

**ORIENT SEMICONDUCTOR  
ELECTRONICS LIMITED AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2022 AND 2021**

---

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED

By

Yueh-Ming Tung, Chairman

February 22, 2023

## 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 sheets of Orient Semiconductor Electronics, Ltd. and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years 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 that came into effect as endorsed by the Financial Supervisory Commission.

### Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of 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 audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 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 2022 consolidated financial statements are stated as follows:

~3~

## **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, 2022, the amount of the Company's deferred income tax assets was NTD 973,068 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 and investments accounted for under the equity method 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 and the balances of these investments accounted for under the equity method amounted to NT\$12,252 thousand and NT\$569,532 thousand, constituting 0.07% and 3.35% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and operating revenue both amounted to NT\$0 thousand, constituting 0% of the consolidated total operating revenue for the years then ended.

#### **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, 2022 and 2021.

## **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 that came into effect 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 Standards on Auditing of 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 Standards on Auditing of 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 22, 2023

---

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' 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, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
	<b>Current assets</b>					
1100	Cash and cash equivalents	6(1)	\$ 3,945,818	23	\$ 2,723,171	16
1136	Current financial assets at amortised cost	6(4) and 8	245,600	1	11,465	-
1140	Current contract assets	6(24)	272,248	2	296,090	2
1150	Notes receivable, net	6(5)	155	-	146	-
1170	Accounts receivable, net	6(5)	3,022,087	18	2,892,798	17
1180	Accounts receivable due from related parties, net	6(5) and 7	399	-	458,409	3
1200	Other receivables		38,894	-	59,042	-
1210	Other receivables due from related parties	7	-	-	56,596	-
130X	Inventories	6(6)	1,818,028	11	1,825,991	11
1410	Prepayments		107,990	1	97,313	-
1460	Non-current assets or disposal groups classified as held for sale, net	6(13)	-	-	488,274	3
1479	Other current assets, others		23,812	-	15,941	-
11XX	<b>Current Assets</b>		<u>9,475,031</u>	<u>56</u>	<u>8,925,236</u>	<u>52</u>
	<b>Non-current assets</b>					
1510	Non-current financial assets at fair value through profit or loss	6(2)	-	-	1,261	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	1,021,427	6	314,683	2
1550	Investments accounted for using equity method	6(7)	1,843	-	467,174	3
1600	Property, plant and equipment	6(8) and 8	5,220,775	31	5,403,685	32
1755	Right-of-use assets	6(9)	166,755	1	256,264	2
1760	Investment property - net	6(11)	-	-	-	-
1780	Intangible assets	6(12) and 7	47,547	-	32,972	-
1840	Deferred tax assets	6(31)	973,068	6	1,205,821	7
1915	Prepayments for business facilities		20,581	-	167,490	1
1920	Guarantee deposits paid	8	17,098	-	154,187	1
1940	Long-term notes and accounts receivable due from related parties	7	-	-	85,839	-
1990	Other non-current assets, others		2,659	-	3,877	-
15XX	<b>Non-current assets</b>		<u>7,471,753</u>	<u>44</u>	<u>8,093,253</u>	<u>48</u>
1XXX	<b>Total assets</b>		<u>\$ 16,946,784</u>	<u>100</u>	<u>\$ 17,018,489</u>	<u>100</u>

(Continued)

**ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Current borrowings	6(14) and 8	\$ -	-	\$ 299,408	2
2110	Short-term notes and bills payable	6(15)	-	-	49,986	-
2130	Current contract liabilities	6(24)	77,879	-	88,971	1
2150	Notes payable		-	-	59,087	-
2170	Accounts payable		3,042,415	18	3,221,816	19
2180	Accounts payable to related parties	7	736	-	745	-
2200	Other payables	6(16)	1,299,565	8	1,637,483	10
2220	Other payables to related parties	7	20,000	-	40,986	-
2230	Current tax liabilities		123,863	1	-	-
2250	Current provisions		14,439	-	10,356	-
2280	Current lease liabilities	7	27,958	-	35,532	-
2320	Long-term liabilities, current portion	6(17) and 8	-	-	60,700	-
2365	Current refund liabilities		21,068	-	24,820	-
2399	Other current liabilities, others		56,398	-	165,963	1
21XX	Current Liabilities		4,684,321	27	5,695,853	33
Non-current liabilities						
2540	Non-current portion of non-current borrowings	6(17) and 8	1,148,962	7	587,694	4
2580	Non-current lease liabilities	7	133,352	1	213,510	1
2635	Non-current preference share liabilities	6(19)	1,003,851	6	1,005,149	6
2640	Net defined benefit liability, non-current	6(18)	185,658	1	487,200	3
2645	Guarantee deposits received		39,864	-	57,018	-
25XX	Non-current liabilities		2,511,687	15	2,350,571	14
2XXX	Total Liabilities		7,196,008	42	8,046,424	47
Equity attributable to owners of parent						
	Share capital	6(20)(21)				
3110	Common stock		5,553,299	33	5,554,319	33
3120	Preferred stock		1,801,800	11	1,801,800	11
	Capital surplus	6(22)				
3200	Capital surplus		238,171	1	234,897	1
	Retained earnings	6(23)				
3310	Legal reserve		192,241	1	53,719	-
3320	Special reserve		157,357	1	106,988	1
3350	Unappropriated retained earnings		2,000,701	12	1,385,221	8
	Other equity interest					
3400	Other equity interest		( 192,793 )	( 1 )	( 164,879 )	( 1 )
31XX	Equity attributable to owners of the parent		9,750,776	58	8,972,065	53
3XXX	Total equity		9,750,776	58	8,972,065	53
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		\$ 16,946,784	100	\$ 17,018,489	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, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(24) and 7		\$ 15,531,669	100	\$ 15,948,138	100
5000 Operating costs	6(6)(12)(29)(30) and 7		( 13,008,745)	( 84)	( 13,011,394)	( 81)
5900 Net operating margin			2,522,924	16	2,936,744	19
Operating expenses	6(12)(29)(30)					
6100 Selling and administrative expenses			( 742,128)	( 5)	( 774,535)	( 5)
6300 Research and development expenses			( 340,002)	( 2)	( 302,028)	( 2)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)		( 7,548)	-	16,100	-
6000 Total operating expenses			( 1,089,678)	( 7)	( 1,060,463)	( 7)
6500 Net other income (expenses)	6(9)		54	-	-	-
6900 Operating profit			1,433,300	9	1,876,281	12
Non-operating income and expenses						
7100 Interest income	6(25) and 7		11,102	-	3,831	-
7010 Other income	6(26) and 7		166,048	1	97,403	-
7020 Other gains and losses	6(27)		153,180	1	( 47,993)	-
7050 Finance costs	6(28)		( 25,909)	-	( 33,158)	-
7055 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)		-	-	1,200	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(7)		30,567	-	41,612	-
7000 Total non-operating income and expenses			334,988	2	62,895	-
7900 Profit before income tax			1,768,288	11	1,939,176	12
7950 Income tax expense	6(31)		( 319,635)	( 2)	( 408,595)	( 2)
8200 Profit for the year			\$ 1,448,653	9	\$ 1,530,581	10

(Continued)



**ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

		Year ended December 31			
		2022		2021	
Items	Notes	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Other comprehensive income (loss), before tax, actuarial gains (losses) on defined benefit plans	6(18)			
		\$	120,460	1	(\$ 183,401) ( 1)
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)			
		(	72,236) ( 1) (	42,384)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)			
		(	24,002)	-	44,146 -
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
			24,222	-	( 181,639) ( 1)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(7)			
			37,794	1	( 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)			
			-	-	( 1,567) -
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(31)			
		(	7,819)	-	16,498 -
8360	Components of other comprehensive income that will be reclassified to profit or loss				
			29,975	1	12,136 -
8300	<b>Total other comprehensive income (loss) for the year</b>		\$ 54,197	1	(\$ 169,503) ( 1)
8500	<b>Total comprehensive income for the year</b>		\$ 1,502,850	10	\$ 1,361,078 9
Profit attributable to:					
8610	Owners of parent		\$ 1,448,653	9	\$ 1,530,581 10
Comprehensive income attributable to:					
8710	Owners of parent		\$ 1,502,850	10	\$ 1,361,078 9
Basic earnings per share 6(32)					
9750	Total basic earnings per share		\$ 2.02	\$	2.24
9850	Total diluted earnings per share		\$ 1.94	\$	2.06

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, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent									Total equity
		Share capital		Retained earnings				Other equity interest			
		Ordinary share	Preference share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	
<u>Year 2021</u>											
Balance 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)		-	-	-	-	-	( 146,721 )	12,136	( 34,918 )	-	( 169,503 )
Total comprehensive income (loss)		-	-	-	-	-	1,383,860	12,136	( 34,918 )	-	1,361,078
Appropriation and distribution of 2020 retained earnings:											
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		-	-	-	-	-	1,361	-	( 1,361 )	-	-
Balance at December 31, 2021		\$ 5,554,319	\$ 1,801,800	\$ 234,897	\$ 53,719	\$ 106,988	\$ 1,385,221	(\$ 41,911 )	(\$ 115,445 )	(\$ 7,523 )	\$ 8,972,065
<u>Year 2022</u>											
Balance at January 1, 2022		\$ 5,554,319	\$ 1,801,800	\$ 234,897	\$ 53,719	\$ 106,988	\$ 1,385,221	(\$ 41,911 )	(\$ 115,445 )	(\$ 7,523 )	\$ 8,972,065
Profit for the year		-	-	-	-	-	1,448,653	-	-	-	1,448,653
Other comprehensive income (loss)		-	-	-	-	-	96,368	29,975	( 72,146 )	-	54,197
Total comprehensive income (loss)		-	-	-	-	-	1,545,021	29,975	( 72,146 )	-	1,502,850
Appropriation and distribution of 2021 retained earnings:											
Legal reserve		-	-	-	138,522	-	( 138,522 )	-	-	-	-
Special reserve		-	-	-	-	50,369	( 50,369 )	-	-	-	-
Cash dividend	6(23)	-	-	-	-	-	( 733,916 )	-	-	-	( 733,916 )
Share-based payment transactions	6(20)	( 1,020 )	-	483	-	-	-	-	-	7,523	6,986
Disposal of investments accounted for under the equity method	6(18)	-	-	2,791	-	-	-	-	-	-	2,791
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	-	( 6,734 )	-	6,734	-	-
Balance at December 31, 2022		\$ 5,553,299	\$ 1,801,800	\$ 238,171	\$ 192,241	\$ 157,357	\$ 2,000,701	(\$ 11,936 )	(\$ 180,857 )	\$ -	\$ 9,750,776

