <p>The real estate, equipment or its rights-of-use assets acquired or disposed of by the Company shall be subject to this procedure.</p> <p>II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount</p> <p>(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.</p> <p>(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.</p> <p>III. Execution Department</p> <p>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.</p> <p>IV. Appraisal Report of Real Estate, Equipment or Its Rights-of-Use Assets</p> <p>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 issued by the professional appraiser before the date of occurrence of the facts, and shall meet the following requirements:</p> <p>(1) Where due to special circumstances it is</p>	<p>Article 7 Procedure on acquisition or disposal of real estate, equipment, or the rights-of-use assets</p> <p>I. Appraisal and Operating Procedure</p> <p>The real estate, equipment or its rights-of-use assets acquired or disposed of by the Company shall be subject to this procedure.</p> <p>II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount</p> <p>(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.</p> <p>(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.</p> <p>III. Execution Department</p> <p>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.</p> <p>IV. Appraisal Report of Real Estate, Equipment or Its Rights-of-Use Assets</p> <p>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 <u>(the items that shall be stated in the appraisal report are specified in Appendix 1)</u> issued</p>	<p>Amended to align with the amendment to Article 9 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After the amendment	Before the amendment	Amendment basis and reasons
<p>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.</p> <p>(2) Where the transaction amount reaches NT\$1 billion or more, it shall be appraised by 2 or more professional appraisers.</p> <p>(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 express specific opinions regarding the reasons for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 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. <p>(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.</p> <p>(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.</p>	<p>by the professional appraiser before the date of occurrence of the facts, and shall meet the following requirements:</p> <p>(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.</p> <p>(2) Where the transaction amount reaches NT\$1 billion or more, it shall be appraised by 2 or more professional appraisers.</p> <p>(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 <u>with the Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter referred to as the "ARDF")</u>, and express specific opinions regarding the reasons for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 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. <p>(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.</p> <p>(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.</p>	
<p>Article 8 Procedure for Acquisition or Disposal of the Investment of Securities</p> <p>I. Appraisal and Operating Procedure</p> <p>The purchase and selling of long-term securities and short-term securities by the Company shall be subject to this procedure.</p> <p>II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount</p> <p>(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</p>	<p>Article 8 Procedure for Acquisition or Disposal of the Investment of Securities</p> <p>I. Appraisal and Operating Procedure</p> <p>The purchase and selling of long-term securities and short-term securities by the Company shall be subject to this procedure.</p> <p>II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount</p> <p>(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</p>	<p>Amended to align with the amendment to Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After the amendment	Before the amendment	Amendment basis and reasons
<p>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.</p> <p>(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.</p> <p>III. Execution Department</p> <p>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.</p> <p>IV.IV. Obtaining Expert's Opinions</p> <p>(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. 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.</p> <p>(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.</p>	<p>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.</p> <p>(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.</p> <p>III. Execution Department</p> <p>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.</p> <p>IV.IV. Obtaining Expert's Opinions</p> <p>(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. <u>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.</u> 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.</p> <p>(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.</p>	
<p>Article 9 Transaction with the Related Party</p> <p>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</p>	<p>Article 9 Transaction with the Related Party</p> <p>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</p>	<p>Amended to align with the amendment to Article 15 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After the amendment	Before the amendment	Amendment basis and reasons
<p>attention to its legal form, the substantial relationship shall be considered.</p> <p>II.Appraisal and Operating Procedure</p> <p>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:</p> <p>(I) The purpose and necessity for acquisition or disposal of assets and its anticipated benefits.</p> <p>(II) The reasons for selecting the related party as the transaction counterparty.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(VI) The appraisal report issued by the professional appraiser or the opinions from CPAs pursuant to the first Paragraph of this Article.</p> <p>(VII) The restrictions of this transaction and other important appointment items.</p> <p>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 <u>two</u> Paragraph of Article 7 and afterward shall be reported to the latest Board Meeting for ratification.</p> <p>(I) Acquisition or disposal of equipment or its rights-of-use assets for business use.</p> <p>(II) Acquisition or disposal of real estate or its rights-of-use assets for business use.</p> <p><u>Where the Company or its subsidiary that is not a domestically listed company engages in any transaction listed in Paragraph 1 and the transaction amount reaches 10 percent of the Company's total assets, the information listed in Paragraph 1 shall be</u></p>	<p>addition to paying attention to its legal form, the substantial relationship shall be considered.</p> <p>II.Appraisal and Operating Procedure</p> <p>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:</p> <p>(I) The purpose and necessity for acquisition or disposal of assets and its anticipated benefits.</p> <p>(II) The reasons for selecting the related party as the transaction counterparty.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(VI) The appraisal report issued by the professional appraiser or the opinions from CPAs pursuant to the first Paragraph of this Article.</p> <p>(VII) The restrictions of this transaction and other important appointment items.</p> <p><u>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.</u></p> <p>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 <u>3</u> of <u>first</u> Paragraph of Article 7 and</p>	