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, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,768,288	\$ 1,939,176
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(11)(29)	1,112,078	1,301,755
Amortization charge	6(12)(29)	26,739	37,035
Loss (gain) on expected credit impairment	12(2)	7,548	( 17,300 )
Loss on financial assets at fair value through profit or loss	6(27)	1,261	5,225
Interest expense	6(28)	25,909	33,158
Interest income	6(25)	( 11,102 )	( 3,831 )
Dividend income	6(26)	( 54,660 )	( 9,538 )
Compensation cost of share-based payments	6(20)	6,986	8,219
Share of profit of associates and joint ventures accounted for using equity method	6(7)		
Loss on disposal of property, plant and equipment	6(27)	( 30,567 )	( 41,612 )
Loss on disposal of investment property	6(27)	( 20,498 )	( 4,457 )
Loss on disposal of investment property	6(27)	-	9,335
Gain on disposal of non-current assets held for sale	6(27)	( 52,164 )	-
Gain on disposal of investments accounted for using equity method	6(27)		
Loss on decline in market value	6(6)	-	( 3,550 )
Gain arising from lease modifications		22,620	18,720
Reclassification of exchange differences on translation of foreign financial statements to foreign exchange losses	(	2,172 )	( 1,324 )
Other losses	(	5,956 )	6,439
		521	-
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease in contract assets		23,842	8,735
(Increase) decrease in notes receivable	(	9 )	706
Increase in accounts receivable	(	131,822 )	( 669,690 )
Decrease (increase) in accounts receivable due from related parties		458,010	( 228,488 )
Decrease (increase) in other receivables		18,831	( 34,328 )
Decrease (increase) in other receivables due from related parties		62,813	( 12,456 )
Decrease (increase) in inventories		4,761	( 708,004 )
Decrease in prepayments		1,028	7,937
(Increase) in other current assets	(	7,655 )	( 971 )
Decrease (increase) in other non-current assets -others		1,355	( 389 )
Changes in operating liabilities			
(Decrease) increase in contract liabilities	(	11,165 )	63,608
Decrease (increase) in notes payable		-	( 14,608 )
(Decrease) increase in accounts payable	(	192,238 )	931,226
(Decrease) increase in accounts payable to related parties	(	9 )	1,741
Decrease (increase) in other payables	(	105,070 )	375,240
Increase in other payables to related parties		14,491	-
Increase (decrease) in current provisions		4,083	( 2,532 )
(Decrease) increase in other current liabilities	(	2,664 )	64,103
Decrease in net defined benefit liability	(	181,082 )	( 80,446 )
Cash inflow generated from operations		2,752,331	2,978,834
Interest received		10,642	3,764
Income tax received		4,982	-
Net cash flows from operating activities		2,767,955	2,982,598

(Continued)



**ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in non-current financial assets at fair value through other comprehensive income		( \$ 801,062 )	( \$ 282,562 )
Proceeds from liquidation of financial assets at fair value through other comprehensive income	6(3)	22,082	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	32,727
(Increase) decrease in non-current financial assets at amortised cost		( 229,395 )	119,580
Proceeds from disposal of investments accounted for using equity method		-	13,535
Acquisition of property, plant and equipment	6(33)	( 1,092,284 )	( 1,053,077 )
Proceeds from disposal of non-current assets held for sale		964,396	-
Proceeds from disposal of property, plant and equipment		31,774	9,961
Decrease in refundable deposits		138,851	12,875
Acquisition of intangible assets	6(12)	( 41,170 )	( 28,453 )
Decrease in long-term accounts receivable due from related parties		93,400	-
Dividends received		54,660	22,442
Net cash flows used in investing activities		( 858,748 )	( 1,152,972 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(34)	1,621,958	3,122,926
Decrease in short-term borrowings	6(34)	( 1,922,195 )	( 3,929,744 )
Increase in short-term notes and bills payable	6(34)	-	49,972
Decrease in short-term notes and bills payable	6(34)	( 50,011 )	-
Proceeds from long-term borrowings	6(34)	863,262	1,255,700
Repayments of long-term borrowings	6(34)	( 362,694 )	( 1,473,752 )
Increase (decrease) in guarantee deposits received	6(34)	( 17,156 )	53,522
Payments of lease liabilities	6(34)	( 34,306 )	( 29,494 )
Cash dividends paid	6(23)	( 733,916 )	-
Payment of interest		( 29,779 )	( 25,122 )
Other financing activities		-	26,555
Net cash flows used in financing activities		( 664,837 )	( 949,437 )
Effect of exchange rate changes on cash and cash equivalents		( 21,723 )	( 2,818 )
Net increase in cash and cash equivalents		1,222,647	877,371
Cash and cash equivalents at beginning of year		2,723,171	1,845,800
Cash and cash equivalents at end of year		<u>\$ 3,945,818</u>	<u>\$ 2,723,171</u>

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organisation

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

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

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

These financial statements were authorised for issuance by the Board of Directors on February 22, 2023.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

New standards, interpretations and amendments that came into effect as endorsed by the FSC effective from 2023 are as follows:

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. Summary of Significant Accounting Policies

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



(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income financial assets measured at fair value.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Transactions, balances and unrealised gains or losses between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2022	December 31, 2021	
Orient Semiconductor Electronics Limited	OSE Philippines INC. ("OSEP")	(a) Integrated circuit and semiconductor components.	93.67%	93.67%	Notes 1 and 2
		(b) Research, design, manufacture, assembly, processing, test and after-sales service of aforementioned products.			
Orient Semiconductor Electronics Limited	OSE International Limited ("OSE BVI")	Investments in various production business.	100%	100%	-
Orient Semiconductor Electronics Limited	Coreplus (HK) Limited ("COREPLUS")	Accepted orders, purchased materials and outsourcing processing of components combination business.	100%	100%	-
Orient Semiconductor Electronics Limited	Hua-Cheng Investment Co. ("Hua-Cheng")	Reinvestments in various business.	100%	100%	Note 3
OSE International Limited	OSE Philippines INC. ("OSEP")	(a) Integrated circuit and semiconductor components.	6.33%	6.33%	Notes 1 and 2
		(b) Research, design, manufacture, assembly, processing, test and after-sales service of aforementioned products.			
Corplus (HK) Limited	Value-Plus Technology (Suzhou) Co. (Value-Plus (Suzhou))	Adhesive processing, plug-in welding processing and related test, combination processing, technique maintenance and after-sale service of the surface of base plate of electronic components	100%	100%	-

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

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

Note 3: Subsidiary which was established and invested by the Group in January 2021.

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

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

E. Significant restrictions: None.

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

#### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

##### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

##### B. Translation of foreign operations

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

#### (5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;

- (c) Assets that are expected to be realised within twelve months from the balance sheet date; and
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date; and
  - (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:  
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment.

- D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

(13) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Non-current assets held for sale

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

(17) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.



- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3~51 years
Machinery and equipment	3~ 7 years
Transportation equipment	3 ~ 5 years
Office equipment	3 ~ 6 years
Other equipment	3 ~ 7 years

(18) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. The lease liability is at the present value of the lease payments that are not paid and shall be discounted using the Group's incremental borrowing rate at commencement date. The lease payments include fixed payments less any lease incentives receivable.
- The lease liability is subsequently measured using an effective interest method on an amortised cost basis and the interest expense is allocated over the lease term. The amount of the remeasurement of the lease liability shall be recognised as an adjustment to the right-of-use asset if there are changes in the lease term or to the lease payments not arising from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- The amount of the initial measurement of lease liability; and
  - Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 40 years.

(20) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 3 years.

(21) Impairment of non-financial assets

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

(22) Borrowings

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

(23) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(24) Preference share liability

Preference share liabilities issued by the Group contain put options. The Group classifies the bonds payable upon issuance as a financial asset and financial liability in accordance with the contract terms. They are accounted for as follows:

A. The embedded put options are recognised initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets at fair value through profit or loss'.

B. The host contracts of preference share liabilities are initially recognised at total issue price less the fair value of call option of preference share liabilities and subsequently is amortised in profit or loss as an adjustment to the 'finance costs' over the period of circulation using the effective interest method.

C. Any transaction costs directly attributable to the issuance of preference share liabilities are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

(25) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(26) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Provisions

Provisions (including warranties, etc.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are not recognised for future operating losses.

(28) Employee benefits

A. Salaries and other short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(29) Employee share-based payment

Employee restricted shares:

- A. Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- B. Before satisfying the vested condition of restricted stocks which were issued by the Company, there was no right to appropriate earnings. Other options were the same as the issued common stocks of the Company (including but not limited to: capital reduction, dividend distribution from capital surplus), and equity interest from consolidation, split, share transference and other legal events.
- C. For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem at no consideration and retire those stocks which were not vested.

(30) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries

and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(31) Share capital

Ordinary shares are classified as equity. The classification of preference shares is determined by assessing the particular rights attached to the preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. Preference shares are classified as liabilities when they have the fundamental characteristic of financial liabilities (Note 4(24)); otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(32) Revenue recognition

A. Package and test service

- (a) The Group provides package and test of integrated circuit and related business. When performing a contract, the objective is to create or strengthen assets which were controlled by customers, thus, revenue was recognised over time, recognised as contract assets before the contract has been completed, and was transferred to accounts receivable when issuing bills. If the collected proceeds from sales exceeded the amount of recognised revenue, the difference was recognised as contract liabilities.
- (b) As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

B. Manufacturing service of electronic products

- (a) The Group manufactures, processes and sells electronic products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- (b) Sales revenue was recognised as contract price, a refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.
  - (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- C. The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision. As of the balance sheet date, the Group estimated probable warranty obligation and recognised liability provisions.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

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

(1) Critical judgements in applying the Group's accounting policies

Revenue recognition on a net/gross basis

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the good or service before it is provided to a customer include the following:

- A. The Group is primarily responsible for the provision of goods or services;
- B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Group has discretion in establishing prices for the goods or services.



## (2) Critical accounting estimates and assumptions

### A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the products' market and historical sales experience and other factors. Therefore, there might be material changes to the evaluation.

On December 31, 2022, the carrying amount of the Group's inventories was \$1,818,028.

### B. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

On December 31, 2022, the Group recognised deferred tax assets amounting to \$973,068.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 189	\$ 234
Checking accounts and demand deposits	3,356,169	2,341,393
Time deposits	<u>589,460</u>	<u>381,544</u>
	<u>\$ 3,945,818</u>	<u>\$ 2,723,171</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's time deposits which were restricted with maturity over three months or pledged as collaterals and the foreign capital remitted back to Taiwan and deposited in a bank special account have been transferred to 'financial assets at amortised cost — current', please refer to Note 6(4) for details.

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

(2) Financial assets at fair value through profit or loss

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

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

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

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Unlisted stocks	\$ 10,613	\$ 39,879
Listed stocks	1,010,814	274,804
	<u>\$ 1,021,427</u>	<u>\$ 314,683</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,021,427 and \$314,683 as at December 31, 2022 and 2021, respectively.

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

C. In July 2021, the Group sold \$32,727 of unlisted stocks at fair value and resulted in cumulative gains on disposal amounting to \$1,361, which have been transferred from other equity to retained earnings.

D. For the years ended December 31, 2022 and 2021, the Group has financial assets at fair value through other comprehensive income recognised in comprehensive loss due to changes of fair value in the amounts of \$72,236 and \$42,384, respectively.

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

(4) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits with maturity over three months	\$ 245,600	\$ -
Demand deposits-foreign capital special account	-	1,780
Pledged time deposits	-	9,685
	<u>\$ 245,600</u>	<u>\$ 11,465</u>

- A. For the years ended December 31, 2022 and 2021, the interest income from time deposits was recognised under interest income from bank deposits, please refer to Note 6(25).
- B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- C. Demand deposits-foreign capital special account was the amount that the Group deposited in the bank special account in accordance with The Management, Utilization, and Taxation of Repatriated Offshore Funds Act, which was restricted for use based on an approved plan. The investment related to this transaction had been completed based on the approved plan, and obtained the completion proof of investment plan issued by the Ministry of Economic Affairs.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

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

	December 31, 2022	December 31, 2021
Notes receivable	\$ 155	\$ 146
Less: Loss allowance	-	-
	<u>\$ 155</u>	<u>\$ 146</u>
Accounts receivable	\$ 3,035,158	\$ 2,898,319
Less: Loss allowance	(13,071)	(5,521)
	<u>\$ 3,022,087</u>	<u>\$ 2,892,798</u>
Accounts receivable due from related parties	\$ 399	\$ 458,409
Less: Loss allowance	-	-
	<u>\$ 399</u>	<u>\$ 458,409</u>

- A. For details of the aging analysis of notes and accounts receivable which were based on the dates past due and information relating to credit risk, please refer to Note 12(2).
- B. As of December 31, 2022 and 2021, accounts and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$2,462,663.
- C. The Group has no notes and accounts receivable pledged to others as collateral.
- D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit

enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$155 and \$146, as at December 31, 2022 and 2021, respectively, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$3,022,486 and \$3,351,207, respectively.

(6) Inventories

	December 31, 2022	December 31, 2021
Raw materials	\$ 1,585,642	\$ 1,707,141
Supplies	157,344	158,991
Work in progress	315,903	235,247
Finished goods	<u>40,867</u>	<u>28,139</u>
	2,099,756	2,129,518
Less: Allowance for valuation loss	( 281,728)	( 303,527)
	<u>\$ 1,818,028</u>	<u>\$ 1,825,991</u>

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

	Year ended December 31	
	2022	2021
Cost of goods sold	\$ 13,014,518	\$ 13,009,908
Scrapping inventory and loss on decline in market value	22,620	18,720
Others	( 28,393)	( 17,234)
	<u>\$ 13,008,745</u>	<u>\$ 13,011,394</u>

B. As of December 31, 2022 and 2021, the fire insurance amount of inventories were \$15,234,807 and \$14,069,881, respectively.

(7) Investments accounted for using equity method

	2022	2021
At January 1	\$ 467,174	\$ 450,878
Earnings distribution of investments accounted for using equity method	- (	12,904)
Share of profit or loss of investments accounted for using equity method	30,567	41,612
Disposal of investments accounted for using equity method	- (	9,985)
Transfers to non-current assets held for sale	( 503,729)	-
Changes in other equity interest	<u>7,831</u>	<u>( 2,427)</u>
At December 31	<u>\$ 1,843</u>	<u>\$ 467,174</u>

	December 31, 2022		December 31, 2021	
	Amount	Shareholding ratio	Amount	Shareholding ratio
Associates:				
OSE PROPERTIES, INC.	\$ 1,843	39.99%	\$ -	39.99%
ATP ELECTRONICS, TAIWAN INC.	-	-	467,174	18.31%
SCS HIGHTECH INC.	-	18.71%	-	18.17%
	<u>\$ 1,843</u>		<u>\$ 467,174</u>	

- A. As of December 31, 2021, the Group's carrying amount of long-term equity investments was decreased to \$0 due to the accumulated investment loss which was recognised as a result of the continuous deficit incurred by OSE Properties, Inc.
- B. The carrying amount of the Group's investment in SCS HIGHTECH, INC. has been recognised as zero, and there is no further legal or constructive obligation to accrue additional losses. The company has been approved to nullify the registration in 2004 and is still pending liquidation.
- C. In April 2022, the Board of Directors of the Group resolved to dispose ATP Electronics Taiwan Inc. In June 2022, the Group signed a share transfer agreement to sell 18.31% of ownership for proceeds of \$501,962, and all proceeds from the sale had been collected in accordance with the agreement and the equity settlement and transfer were completed in September 2022. Additionally, please refer to Note 6(13) for the details of the transfers to non-current assets held for sale.
- D. As of December 31, 2022 and 2021, there were no investments accounted for using equity method pledged as collaterals.
- E. As of December 31, 2022 and 2021, the Group had no significant associate.
- F. The Group's share of the operating results in all individually immaterial associates is summarized below:

	Year ended December 31	
	2022	2021
Profit	\$ 30,567	\$ 41,612
Other comprehensive income (loss), net of tax	5,199	(1,567)
Total comprehensive income for the period	<u>\$ 35,766</u>	<u>\$ 40,045</u>

(8) Property, plant and equipment

	December 31, 2022	December 31, 2021
Property, plant and equipment		
- Owner-occupied	\$ 5,219,945	\$ 5,402,722
- Operating leases	830	963
	<u>\$ 5,220,775</u>	<u>\$ 5,403,685</u>

(Remainder of page intentionally left blank)

## A. Property, plant and equipment for self-use

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment under installation</u>	<u>Total</u>
Cost and revaluation increment:							
January 1, 2022 (Note)	\$ 7,031,115	\$ 14,745,469	\$ 4,187	\$ 59,325	\$ 376,097	\$ 927,623	\$ 23,143,816
Additions	-	75	-	-	-	901,452	901,527
Disposals	( 28,720)	( 431,708)	( 1,047)	( 1,131)	( 9,731)	-	( 472,337)
Transfers	81,355	1,058,394	-	-	51,842	( 1,183,821)	7,770
Impact of changes in foreign exchange rate	-	21,589	48	147	202	64	22,050
December 31, 2022	<u>\$ 7,083,750</u>	<u>\$ 15,393,819</u>	<u>\$ 3,188</u>	<u>\$ 58,341</u>	<u>\$ 418,410</u>	<u>\$ 645,318</u>	<u>\$ 23,602,826</u>
Depreciation and impairment:							
January 1, 2022 (Note)	\$ 4,809,885	\$ 12,524,278	\$ 3,930	\$ 58,965	\$ 344,036	\$ -	\$ 17,741,094
Depreciation expense	131,868	936,888	5	22	15,569	-	1,084,352
Disposals	( 20,891)	( 428,474)	( 1,042)	( 1,119)	( 9,710)	-	( 461,236)
Transfers	-	( 28)	-	-	-	-	( 28)
Impact of changes in foreign exchange rate	-	18,350	44	141	164	-	18,699
December 31, 2022	<u>\$ 4,920,862</u>	<u>\$ 13,051,014</u>	<u>\$ 2,937</u>	<u>\$ 58,009</u>	<u>\$ 350,059</u>	<u>\$ -</u>	<u>\$ 18,382,881</u>



	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment under installation</u>	<u>Total</u>
Cost and revaluation increment:							
January 1, 2021	\$ 7,119,353	\$ 14,463,402	\$ 4,354	\$ 66,823	\$ 389,653	\$ 63,831	\$ 22,107,416
Additions	-	6,513	-	-	33	1,356,829	1,363,375
Disposals	( 2,521)	( 315,315)	( 146)	( 7,258)	( 34,211)	-	( 359,451)
Transfers (Note)	( 85,717)	597,363	-	-	20,729	( 493,036)	39,339
Impact of changes in foreign exchange rate	-	( 6,494)	( 21)	( 240)	( 107)	( 1)	( 6,863)
December 31, 2021	<u>\$ 7,031,115</u>	<u>\$ 14,745,469</u>	<u>\$ 4,187</u>	<u>\$ 59,325</u>	<u>\$ 376,097</u>	<u>\$ 927,623</u>	<u>\$ 23,143,816</u>
Depreciation and impairment:							
January 1, 2021	\$ 4,779,640	\$ 11,752,849	\$ 4,029	\$ 66,025	\$ 361,047	\$ -	\$ 16,963,590
Depreciation expense	156,005	1,078,072	66	161	17,286	-	1,251,590
Disposals	( 2,401)	( 310,209)	( 146)	( 6,990)	( 34,201)	-	( 353,947)
Transfers (Note)	( 123,359)	10,012	-	-	-	-	( 113,347)
Impact of changes in foreign exchange rate	-	( 6,446)	( 19)	( 231)	( 96)	-	( 6,792)
December 31, 2021	<u>\$ 4,809,885</u>	<u>\$ 12,524,278</u>	<u>\$ 3,930</u>	<u>\$ 58,965</u>	<u>\$ 344,036</u>	<u>\$ -</u>	<u>\$ 17,741,094</u>
Carrying amount, net:							
December 31, 2022	<u>\$ 2,162,888</u>	<u>\$ 2,342,805</u>	<u>\$ 251</u>	<u>\$ 332</u>	<u>\$ 68,351</u>	<u>\$ 645,318</u>	<u>\$ 5,219,945</u>
December 31, 2021	<u>\$ 2,221,230</u>	<u>\$ 2,221,191</u>	<u>\$ 257</u>	<u>\$ 360</u>	<u>\$ 32,061</u>	<u>\$ 927,623</u>	<u>\$ 5,402,722</u>

Note: In July 2021, the Group transferred part of buildings and structures held for its own use to non-current assets held for sale, and the related cost and accumulated depreciation amounted to \$124,639 and \$123,359, respectively. Information relating to non-current assets held for sale is provided in Note 6(13).