After the amendment	Before the amendment	Amendment basis and reasons
<p>submitted by the Company to the shareholders' meeting for approval; only after such information has been approved by the shareholders' meeting may the contract be signed or payment be made. However, this does not apply to the transaction between the Company and its parent or subsidiary, or among subsidiaries.</p> <p>The transaction amount in Paragraph 1 and 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 and the shareholders' meeting for resolution shall not be counted in.</p> <p>(Omission)</p>	<p>afterward shall be reported to the latest Board Meeting for ratification.</p> <p>(I) Acquisition or disposal of equipment or its rights-of-use assets for business use.</p> <p>(II) Acquisition or disposal of real estate or its rights-of-use assets for business use.</p> <p>(Omission)</p>	
<p>Article 10 Procedure for Acquisition or Disposal of Memberships or Intangible Assets or its rights-of-use assets</p> <p>I. Appraisal and Operating Procedure</p> <p>The memberships or intangible assets or its rights-of-use assets acquired or disposed of by the Company shall be subject to this procedure.</p> <p>II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>III. Execution Department</p> <p>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.</p>	<p>Article 10 Procedure for Acquisition or Disposal of Memberships or Intangible Assets or its rights-of-use assets</p> <p>I. Appraisal and Operating Procedure</p> <p>The memberships or intangible assets or its rights-of-use assets acquired or disposed of by the Company shall be subject to this procedure.</p> <p>II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>III. Execution Department</p> <p>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</p>	<p>Amended to align with the amendment to Article 11 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After the amendment	Before the amendment	Amendment basis and reasons
<p>IV. Expert's Appraisal Opinions Report for Memberships or Intangible Assets</p> <p>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.</p>	<p>administrative department shall be responsible for implementation.</p> <p>IV. Expert's Appraisal Opinions Report for Memberships or Intangible Assets</p> <p>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.</p>	
<p>Article 12 The Company's financial derivatives transactions shall be in compliance with the Company's "Procedures for Financial Derivatives Transactions".</p>	<p>Article 12 Procedure for the Acquisition or Disposal of Derivatives</p> <p><u>I. Transaction Principle and Guidelines</u></p> <p><u>(I) Transaction Type</u></p> <p>1. <u>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 combining the above commodities, etc.).</u></p> <p>2. <u>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.</u></p> <p><u>(II) Operation (Hedge) Strategy</u></p> <p><u>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.</u></p> <p><u>(III) Delegation of Authorization and Duties</u></p> <p>1. <u>Finance/Accounting Department</u></p> <p><u>(1) Trader</u></p> <p>A. <u>Be responsible for the strategy establishment for the entire financial commodities transactions for the Company.</u></p> <p>B. <u>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.</u></p>	<p>Deleted, due to separate formulation of the "Procedures for Engagement in Derivatives Trading".</p>

After the amendment	Before the amendment	Amendment basis and reasons												
	<p>C. <u>Execute transactions according the authorized limits and the established strategy.</u></p> <p>D. <u>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.</u></p> <p>(2) <u>Finance/Accounting Personnel</u></p> <p>A. <u>Performing the transaction confirmation.</u></p> <p>B. <u>Review whether the transaction is proceeded based on the authorized limits and the established strategy.</u></p> <p>C. <u>Proceed with monthly assessments and report the assessment to the president.</u></p> <p>D. <u>Accounting processing</u></p> <p>E. <u>Reporting and announcement according to the regulations of the security authority.</u></p> <p>(3) <u>Settlement Personnel: perform settlement tasks.</u></p> <p>(4) <u>Derivatives Authorized Limits</u></p> <p>A. <u>Hedging Trading Authorized Limits</u></p> <table border="1"> <thead> <tr> <th>Approver</th><th>Daily trading limits</th><th>Net Accumulated Position Trading Limits</th></tr> </thead> <tbody> <tr> <td>Chief of Finance Department</td><td>USD 1 million and below</td><td>USD 2 million and below</td></tr> <tr> <td>Chief of General Administration Division</td><td>USD 2 million and below</td><td>USD 5 million and below</td></tr> <tr> <td>General Manager</td><td>USD 4 million and below</td><td>USD 10 million and below</td></tr> </tbody> </table> <p>B. <u>Other specific purpose transactions shall be reported to the Board Meeting for approval before proceeding.</u></p> <p>C. <u>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.</u></p> <p>2. <u>Audit Department</u></p> <p><u>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.</u></p> <p>3. <u>Performance Evaluation</u></p> <p>(1) <u>Hedging transaction</u></p> <p>A. <u>The profit and loss generated from the derivatives financial transactions with the exchange rate booking cost shall be the basis of the performance evaluation.</u></p> <p>B. <u>In order to completely control and express the evaluation risk of the transaction, the Company adopts the monthly evaluation</u></p>	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	
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												