## B. Property, plant and equipment for operating lease

	Buildings and structures	Machinery and equipment	Total
<b>Cost and revaluation increment:</b>			
January 1 and December 31, 2022	\$ 10,721	\$ -	\$ 10,721
<b>Depreciation and impairment:</b>			
1-Jan-22	\$ 9,758	\$ -	\$ 9,758
Depreciation	133	-	133
December 31, 2022	\$ 9,891	\$ -	\$ 9,891
<b>Cost and revaluation increment:</b>			
January 1, 2021	\$ 279,342	\$ 19,503	\$ 298,845
Disposals	- (	4,058) (	4,058)
Transfer (Note)	( 268,621)	( 15,445)	( 284,066)
December 31, 2021	\$ 10,721	\$ -	\$ 10,721
<b>Depreciation and impairment:</b>			
January 1, 2021	\$ 143,389	\$ 13,713	\$ 157,102
Depreciation	133	368	501
Disposals	- (	4,058) (	4,058)
Transfer (Note)	( 133,764)	( 10,023)	( 143,787)
December 31, 2021	\$ 9,758	\$ -	\$ 9,758
Carrying amount, net:			
December 31, 2022	\$ 830	\$ -	\$ 830
December 31, 2021	\$ 963	\$ -	\$ 963

Note: In July 2021, the Group transferred part of buildings and structures held for operating leases to non-current assets held for sale, and the related cost and accumulated depreciation amounted \$268,621 and \$133,764, respectively. Information relating to non-current assets held for sale is provided in Note 6(13).

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

	Year ended December 31	
	2022	2021
Amount capitalised	\$ 6,590	\$ 2,528
Range of the interest rates for capitalisation	0.89% ~ 1.28%	0.99% ~ 1.33%

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

E. As of December 31, 2022 and 2021, the insured amount of fire insurance of property, plant and equipment were \$10,151,541 and \$10,592,326, respectively.

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

## (9) Leasing arrangements — lessee

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

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

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	\$ 125,250	\$ 206,245
Buildings and structures	-	5,607
Machinery and equipment	33,711	39,490
Transportation equipment	7,794	4,922
	<u>\$ 166,755</u>	<u>\$ 256,264</u>
	Year ended December 31	
	2022	2021
	Depreciation expense	Depreciation expense
Land	\$ 12,309	\$ 15,034
Buildings and structures	5,974	6,722
Machinery and equipment	5,779	963
Transportation equipment	3,501	3,772
	<u>\$ 27,563</u>	<u>\$ 26,491</u>

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$7,176 and \$44,594, respectively.

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

	Year ended December 31	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,156	\$ 4,687
Expense on short-term lease contracts	6,333	5,255
Expense on leases of low-value assets	2,964	3,634
(Excluding expense on leases of low-value assets of short-term lease)		
Gains arising from lease modifications	1,894	-
(shown as 'other gains and losses')		
Gains arising from lease modifications	54	-
(shown as 'other income and expenses - net')		

E. For the years ended December 31, 2022 and 2021, the total amount of the Group's cash outflow from leasing were \$46,759 and \$43,070, respectively.

F. In March 2022, the Company's subsidiary, OSEP, disposed the plant which had ceased operation in the Philippines and terminated the land lease agreement, where the original plant is located. The related derecognised right-of-use assets and the gain arising from lease modification amounted to \$62,306 and \$1,894, respectively.

G. The Group has applied the practical expedient to “Covid-19-related rent concessions”, and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$0 and \$1,324 for the years ended December 31, 2022 and 2021, respectively.

(10) Leasing arrangements - lessor

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

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

	Year ended December 31	
	2022	2021
Related revenue from fixed lease payments	\$ 7,235	\$ 7,522

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

	December 31, 2022	December 31, 2021
Within 1 year	\$ 5,124	\$ 6,975
Later than one year but not later than two years	3,919	4,395
Later than two years but not later than three years	729	3,191
Later than three years but not later than four years	703	-
Later than four years but not later than five years	703	-
Later than five years	2,929	-
	<u>\$ 14,107</u>	<u>\$ 14,561</u>

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

(11) Investment property

	<u>Buildings and structures</u>
<u>Cost</u>	<u>2021</u>
At January 1	\$ 583,773
Disposals	( 10,486)
Transfer	( 556,793)
Net exchange differences	( 16,494)
At December 31	<u>\$ -</u>

	<u>Buildings and structures</u>
	<u>2021</u>
<u>Accumulated depreciation and impairment</u>	
At January 1	\$ 189,287
Depreciation expense	22,108
Disposals	( 1,053)
Transfer	( 204,656)
Net exchange differences	( 5,686)
At December 31	<u>\$ -</u>
Book value	<u>\$ -</u>

- A. For the year ended December 31, 2021, rental revenue recognised from investment property was \$1,433, and there were no direct operating expenses.
- B. Compared with December 31, 2020, the fair value of the Group's investment property has no significant change as of December 31, 2021. The fair value as of December 31, 2020 was \$462,414. The valuation results were appraised using the cost approach by independent appraisers and belongs to Level 3 fair value.
- C. The Group has no investment property pledged to others as collateral.
- D. In December 2021, the Group transferred the investment property to non-current assets held for sale, the cost and accumulated depreciation amounted to \$556,793 and \$204,656, respectively.

(12) Intangible assets

	<u>Computer software</u>	
	<u>2022</u>	<u>2021</u>
<u>Cost</u>		
At January 1	\$ 440,354	\$ 405,052
Additions — acquired separately	41,170	28,453
Reclassifications	126	6,849
At December 31	<u>\$ 481,650</u>	<u>\$ 440,354</u>
<u>Accumulated amortisation</u>		
At January 1	\$ 407,382	\$ 370,346
Amortisation charge	26,739	37,035
Net exchange differences	( 18)	1
At December 31	<u>\$ 434,103</u>	<u>\$ 407,382</u>
Book value	<u>\$ 47,547</u>	<u>\$ 32,972</u>

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

	Year ended December 31	
	2022	2021
Operating costs	\$ 14,729	\$ 21,442
Selling and administrative expenses	\$ 5,846	\$ 7,757
Research and development expenses	\$ 6,164	\$ 7,836

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

(13) Non-current assets held for sale

- A. The assets related to certain plants located in Kaohsiung Nanzih Technology Industrial Park have been reclassified as disposal group held for sale following the approval of the Group's Board of Directors to sell the plants in cooperation with the Land Redevelopment Project of Technology Industrial Park Administration. The transaction and ownership transfer are expected to be completed within a year. As of December 31, 2021, the assets of disposal group held for sale amounted to \$136,137, and there were no related liabilities. The Company collected the full amount of the consideration for the sale of the plant in July 2022 and completed the related procedures.
- B. In December 2021, the Board of Directors of the Company's subsidiary, OSEP, resolved to dispose the plant which has ceased operation in the Philippines. The transaction was expected to be completed and transferred in one year, thus, the Group classified related assets as held for sale group. On December 31, 2021, the assets of the disposal group classified as held for sale amounted to \$352,137 and had no related liabilities. The Company collected the full amount of the consideration for the sale of the plant in March 2022 and completed the related procedures.
- C. The Board of Directors of the Company resolved to dispose all shares of ATP Electronics Taiwan Inc. held by the Group in April 2022. The transaction was expected to be completed and settled within a year. Therefore, the Group transferred related assets to disposal group held for sale. The assets of the disposal group held for sale as at September 2022 amounted to \$500,812 and there were no related liabilities. The Company collected the full amount of the consideration for the disposal of the shares in September 2022 and completed the related procedures.
- D. No impairment loss was incurred as a result of the remeasurement of the aforementioned disposal group held for sale at the lower of its carrying amount or fair value less costs to sell.

(14) Short-term borrowings

	December 31, 2022	December 31, 2021
Borrowings to purchase materials	\$ -	\$ -
Unsecured borrowings	-	290,000
Secured borrowings	-	9,408
	\$ -	\$ 299,408
Interest rate range	-	0.93%~1.28%

For the years ended December 31, 2022 and 2021, the amounts of interest expense recognised in



profit or loss were \$3,778 and \$9,960, respectively.

A. As of December 31, 2022 and 2021, the Group's total unused amounts of short-term borrowings was \$4,274,122 and \$3,509,312, respectively.

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

(15) Short-term notes and bills payable

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

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

(16) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salary and bonus payable	\$ 504,618	\$ 558,230
Pension payable	38,321	37,923
Employees' compensation and directors' remuneration payable	221,996	238,421
Payables for machinery and equipment	303,918	574,727
Utilities expense payable	34,418	31,809
Compensation payable	17,193	12,232
Insurance premiums payable	78,454	76,227
Employment Stability Fund payable	15,125	14,928
Other payables	85,522	92,986
	<u>\$ 1,299,565</u>	<u>\$ 1,637,483</u>

### (17) Long-term borrowings

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

  

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to September 2028; interest is payable monthly; principal is repayable at maturity	0.6%~1.1% (Note 1)	None	\$ 558,394
Secured borrowings	Borrowing period is from December 2021 to December 2024; interest is repayable monthly; principal is repayable at maturity (Note 2)	1.05%	Machinery and equipment	60,000
Secured borrowings	Borrowing period is from December 2021 to May 2023; interest is repayable monthly; principal is repayable at maturity (Note 3)	1.1%	Buildings and structures	30,000
				648,394
Less: Current portion				( 60,700)
				\$ 587,694

Note 1: Some of the Group's loans were granted in accordance with the 'Guidelines of Project Loans for Returning Overseas Taiwanese Businesses' of National Development Fund, Executive Yuan. The interest rate of the loans for the first 5 years is the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank less 0.245% of annual interest. In the event of failure to meet the requirements of the aforementioned Guidelines of Project Loans during the loan period, the interest rate will be changed to the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank plus 0.255% of annual interest.

Note 2: The Group made early repayments on the secured loans from banks in September 2022.

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

A. For the years ended December 31, 2022 and 2021, the amounts of interest expense recognised in profit or loss were \$6,834 and \$2,358, respectively.

B. As of December 31, 2022 and 2021, the Group's total unused amounts of long-term borrowings was \$3,459,038 and \$3,792,300, respectively.

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

### (18) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. For the Company's domestic employees who are applicable to the Labor Pension

Act, the Company and its domestic subsidiaries contribute monthly an amount equal to 10% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 956,158	\$ 1,102,913
Fair value of plan assets	( 770,500)	( 615,713)
Net defined benefit liability	<u>\$ 185,658</u>	<u>\$ 487,200</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>2022</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	\$ 1,102,913	(\$ 615,713)	\$ 487,200
Current service cost	6,244	-	6,244
Interest (expense) income	<u>6,948</u>	<u>( 3,879)</u>	<u>3,069</u>
	<u>1,116,105</u>	<u>( 619,592)</u>	<u>496,513</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 45,981)	( 45,981)
Change in financial assumptions	( 89,668)	-	( 89,668)
Experience adjustments	<u>15,189</u>	<u>-</u>	<u>15,189</u>
	<u>( 74,479)</u>	<u>( 45,981)</u>	<u>( 120,460)</u>
Pension fund contribution	-	( 190,395)	( 190,395)
Paid pension	<u>( 85,468)</u>	<u>85,468</u>	<u>-</u>
At December 31	<u>\$ 956,158</u>	<u>(\$ 770,500)</u>	<u>\$ 185,658</u>

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 952,778	(\$ 568,532)	\$ 384,246
Current service cost	5,372	-	5,372
Interest (expense) income	4,002	( 2,388)	1,614
	<u>962,152</u>	<u>( 570,920)</u>	<u>391,232</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 8,703)	( 8,703)
Change in financial assumptions	( 34,010)	-	( 34,010)
Experience adjustments	<u>226,114</u>	<u>-</u>	<u>226,114</u>
	<u>192,104</u>	<u>( 8,703)</u>	<u>183,401</u>
Pension fund contribution	-	( 87,433)	( 87,433)
Paid pension	<u>( 51,343)</u>	<u>51,343</u>	<u>-</u>
At December 31	<u>\$ 1,102,913</u>	<u>(\$ 615,713)</u>	<u>\$ 487,200</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.14%	0.63%
Future salary increases	1.00%	1.5%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit

obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 20,390)	\$ 22,439	\$ 22,355	(\$ 20,513)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 74,154)	\$ 83,161	\$ 81,993	(\$ 74,018)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) The Company expects to pay contributions for the pension plan in the amount of \$53,933 in the succeeding one year.
- (g) As of December 31, 2022 the weighted average duration of the retirement plan is 4 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 772,618
1-2 year(s)	97,325
2-5 years	105,966
Over 5 years	9,674
	<u>\$ 985,583</u>

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

ended December 31, 2022 and 2021 were \$129,884 and \$122,882, respectively.

(19) Preference share liability

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Class B preferred shares	\$ 1,003,851	\$ 1,005,149
Less: Maturity within one year	-	-
	<u>\$ 1,003,851</u>	<u>\$ 1,005,149</u>

On December 3, 2020, the Company's shareholders held an extraordinary general meeting and approved the private placement of class B preferred shares in the amount of 90,090 thousand shares. The subscriber, Chipbond Technology Corporation (Chipbond) has completed the payment on December 16, 2020, with a total amount of \$999,999 at \$11.1 per share. The effectuated date was set on December 21, 2020. According to the issuance condition of class B preferred shares, the issuance period was 5 years and there was an obligation to pay cash or transfer another financial asset to the counterparty (holder). Thus, the value of the preference share was split into preference share liabilities and call options (shown as financial assets at fair value through profit or loss) in the amounts of \$1,006,485 and \$6,486, respectively. For the years ended December 31, 2022 and 2021, the amount of interest expense which was estimated by annual rate and amortised based on interest method were \$18,703 and \$18,663, respectively.

The issuance conditions were as follows:

- A. The distribution of earnings was based on the Company's Articles of Incorporation, current year or current quarter and accumulated undistributable dividend shall first be appropriated to class B preferred shares. If there was no earnings or earnings were not sufficient to be appropriated to class B preferred shares, the distributable earnings shall be appropriated to class B preferred shares. The insufficient dividend shall first then be appropriated in a profitable year or quarter afterward.
- B. The annual dividend rate of class B preferred shares was 2% which were calculated at the issuance price per share and paid in cash, the ex-dividend date of preferred dividend was authorised to be determined by the Board of Directors. The issuance number in issuance year or quarter and recovered year or quarter were calculated at the actual issuance number of days.
- C. If the expected dividend distribution amount of common share exceeds the dividend amount of class B preferred shares in the current year or quarter, the shareholders of class B preferred shares cannot participate in the distribution.
- D. Except for aforementioned dividend, the shareholders of class B preferred shares cannot participate in the appropriation of earnings and reserves to shareholders of common share and other types of preference shares.
- E. Class B preferred shares were not promised to be transferred to common share.
- F. The shareholders of class B preferred shares have no voting right in the common shareholders' meeting and cannot be elected as directors (including independent directors). However, the shareholders of class B preferred shares has voting right in preferred shareholders' meeting and

matters of preferred shareholders' right.

- G. When it comes to appropriate residual assets of company, class B preferred shares have priority over common shares and class C preferred shares. However, the amount was limited to the issuance price plus total amount of unpaid dividend.
- H. The issuance period of class B preferred shares was 5 years, shareholders of class B preferred shares did not have the right to demand the Company to call back class B preferred shares. However, on the date after 3 years of the issuance date, the Company can call back all or some of class B preferred shares at actual issuance price in cash or other ways which were permitted by regulations. The rights and obligations of class B preferred shares which have not been called will continue until the Company calls back. In the current year of calling back the class B preferred shares, if the Company's shareholders resolve to appropriate dividends, the amount of dividends which have to be distributed as of the date of call back will be calculated according to the number of actual issuance days in the current year.
- I. The preemptive rights for stockholders of Class B preferred stocks are the same as of common stocks when the Company increases its capital by issuing shares.
- J. When class B preferred shares meet the condition of called back or mature in the issuance period, if the Company cannot call back all or some class B preferred shares due to force majeure or inscrutable fault of the Company, the rights of class B preferred shares which have not been called back will continue according to aforementioned issuance conditions until the Company calls back all the class B preferred shares. The dividends will be calculated according to original annual rate and actual extension period, the rights of class B preferred shares shall not be diminished according to the Company's Articles of Incorporation.
- K. Class B preferred shares will not be listed in the issuance period.

(20) Share-based payment

- A. For the years ended December 31, 2022 and 2021, the Group's share-based payment arrangements were as follows:

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

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

- (a) After employees obtain employee restricted shares, starting from the effective date of capital increase, if employees are on-the-job when the vested period has expired, also, meet certain standard of annual individual performance assessment and comply with regulation, did not violate service contract of the Company, working rules and be punished, the employees can achieve vested conditions.
- (b) The Group can use the earnings per share and profit growth of parent company only financial statements in the latest year of vesting period expires as a basis of performance conditions:  
The first year: Earnings per share was above \$0.3 (including \$0.3);  
The second year: Earnings per share was above \$0.8 (including \$0.8); and

The third year: Earnings per share was above \$1.0 (including \$1.0).

- (c) After achieving individual performance conditions and company performance conditions in the same time, employees' proportion of shares under vested condition in the current year based on the service conditions were as follows:

Service for one year after distribution, 30% of the distributed shares;

Service for two years after distribution, 30% of the distributed shares; and

Service for three years after distribution, 40% of the distributed shares.

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

- (a) The restricted shares which the employees will obtain were kept by the designated trust institution as trustee, which the employee cannot request to return the restricted shares for any reasons or ways.
- (b) Before accomplishing the vesting conditions, the employee cannot sell, pledge, transfer, gift, set or dispose in other ways, and they have no right to be allotted or obtain dividends. Other rights are similar with the capital that has been issued.
- (c) Before the employee accomplishes the vesting conditions, the attendance, proposal, speaking, right of voting, and other matters associated with shareholders' meeting were executed based on the trust custody contracts.
- (d) From the book closure date of issuance of bonus shares, cash dividends, issuance of common stock for cash and shareholders' meeting are regulated by Article 165-3 of the Company Law, or other facts that has occurred to the date of rights allocation. The unrestricted shares of the employees that have achieved the vesting conditions during the aforementioned period still have no rights to obtain dividends or allotment.

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

	2022	2021
At January 1	1,681	3,283
Called back in the period (Note)	( 108)	( 1,602)
Options vested	( 1,573)	-
At December 31	-	1,681

Note: For the restricted shares which were called back by the Group during the years ended December 31, 2022 and 2021, 22 thousand shares and 15 thousand shares have not yet completed the registration of cancellation as of December 31, 2022 and 2021, respectively.

- C. On November 25, 2019, the fair value of share-based payments transaction which was given by the Group was \$15.8 per share.
- D. For the years ended December 31, 2022 and 2021, the Group recognised expenses due to share-based payments transaction in the amounts of \$6,986 and \$8,219, respectively.