After the amendment	Before the amendment	Amendment basis and reasons
	<p><u>method to assess the profit and loss.</u></p> <p><u>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.</u></p> <p><u>(2) Specific Purpose Transactions</u> <u>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.</u></p> <p><u>4. Establishment for Total Contract Amount and Loss Limit</u></p> <p><u>(1) Total Contract Amount</u></p> <p><u>A. Maximum Amount of Hedging Transactions</u> <u>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.</u></p> <p><u>B. Specific Purpose Transactions</u> <u>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.</u></p> <p><u>(2) Establishment of Loss Limit</u></p> <p><u>A. The hedging transactions are made to avoid the risk, so it is not necessary to set a limit for loss.</u></p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>D. The maximum annual loss for the specific purpose trading operations for the Company shall be limited to USD 300,000.</u></p> <p><u>II. Risk Management Measures</u></p> <p><u>(I) Credit Risk Management</u></p>	

After the amendment	Before the amendment	Amendment basis and reasons
	<p><u>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:</u></p> <p><u>Transaction Counterparty: mainly domestic and famous foreign financial institutions.</u></p> <p><u>Trading Product: limited to the products provided by the domestic and famous foreign financial institutions.</u></p> <p><u>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.</u></p> <p><u>(II) Market Risk Management</u></p> <p><u>The open foreign exchange market provided by banks is the main market, and the futures market is not considered at the moment.</u></p> <p><u>(III) Liquidity Risk Management</u></p> <p><u>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.</u></p> <p><u>(IV) Cash Flow Risk Management</u></p> <p><u>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.</u></p> <p><u>(V) Operational Risk Management</u></p> <ol style="list-style-type: none"> <u>1. The Company's authorized maximum amount, operating procedure and internal audit shall be adhered to in order to avoid operating risks.</u> <u>2. Traders who are engaged in derivatives trading and the operators who are responsible for confirmation and settlement shall not act for each other.</u> <u>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.</u> <u>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.</u> <p><u>(VI) Commodity Risk Management</u></p>	

After the amendment	Before the amendment	Amendment basis and reasons
	<p><u>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.</u></p> <p><u>(VII) Legal Risk Management</u></p> <p><u>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.</u></p> <p><u>III. Internal Audit System</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>IV. Regularly Evaluation Method</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>V. The Supervision Management Principles of the Board of Directors When Engaging in Derivatives Trading</u></p> <p><u>(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:</u></p> <p><u>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</u></p>	

After the amendment	Before the amendment	Amendment basis and reasons
	<p><u>procedure for derivatives trading established by the Company.</u></p> <p>2. <u>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.</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p>	
<p>Article 14 Information Disclosure Procedures</p> <p>I. Announcement Items and Standards</p> <p>(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.</p> <p>(II) Proceedings for the mergers, demergers, acquisitions or transfer of shares.</p> <p>(III) The loss of the derivatives trading reaches the maximum limited loss amount of the whole or individual agreement stipulated in the procedure established.</p> <p>(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:</p> <p>1. Paid-in capital does not reach NT\$10 billion and the transaction amount reaches NT\$500 million or more.</p> <p>2. Paid-in capital reaches NT\$10 billion or more and transaction amount reaches NT\$1 billion or more.</p>	<p>Article 14 Information Disclosure Procedures</p> <p>I. Announcement Items and Standards</p> <p>(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.</p> <p>(II) Proceedings for the mergers, demergers, acquisitions or transfer of shares.</p> <p>(III) The loss of the derivatives trading reaches the maximum limited loss amount of the whole or individual agreement stipulated in the procedure established.</p> <p>(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:</p> <p>1. Paid-in capital does not reach NT\$10 billion and the transaction amount reaches NT\$500 million or more.</p>	