(21) Share capital

A. On December 31, 2022, the Company's authorised capital was \$20,000,000, consisting of 2,000,000 thousand shares (including the number of option certificate which can be purchased), and will be issued in several times. The shares which were not issued can be issued in common shares and preference shares in several times based on the Company's business requirement, 90,000 thousand shares will be retained for option certificates. As of December 31, 2022, the Company's paid-in capital was \$8,255,999, consisting of 555,330 thousand common shares, 90,090 thousand class B preferred shares and 180,180 thousand class C preferred shares in private placement, with a par value of \$10 per share. All proceeds from shares issued have been collected. The Company's outstanding number of preference shares in the beginning and ending of the period were the same.

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

	2022	2021
Shares outstanding at January 1	553,736	553,736
Restricted shares called back but not yet cancelled at the beginning of the period	15	24
Restricted shares not yet vested at the beginning of the period	1,681	3,283
Shares issued at January 1	555,432	557,043
Cancellation of employee restricted shares	( 102)	( 1,611)
Restricted shares called back but not yet cancelled at the end of the period	( 22)	( 15)
Restricted shares not yet vested at the end of the period	-	( 1,681)
At December 31	555,308	553,736

B. The Company had increased capital by cash by \$1,800,000 thousand, consisting of 180,000 thousand shares with a par value of \$10 per share and issued at discounted price of \$9.2 on May 30, 2007. The rights and obligations of new shares by private placement are the same as those of common shares. The number of the Company's private placement common shares outstanding was 70,785 thousand shares due to the reduction of ordinary share capital conducted by the Company in the past. The registration for the retroactive handling of public issuance procedures for the private placement common shares was filed in September 2022 and the registration became effective on October 3, 2022 in accordance with the Order No. Tai-Zheng-Shang-Yi-Zi-1111804957. The shares have been traded and listed on the Taiwan Stock Exchange since October 18, 2022.

C. On June 29, 2018, the Company's shareholders approved to issue restricted shares in the amount of \$50,000 thousand, which was common share with a par value of \$10, and has been applied for effectiveness through FSC on June 10, 2019. The effective date was November 25, 2019 and

the registration of changes has been completed on December 10, 2019.

D. For details of the issuance of class B preferred shares, please refer to Note 6(19).

E. On December 3, 2020, the Company's shareholders in the extraordinary meeting approved to issue 180,180 thousand class C preferred shares in private placement with a par value of \$10 and issued at \$11.1 per share. The paid-in capital was \$1,801,800 thousand. The effective date of capital increase was set on December 21, 2020 in accordance with the Securities and Exchange Act Article 43-6.

According to the Company's Articles of Incorporation, the rights and obligations of preferred share were as follows:

- (a) The distribution of earnings was based on the Company's Articles of Incorporation, current year or current quarter and accumulated undistributable dividend shall first be appropriated to class B preferred shares then, appropriated to class C preferred shares.
- (b) The annual dividend rate of class C preferred shares was 2% which was calculated at the issuance price per share and paid in cash, the ex-dividend date of preferred dividend was authorised to be determined by the Board of Directors. The issuance number in issuance year or quarter and recovered year or quarter were calculated at the actual issuance number of days.
- (c) If the expected dividend distribution amount of common share exceeds the dividend amount of class C preferred shares in the current year or quarter, the shareholders of class C preferred shares can participate in the distribution until the dividend amount of class C preferred share is the same as common share per share.
- (d) The Company has discretion in dividend distribution of Class A preferred stocks. If the Company has no or has insufficient current year's earnings for distribution or has other necessary considerations, the Company can resolve not to distribute dividend to class C preferred shares and it will not default, and the shareholders of class C preferred shares cannot object. Class C preferred shares are non-cumulative, and the amount of dividends which were not distributed or insufficient will not be appropriated in the profitable year or quarter thereafter.
- (e) Starting from the next day of five years after issuance, the shareholders of class C preferred share can transfer the preferred share to common share at a transfer ratio of 1:1. After the transfer of preferred share to common share, the rights and obligations (excluding the transfer restriction by regulation and not listed) were the same as other outstanding common share of the Company. For class C preferred shares which have been transferred into common shares before the ex-right (ex-dividend) date in the current year or quarter can participate in the common share distribution of earnings or reserves in the current year or quarter and cannot participate in the dividend distribution of preferred shares in the current year or quarter. For class C preferred shares which have been transferred into common shares after the ex-right (ex-dividend) date in the current year or quarter can participate in the dividend distribution of preferred share in the current year or quarter and cannot participate in the dividend

distribution of earnings or capital reserves in the current year or quarter. Preferred dividends will not be repeatedly appropriated if it is distributed in the same year or quarter with common stock dividends.

- (f) The shareholders of class C preferred shares have no voting right in the common shareholders' meeting and cannot be elected as directors (including independent directors). However, the shareholders of class C preferred shares have voting right in preferred shareholders' meeting and matters of preferred shareholders' right.
- (g) When it comes to appropriating residual assets of the Company, class C preferred shares have priority over common shares and next to class B preferred shares. However, the amount was limited to the issuance price plus total amount of unpaid dividend.
- (h) Class C preferred shares have no expiry date, and the shareholders of class C preferred shares have no right to require the Company to call back class C preferred shares or transfer the class C preferred share into common share in advance. However, the Company can call back in cash at actual issuance price, mandatorily transfer by issuing new shares or call back all or some class C preferred shares in other ways permitted by regulations on the next day after three years. The rights and obligations of class C preferred shares which have not been called will continue until the Company calls back. In the current year of calling back the class C preferred shares, if the Company's shareholders resolve to appropriate dividends, the amount of dividends which have to be distributed as of the date of call back will be calculated according to the actual days of issuance in the current year.
- (i) The preemptive rights for stockholders of Class C preferred shares are the same as of common shares when the Company increases its capital by issuing shares.
- (j) Class C preferred share was not listed and traded in the issuance period, however, if all or some were transferred into common shares, the Board of Directors was authorised to apply for public offering and listing to the authorisation according to the current situation and related regulations.

## (22) Capital surplus

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Premium on issuance of common shares	\$ 17,417	\$ -
Share premium on preferred share	198,198	198,198
Changes in ownership interests in subsidiaries	5,832	5,717
Difference between consideration and carrying amount of subsidiaries acquired or disposed	16,940	16,940
Changes of associates and joint ventures accounted for using equity method	- (	2,675)
Employee restricted shares	( 216)	16,717
	<u>\$ 238,171</u>	<u>\$ 234,897</u>

(23) Retained earnings

- A. According to the Company's Articles of Incorporation, after every end of quarter, the Company can appropriate earnings or offset deficits, and for earnings which were appropriated in the form of cash, it shall be resolved by the Board of Directors and reported to shareholders in accordance with the Company Act, Article 228-1 and paragraph 5 of Article 240.
- B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. For setting aside or reversal for special reserve in accordance with related laws or Competent Authority's regulations, if any, the Board of Directors should propose the distribution of the remaining earnings along with prior accumulated undistributed earnings for the approval of the shareholders.
- C. The industry environment of the Company is constantly changing and the enterprise is in the growth stage of its life cycle. Considering the Company's capital requirement in the future and long-term financial plan and satisfying shareholders' demand of cash inflow, the expected appropriation amount in the current year shall not be lower than 10% of accumulated distributable amount. However, if the accumulated distributable earnings is lower than 1% of paid-in capital, the earnings cannot be appropriated, and the cash dividend shall not be lower than 10% of total dividend.
- D. According to the Company Act, the distribution to legal reserve shall continue until the total amount equals to total capital. Legal reserve is used to offset accumulated deficits. If the Company has no deficits, 25% of the part of legal reserve exceeding the paid-in capital can be used to issue new stocks or cash to shareholders in proportion to their share ownership.
- E. Following the adoption of TIFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory- Securities-Corporate-1010012865, which sets out the following provisions for compliance: On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that a company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's

adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

F. On June 10, 2022, the shareholders resolved the earnings appropriation for the year ended December 31, 2021 with a common share dividend of 1 per share and the total amount was \$553,736; and with Class C preferred stock dividend of 1 per share. The total dividends amounted to \$180,180. On July 15, 2021, the Company's shareholders at their meetings resolved to offset deficits for the year ended December 31, 2020.

(24) Operating revenue

The details are as follows:

	Year ended December 31	
	2022	2021
Revenue from contracts with customers		
IC packaging and testing service revenue	\$ 9,901,937	\$ 11,275,791
Electronics manufacturing service revenue	5,480,184	4,537,202
Other operating revenue	149,548	135,145
	<u>\$ 15,531,669</u>	<u>\$ 15,948,138</u>

A. Disaggregation of revenue from contracts with customers

<u>Year ended December 31, 2022</u>	<u>Semiconductor Group</u>	<u>EMS Group</u>	<u>Total</u>
IC packaging and testing service revenue	\$ 9,901,937	\$ -	\$ 9,901,937
Manufacture of electronic products	-	5,480,184	5,480,184
Other	70,358	79,190	149,548
	<u>\$ 9,972,295</u>	<u>\$ 5,559,374</u>	<u>\$ 15,531,669</u>
Timing of revenue recognition:			
Over time	\$ 9,901,937	\$ -	\$ 9,901,937
At a point in time	70,358	5,559,374	5,629,732
	<u>\$ 9,972,295</u>	<u>\$ 5,559,374</u>	<u>\$ 15,531,669</u>

<u>Year ended December 31, 2021</u>	<u>Semiconductor Group</u>	<u>EMS Group</u>	<u>Total</u>
IC packaging and testing service revenue	\$ 11,275,791	\$ -	\$ 11,275,791
Manufacture of electronic products	-	4,537,202	4,537,202
Other	79,870	55,275	135,145
	<u>\$ 11,355,661</u>	<u>\$ 4,592,477</u>	<u>\$ 15,948,138</u>
Timing of revenue recognition:			
Over time	\$ 11,275,791	\$ -	\$ 11,275,791
At a point in time	79,870	4,592,477	4,672,347
	<u>\$ 11,355,661</u>	<u>\$ 4,592,477</u>	<u>\$ 15,948,138</u>

B. Contract assets and liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current contract assets		
IC packaging and testing service	\$ 272,248	\$ 296,090
Current contract liabilities		
IC packaging and testing service	\$ 68,026	\$ 69,907
Manufacture of electronic products	9,853	19,064
	<u>\$ 77,879</u>	<u>\$ 88,971</u>

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

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

(c) For the years ended December 31, 2022 and 2021, revenue recognised that was included in the contract liability balance at the beginning of the period amounted to \$13,178 and \$15,985, respectively.

(25) Interest income

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 10,576	\$ 1,613
Interest income from loans to others	525	2,169
Interest income from financial assets measured at amortised cost	1	49
	<u>\$ 11,102</u>	<u>\$ 3,831</u>

(26) Other income

	Year ended December 31	
	2022	2021
Service revenue	\$ 26,815	\$ 21,481
Rental revenue	7,235	8,955
Dividend income	54,660	9,538
Other income	77,338	57,429
	<u>\$ 166,048</u>	<u>\$ 97,403</u>

(27) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposal of investments accounted for using equity method	\$ -	\$ 3,550
Gains on disposals of property, plant and equipment	20,498	4,457
Gains on disposals of non-current assets held for sale	52,164	-
Net currency exchange gains (losses)	101,628 (	50,016)
Losses on disposals of investment property	- (	9,335)
Gains on lease modification	1,894	-
Losses on financial assets at fair value through profit or loss	( 1,261) (	5,225)
Others	( 21,743)	8,576
	<u>\$ 153,180</u>	<u>(\$ 47,993)</u>

(28) Finance costs

	Year ended December 31	
	2022	2021
Interest expense on borrowings from financial institution:	\$ 10,636	\$ 12,332
Interest expense on lease liability	3,156	4,687
Dividends on preference share liabilities	18,703	18,663
Others	4	4
	<u>32,499</u>	<u>35,686</u>
Less: Capitalisation of qualifying assets	( 6,590) (	2,528)
	<u>\$ 25,909</u>	<u>\$ 33,158</u>

(29) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	\$ 4,164,179	\$ 4,171,915
Depreciation charges on property, plant and equipment (Note)	1,084,515	1,253,156
Depreciation expense on investment properties	-	22,108
Depreciation expense on right-of-use assets	27,563	26,491
Amortisation charges on intangible assets	26,739	37,035

Note: Including the amortisation of losses on sale and leaseback transactions to depreciation charges amounting to \$30 and \$1,065 for the years ended December 31, 2022 and 2021, respectively.

(30) Employee benefit expense

	Year ended December 31	
	2022	2021
Salary expenses	\$ 3,407,333	\$ 3,416,999
Labour and health insurance fees	337,433	333,637
Pension costs	139,197	129,868
Directors' remuneration	22,926	24,394
Employee restricted shares	6,986	8,219
Other personnel expenses	250,304	258,798
	<u>\$ 4,164,179</u>	<u>\$ 4,171,915</u>

Under the Company's Articles of Incorporation, the current year's pre-tax profit, net of employees' compensation and directors' remuneration, shall be first used to offset accumulated deficits, than appropriate over 8%~12% for employees' compensation and under 3% for remuneration to directors. In addition, the appropriation ratios were amended to be 10%~15% for employees' compensation and under 1% for remuneration to directors as resolved at the shareholders' meeting on July 15, 2021.

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

For the years ended December 31, 2022 and 2021, the employees' compensation and directors' remuneration were estimated and accrued based on certain proportion of distributable profit of current year amounting to \$197,500 and \$216,746; as well as \$19,740 and \$21,675, respectively.



Employees' bonus of \$216,746 and directors' remuneration of \$21,675 for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements. The compensation and remuneration had been distributed as of the reporting date.

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

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the period	\$ 26,799	\$ 10,139
Prior year income tax underestimation	91,874	-
Total current tax	<u>\$ 118,673</u>	<u>\$ 10,139</u>
Deferred tax:		
Origination and reversal of temporary differences	38,370	328,201
Origination and reversal of tax loss	162,592	70,255
Total deferred tax	<u>200,962</u>	<u>398,456</u>
Income tax expense	<u>\$ 319,635</u>	<u>\$ 408,595</u>

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

	Year ended December 31	
	2022	2021
Remeasurement of defined benefit obligations	\$ 24,092	(\$ 36,680)
Changes in fair value of financial assets at fair value through other comprehensive income	( 90)	( 7,466)
Currency translation differences	7,819	( 16,185)
Share of other comprehensive income of associates	-	( 313)
	<u>\$ 31,821</u>	<u>(\$ 60,644)</u>

## B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 362,086	\$ 395,946
Items adjusted in accordance with tax regulation	( 10,005)	( 2,397)
Temporary difference not recognised as deferred tax assets	( 5,903)	4,148
Change in assessment of realisation of deferred tax assets	( 40,936)	12,500
Prior year taxable loss not recognised as deferred tax assets	( 71,532)	( 1,602)
Effect from investment tax credits	( 5,949)	-
Prior year income tax (over) underestimation	91,874	-
Income tax expense	<u>\$ 319,635</u>	<u>\$ 408,595</u>

## C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Translation differences	December 31
Deferred tax assets:					
- Temporary differences:					
Unrealised foreign exchange loss	\$ 750	\$ 2,532	\$ -	\$ -	\$ 3,282
Allowance for inventory valuation losses	59,257	( 5,123)	-	-	54,134
Investments accounted for using equity method	859,100	( 2,000)	( 7,819)	-	849,281
Impairment of assets	2,100	( 500)	-	-	1,600
Net defined benefit liability - non-current	99,098	( 36,216)	( 24,092)	-	38,790
Reserve for unused compensated absence	6,634	988	-	-	7,622
Others	14,399	1,949	90	-	16,438
Unused tax losses	164,483	( 162,592)	-	30	1,921
	<u>\$ 1,205,821</u>	<u>(\$ 200,962)</u>	<u>(\$ 31,821)</u>	<u>\$ 30</u>	<u>\$ 973,068</u>

		2021				
		January 1	Recognised in profit or loss	Recognised in other comprehensive income	Translation differences	December 31
Deferred tax assets:						
- Temporary differences:						
Unrealised foreign exchange loss	\$	4,644	( 3,894)	\$ -	\$ -	\$ 750
Allowance for inventory valuation losses		57,858	1,399	-	-	59,257
Investments accounted for using equity method		1,149,579	( 306,977)	16,498	-	859,100
Impairment of assets		2,100	-	-	-	2,100
Net defined benefit liability - non-current		78,508	( 16,090)	36,680	-	99,098
Reserve for unused compensated absence		6,249	385	-	-	6,634
Others		17,303	( 3,024)	120	-	14,399
Unused tax losses		234,748	( 70,255)	-	( 10)	164,483
		<u>1,550,989</u>	<u>( 398,456)</u>	<u>53,298</u>	<u>( 10)</u>	<u>1,205,821</u>
Deferred tax liabilities:						
- Temporary differences:						
Gain on financial assets at fair value through other comprehensive income	(	7,346)	-	7,346	-	-
	\$	<u>1,543,643</u>	<u>(\$ 398,456)</u>	<u>\$ 60,644</u>	<u>(\$ 10)</u>	<u>\$ 1,205,821</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2017	\$ 1,155,026	\$ -	\$ -	2027	
2018	530,448	-	-	2028	
2020	204,471	162,513	162,513	2030	
December 31, 2021					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2017	\$ 1,155,026	\$ 598,215	\$ 315,700	2027	
2018	530,448	530,448	-	2028	
2020	204,471	204,471	204,471	2030	

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary difference	\$ 1,261	\$ 20,740

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

(32) Earnings per share

Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 1,448,653		
Less: Dividends on class C preferred share	( 330,484)		
Profit attributable to ordinary shareholders of the parent (Note)	<u>\$ 1,118,169</u>	<u>553,895</u>	<u>\$ 2.02</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 1,448,653	553,895	
Less: Dividends on class C preferred shares	( 330,484)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	12,636	
Employee restricted stock	-	1,474	
Convertible preferred stock	<u>330,484</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,448,653</u>	<u>748,185</u>	<u>\$ 1.94</u>
Year ended December 31, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 1,530,581		
Less: Dividends on class C preferred share	( 291,557)		
Profit attributable to ordinary shareholders of the parent (Note)	<u>\$ 1,239,024</u>	<u>553,736</u>	<u>\$ 2.24</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 1,530,581	553,736	
Less: Dividends on class C preferred shares	( 291,557)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	8,179	
Employee restricted stock	-	1,347	
Convertible preferred stock	<u>291,557</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,530,581</u>	<u>743,442</u>	<u>\$ 2.06</u>

Note: The Company issued three classes of equity instruments, including ordinary shares, class B preferred shares and class C preferred shares. Since class C preferred shares are non-cumulative and participating equity instruments (refer to Note 6(21)E. (c) for the related terms of issuance), the Company assumed that ordinary shares and participating equity instruments would share in earnings until all of the profit or loss for the period had been distributed when calculating the profit or loss attributable to ordinary shareholders of the parent.