After the amendment	Before the amendment	Amendment basis and reasons
<p>(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.</p> <p>(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.</p> <p>(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:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds, <u>or a foreign government bond with a sovereign rating not lower than the sovereign rating of the ROC.</u> 2. Where a professional investor trades the securities on domestic or oversea securities exchanges or OTC, or where a securities firm subscribes to <u>foreign government bond</u>, 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 to or redeems the securities investment trust fund or futures trust fund, <u>or subscribes to or redeems exchange-traded notes (ETNs).</u> or where a securities firm subscribes to 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. <p>(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.</p> <ol style="list-style-type: none"> 1. The amount of each transaction. 2. The accumulated transaction amount of 	<p>2. Paid-in capital reaches NT\$10 billion or more and transaction amount reaches NT\$1 billion or more.</p> <p>(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.</p> <p>(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.</p> <p>(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:</p> <ol style="list-style-type: none"> 1. Trading domestic public bonds. 2. Where a professional investor trades the securities on domestic <u>or oversea securities exchanges or OTC</u>, or where a <u>securities firm</u> 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. <p>(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.</p> <ol style="list-style-type: none"> 1. The amount of each transaction. 	<p>Amended to align with the amendment to Article 31 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After the amendment	Before the amendment	Amendment basis and reasons
<p>acquisition or disposal of the same character with the same transaction counterparty within one year.</p> <p>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.</p> <p>4. The accumulated amount of acquisition or disposal of (acquisition and disposal are accumulated respectively) the same securities within one year.</p> <p>II. Deadline of Announcements and Declarations</p> <p>When the Company acquires or disposes of the assets that involve mandatory announcement 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 <u>by type and in the prescribed format</u> within 2 days from the date of occurrence of the facts.</p> <p>III. Announcement and Declaration Procedure</p> <p>(I) The Company shall report the relevant information to the website designated by the securities authority for the announcement.</p> <p><u>(II) 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.</u></p> <p><u>(III) 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.</u></p> <p><u>(IV) 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:</u></p> <ol style="list-style-type: none"> 1. The relevant signed contacts 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. 	<p>2. The accumulated transaction amount of acquisition or disposal of the same character with the same transaction counterparty within one year.</p> <p>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.</p> <p>4. The accumulated amount of acquisition or disposal of (acquisition and disposal are accumulated respectively) the same securities within one year.</p> <p>II. Deadline of Announcements and Declarations</p> <p>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.</p> <p>III. Announcement and Declaration Procedure</p> <p>(I) The Company shall report the relevant information to the website designated by the securities authority for the announcement.</p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>(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:</u></p> <ol style="list-style-type: none"> 1. The relevant signed contacts 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 	<p>Consolidated the requirement of announcement format stipulated in Paragraph 4 of this Article into this paragraph for summary purpose.</p> <p>Deleted, due to separate formulation of the "Procedures for Financial Derivatives Transactions".</p>

After the amendment	Before the amendment	Amendment basis and reasons
	<p>have been changed.</p> <p><u>IV. Announcement Format</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>(V) The announcement format for the investment in Mainland China is as shown in Appendix 6.</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>(VIII) The announcement format for the mergers, demergers, acquisitions or transfer of shares is as shown in Appendix 8.</u></p>	<p>Consolidated the requirement of announcement format stipulated in this Article into Paragraph 2 for summary purpose.</p>

Orient Semiconductor Electronics, Ltd. Procedures for Financial Derivatives Transactions

June 10, 2022 Establishment

Article 1 Purpose

The “Procedures for Financial Derivatives Transactions” (the “Procedures”) serve to effectively control the risks arising from conducting OSE’s (the “Company”) financial derivative transactions.

Any other matters not set forth in the Procedures shall be governed in accordance with the applicable laws, rules, and regulations.

Article 2 Instruments

“Financial derivatives” referred herein are broadly defined as instruments that derive their value from the performance of interest rates, foreign exchange rates, prices of financial instruments, indexes, credit ratings, or other variables. Such instruments include swaps, options, futures, forwards, various combinations thereof, embedded derivatives contracts, or structured products. “Forwards” referred herein exclude insurance, performance, after-sale service, long-term lease and long-term purchase (sales) agreements. The Company shall be prohibited from conducting or entering into transactions involving instruments that are not specified herein.

Article 3 Strategy

Financial derivatives are strictly used for hedging purposes to limit the Company’s net exposure after internal netting of income against expense, and asset against liability, incurred from business activities or highly probable forecasted transactions.

Transactions involving financial derivatives need to be ascertained to be conducted for hedging purposes. In addition, the transaction counterparty shall be limited to the banks that the Company constantly deals with, or internationally renowned financial institutions, so as to mitigate the credit risk.

Article 4 Authorization / Delegation

I. Finance Department

The financial personnel in charge of trading and confirming derivative transactions shall be designated by the Division-level executives.

The functions of trading, confirmation and settlement shall be performed by different personnel within the Finance Division.

The transaction counterparty needs to be informed of the identity of the personnel who is appointed or removed to be responsible for trading and confirmation before the effective date of the relevant appointment or discharge

II. Accounting Department

The Company accurately and appropriately states its hedge transactions and the gains or losses arising therefrom on its financial statements in accordance with applicable accounting standards.

Article 5 Transaction Contract Dollar Amount And Loss Control

I. Hedging

The dollar amount of total contracts outstanding shall not exceed the net position/exposure is 50% for the next three months. Loss limit is 10% of the contract amount for any individual contract or for all contracts on an aggregated basis.

II. Trading

Shall not engage in any transactions for trading purposes.

Article 6 Performance Evaluation

Performance is evaluated against pre-determined strategies.

Article 7 Operating Procedures

- I. Level of Delegation/Authorization : The Credit Authorization Table is formulated by referencing the Company's risk management and the growth in operating revenue, by an approval from the Chairman, and by a submission to the Board of Directors for reference. This rule shall apply to any amendment thereafter.

The levels of delegation and authority to execute each transaction are limited as follows:

Approver	Daily trading limits
Top executive at the division level	USD 3.0 million below
Executive at the center level	USD 3.0~5.0 million and below
Chairman	USD 5.0 million and higher

Transactions at a certain amount may be made only after an approval is obtained from the person qualified for authorizing such amount. Where a position denominated in foreign currency occurs, it shall be subject to regulations equivalent to those listed in the table above.

- II. Execution unit: Executed by the finance units. After the completion of each transaction, the transaction amounting to no more than NT\$5.0 million shall be approved in writing with a signature of the executive whose credit authorization level is one tier above the credit authorization level to which such a transaction is subject.

Article 8 Set up the memorandum book

- I. 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 in this Article shall be recorded in detail on the memorandum book for reference. The internal auditor shall regularly understand the appropriateness of internal control for derivatives trading, monthly audit the compliance of the finance units on the derivatives trading procedure, analyze the transaction cycle, and prepare the audit report. If the internal auditor spots any material violations, it shall report the same in writing to the Audit Committee, and shall discipline the violator according to the violation circumstance.
- II. In accordance with the relevant regulations, a record book shall be established and maintained to record all of the Company's financial derivative transactions which, except as otherwise specified by laws, must be retained for at least five years.

Article 9 Internal Control

I. Risk Management Measures

(I) Credit Risk Management

Credit risk is controlled by restricting the counterparties that OSE may deal with to

those who either have banking relationships with OSE or are internationally renowned and are able to provide sufficient information. Market Risk Management

(II) Market/Price Risk Management

Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled.

(III) Liquidity Risk Management

Liquidity risk shall be controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

(IV) Cash Flow Risk Management

The Company shall maintain adequate level of quick assets and credit facilities to meet the cash settlement requirement.

(V) Operational Risk Management

Delegation systems and operating procedures set forth herein are employed to control operating risks.

(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

Any legal documents in respect of financial derivative transactions shall first be reviewed by in-house legal counsel before being executed to control legal risk.

II. Internal Control

(I) The respective functions of trading, confirmation and settlement shall be performed by different personnel.

(II) Once the trading personnel execute any transactions, the confirmation personnel shall confirm the transaction terms with the counterparties and obtain relevant supervisory ratifications.

(III) The evaluation, monitoring, and control of aforementioned risks arising from derivative transactions shall be performed by the Chairman's designee appointed by written designation and from a section within the Company that is different from the one responsible for the trading, confirmation and settlement thereof. This responsible personnel shall also report to the Chairman or the Board.

III. Regularly Evaluation Method

(I) The Board holds the Chairman or his designee appointed by written designation accountable for the evaluation, monitoring, and control of risks arising from financial derivative transactions. The Board is itself responsible for evaluating the Finance Division's hedging performance and results periodically to oversee how well they fit in the Company's overall business and operating strategies and to review if the associated risks thereof have exceeded the Company's risk tolerance.

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 Chairman or his/her designee appointed by written designation authorized by the Board of Directors.

Article 10 Internal Audit

Internal audit personnel is required to evaluate the sufficiency of the internal control system in connection with financial derivative transactions on a periodic basis, to conduct auditing of the compliance by related departments of the Procedures, and to produce monthly reports. A written report of any violation must be submitted to notify the Audit Committee of same.

Article 11 Announcement and Declaration Procedure

The Company shall, on a monthly basis, report and publicly disclose the financial derivative transactions conducted by it and its subsidiaries (that are not domestic public companies) up to the end of the previous month in accordance with relevant regulations.

In addition to the above, all other reporting/disclosure items are subject to the relevant regulations. For any reporting and public disclosure as required above to be made for the Company's subsidiary which is not a domestic public company, the Company is responsible for making such required disclosure on behalf of its relevant subsidiary.

Should there be any inaccuracies or incompleteness in the Company's required public disclosures, the Company needs to restate its public disclosure on all items in their entirety.

Article 12 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 13 For the Company's subsidiaries contemplating the conduct of financial derivative transactions, the Company shall supervise such subsidiary to establish relevant procedures for such transactions. Such procedures shall be approved by the Audit Committee and/or the Board of Directors and/or Shareholders' Meeting of the subsidiary and become effective thereafter. Relevant information of any financial derivative transactions executed by such subsidiary shall be submitted periodically to the Company for inspection.

Article 14 These Procedures shall be approved by the Audit Committee, the Board of Directors, and the Shareholders' Meeting. Any amendment hereof is subject to the same procedures.

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 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.

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 10% to 15% for the compensation of the Employees and not higher than 1% 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.
The forty-eighth amendment was made on July 15, 2021.

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
 July 15, 2021 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

- III. 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.

- IV. 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.
- V. The related parties and subsidiaries: shall be determined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers by Securities Issuers.
- VI. 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.
- VII. 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.
- VIII. 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.
- IX. 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.
- X. 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.
- XI. 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.
- XII. 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.
- XIII. 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 150% of the net worth.
- II. Total amount of investment for long-term securities and short-term securities shall not exceed 100% 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

- IV. 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.

V. 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 it 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 combining 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	USD 1 million and	USD 2 million and below

Department	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

(VIII) 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.

(IX) 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.

(X) 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.

(XI) 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.

(XII) 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.

(XIII) 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.

(XIV) 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 .

Orient Semiconductor Electronics, Ltd.

Shareholding Status of All Directors

Base Date: April 12, 2022

Base Date: April 12, 2022

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	July 15, 2021	Common shares	534,739	0.10%	Common shares	534,739	0.10%	
Director	PHISON ELECTRONICS CORPORATION	July 15, 2021	Common shares	7,336,369	1.32%	Common shares	7,336,369	1.32%	
Director	Chipbond Technology Corporation Representative: Huo-wen Gao	July 15, 2021	Common shares	163,995,498	29.45%	Common shares	163,995,498	29.45%	
Director	Chipbond Technology Corporation Representative: Shi-wei Luo		Preferred Shares B	90,090,000	100.00%	Preferred Shares B	90,090,000	100.00%	
			Preferred SharesC	180,180,000	100.00%	Preferred SharesC	180,180,000	100.00%	
Independent Director	Ching-Tien, Tsai	July 15, 2021	Common shares	0	0.00%	Common shares	0	0.00%	
Independent Director	Jeng-Ren, Chiou	July 15, 2021	Common shares	0	0.00%	Common shares	0	0.00%	
Independent Director	Jia-Hua, Hsu	July 15, 2021	Common shares	0	0.00%	Common shares	0	0.00%	
Total			Common shares	171,866,606		Common shares	171,866,606		
			Preferred Shares B	90,090,000		Preferred Shares B	90,090,000		
			Preferred SharesC	180,180,000		Preferred SharesC	180,180,000		

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

Total Number of Common Stocks Issued on April 12, 2022: 555,461,733 Shares

Note: the minimum shareholdings of all Directors required by law: 26,421,975 shares, the shareholdings of all Directors on April 12, 2022: 171,866,606 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.