(33) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	\$ 909,297	\$ 1,511,908
(Decrease) increase in prepayments for business facilities	( 146,909)	87,008
Add : Opening balance of payable on equipment (Note)	633,814	87,975
Less : Ending balance of payable on equipment (Note)	( 303,918)	( 633,814)
Cash paid during the period	<u>\$ 1,092,284</u>	<u>\$ 1,053,077</u>

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

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

	Year ended December 31	
	2022	2021
Prepayments for business facilities transferred to prepayments	<u>\$ 195</u>	<u>\$ 40,992</u>
Prepayments for business facilities transferred to property, plant and equipment	<u>\$ 7,770</u>	<u>\$ 148,533</u>
Prepayments for business facilities transferred to intangible assets	<u>\$ 140</u>	<u>\$ 6,856</u>
Long-term borrowings, current portion	<u>\$ -</u>	<u>\$ 60,700</u>

(34) Changes in liabilities from financing activities

	Changes in foreign				
	January 1, 2022	Cash flows	exchange rate	Others	December 31, 2022
Short-term borrowings	\$ 299,408	(\$ 300,237)	\$ 829	\$ -	\$ -
Short-term note and bills payables	49,986	( 50,011)	-	25	-
Long-term borrowings	648,394	500,568	-	-	1,148,962
Lease liabilities	249,042	( 34,306)	4,644	( 58,070)	161,310
Guarantee deposits received	57,018	( 17,156)	2	-	39,864
Preference share liabilities	1,005,149	-	-	( 1,298)	1,003,851

  

	Changes in foreign				
	January 1, 2021	Cash flows	exchange rate	Others	December 31, 2021
Short-term borrowings	\$ 1,106,413	(\$ 806,818)	(\$ 187)	\$ -	\$ 299,408
Short-term note and bills payables	-	49,972	-	14	49,986
Long-term borrowings	866,446	( 218,052)	-	-	648,394
Lease liabilities	236,984	( 29,494)	( 1,624)	43,176	249,042
Guarantee deposits received	3,519	53,522	( 23)	-	57,018
Preference share liabilities	1,006,485	-	-	( 1,336)	1,005,149

7. Related Party Transactions

(1) Names of related parties and relationship

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

Note 1: The Company sold all its equity interests in ATP in September 2022; therefore, it was no longer the Company's associate.

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

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

(2) Significant related party transactions

A. Sales

	Year ended December 31	
	2022	2021
Phison	\$ 2,017,268	\$ 2,439,420
Associates	142,197	141,103
Entities with significant influence to the Group	953	1,145
	<u>\$ 2,160,418</u>	<u>\$ 2,581,668</u>

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

B. Purchases

	Year ended December 31	
	2022	2021
Key management personnel of the Group	\$ 1,054	\$ 903
Entities with significant influence to the Group	1,853	421
Associates	654	13
	<u>\$ 3,561</u>	<u>\$ 1,337</u>

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

C. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable:		
Phison	\$ -	\$ 437,602
Associates	-	20,166
Entities with significant influence to the Group	399	641
	<u>\$ 399</u>	<u>\$ 458,409</u>
Other receivables:		
Properties	\$ -	\$ 46,986
Entities with significant influence to the Group	-	4,977
Associate	-	4,533
Key management personnel of the Group	-	100
	<u>\$ -</u>	<u>\$ 56,596</u>

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

D. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Associate	\$ -	\$ 383
Entities with significant influence to the Group	736	7
Key management personnel of the Group	-	355
	<u>\$ 736</u>	<u>\$ 745</u>
Other payables:		
PROPERTIES	\$ -	\$ 20,384
Entities with significant influence to the Group	20,000	20,602
	<u>\$ 20,000</u>	<u>\$ 40,986</u>

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

E. Property transactions

(a) Acquisition of property, plant and equipment:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Key management personnel of the Group	\$ 360	\$ 56,824

(b) Disposal of property, plant and equipment:

	<u>Year ended December 31</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
Entities with significant influence to the Group	\$ 6,180	\$ 6,149	\$ 5,433	\$ 720

(c) Acquisition of intangible assets:

	<u>Year ended December 31, 2021</u>
Infofab	\$ 6,311



F. Lease transactions — lessee

(a) The Group leased land from OSE Properties, Inc. Rental contracts are typically made covering the period from 1999 to 2049 and the rental is payable monthly based on mutual agreements. The contract was terminated since January 1, 2022 due to the sale of land by OSE Properties, Inc. Please refer to Note 6 (27) for the related gain on lease modification.

(b) Lease liabilities

i. Outstanding balance:

	<u>December 31, 2021</u>
Lease liabilities - current	\$ 1,564
Lease liabilities - non - current	57,439
	<u>\$ 59,003</u>

ii. Interest expense

	<u>Year ended December 31, 2021</u>
PROPERTIES	\$ 1,354

G. Lease transactions — lessor

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Rental income:		
ATP	\$ 2,838	\$ 4,257
Infofab	-	1,052
Entities with significant influence to the Group	826	1,019
	<u>\$ 3,664</u>	<u>\$ 6,328</u>

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

H. Loans to/from related parties

Loans to PROPERTIES:

(a) Long-term accounts receivable to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Outstanding balance	\$ -	\$ 85,839

  

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest income	\$ 525	\$ 2,169

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

- (b) The Group's subsidiary, OSE Philippines, Inc. lent US\$4,387 thousand to the associate, PROPERTIES, on July 31, 1996, principal and interest are paid after disposal of properties, and the Group has first mortgage right under mutual agreement. In the first quarter of 2015, PROPERTIES repaid US\$1,285 thousand due to disposal of certain land. As of December 31, 2022, PROPERTIES has fully paid the borrowings.

#### I. Others

- (a) Expenses and fees paid to Infotab

	Year ended December 31	
	2022	2021
Computer operating expenses	\$ -	\$ 1,592
Information maintenance service fees	-	588
	<u>\$ -</u>	<u>\$ 2,180</u>

- (b) For the years ended December 31, 2022 and 2021, the Company recognised dividends received from associates and entities with significant influence to the Group amounting to \$54,660 and \$22,442, respectively. Also, details of the Company's class B preferred shares held by the entities with significant influence to the Group are provided in Notes 6(19) and (28).

- (b) The Company sold all its equity interests in ATP Electronics Taiwan Inc. in the period from August 2022 to September 2022, some of which were purchased by ATP Electronics Taiwan Inc. as treasury shares at a transaction price of \$137,067, resulting in a gain on disposal of \$2,302. Details of the disposal are provided in Note 6(7).

#### (3) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	\$ 86,278	\$ 87,232
Post-employment benefits	617	513
Share-based payment	705	556
	<u>\$ 87,600</u>	<u>\$ 88,301</u>

#### 8. Pledged Assets

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Current financial assets at amortised cost	\$ -	\$ 9,685	Short-term borrowings
- time deposits			
Property, plant and equipment			
- Buildings and structures	771,674	800,215	Long-term and short-term borrowings
- Machinery and equipment	330,803	499,167	Long-term and short-term borrowings
Guarantee deposits paid - time deposits	14,000	131,500	Customs guarantee or others
	<u>\$ 1,116,477</u>	<u>\$ 1,440,567</u>	

## 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

### (1) Contingencies

None.

### (2) Commitments

A. As of December 31, 2022 and 2021, guarantee given by the bank for the payment of input tax imposed for sales from a tax free zone to non-tax free zone amounted to \$400,000.

B. As of December 31, 2022 and 2021, the Company issued promissory notes of \$8,017,920 and \$7,178,012, respectively, as guarantees for bank loans.

C. As of December 31, 2022 and 2021, the Company issued promissory notes of \$13,738 and \$6,573, respectively, as guarantees for payments of raw materials and machineries purchased.

D. As of December 31, 2022 and 2021, the Group had letters of credit issued but not used amounting to US\$112 thousand and US\$358 thousand, respectively.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	\$ <u>201,515</u>	\$ <u>203,667</u>

## 10. Significant Disaster Loss

None.

## 11. Significant Events after the Balance Sheet Date

None.

## 12. Others

### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total liabilities	\$ <u>7,196,008</u>	\$ <u>8,046,424</u>
Total assets	\$ <u>16,946,784</u>	\$ <u>17,018,489</u>
Gearing ratio	<u>42%</u>	<u>47%</u>

## (2) Financial instruments

### A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 1,261
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	\$ 1,021,427	\$ 314,683
Financial assets at amortised cost		
Cash and cash equivalents (excluding cash on hand)	\$ 3,945,629	\$ 2,722,937
Financial assets at amortised cost	245,600	11,465
Notes receivable	155	146
Accounts receivable (including related parties)	3,022,486	3,351,207
Other receivables (including related parties)	38,894	115,638
Guarantee deposits paid	17,098	154,187
Long-term accounts receivable due from related parties	-	85,839
	<u>\$ 7,269,862</u>	<u>\$ 6,441,419</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ -	\$ 299,408
Short-term notes and bills payable	-	49,986
Notes payable	-	59,087
Accounts payable (including related parties)	3,043,151	3,222,561
Other payables (including related parties)	1,319,565	1,678,469
Long-term borrowings (including current portion)	1,148,962	648,394
Preference share liability	1,003,851	1,005,149
	<u>\$ 6,515,529</u>	<u>\$ 6,963,054</u>
Lease liability (including current and non-current)	<u>\$ 161,310</u>	<u>\$ 249,042</u>

### B. Financial risk management policies

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

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

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

December 31, 2022						
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value	Sensitivity analysis		
	(In thousands)		(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
	<u>Financial assets</u>					
	<u>Monetary items</u>					
	USD:NTD	\$ 119,925	30.70	\$ 3,681,698	1%	\$ 36,817
JPY:NTD	805,561	0.2325	187,293	1%	1,873	-
<u>Non-monetary items</u>						
USD:NTD	20,714	30.70	635,907	1%	-	6,359
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	71,953	30.70	2,208,957	1%	22,090	-
JPY:NTD	580,962	0.2325	135,074	1%	1,351	-
December 31, 2021						
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value	Sensitivity analysis		
	(In thousands)		(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
	<u>Financial assets</u>					
	<u>Monetary items</u>					
	USD:NTD	\$ 154,483	27.67	\$ 4,274,545	1%	\$ 42,745
JPY:NTD	434,991	0.2405	104,615	1%	1,046	-
<u>Non-monetary items</u>						
USD:NTD	20,127	27.67	556,909	1%	-	5,569
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	76,781	27.67	2,124,530	1%	21,245	-
JPY:NTD	393,748	0.2405	94,696	1%	947	-

- iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to \$101,628 and (\$50,016), respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.
- ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2022 and 2021 would have increased/decreased by \$10,214 and \$3,147, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's long-term borrowings are floating-rate debts; therefore, the effective interest rate of its long-term borrowings will vary according to changes in market interest rates. If the market interest rate had increased/decreased by 25 basis points with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,298 and \$1,297, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

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

- iii. As of December 31, 2022 and 2021, the amounts of accounts and notes receivable from top ten customers constitute 81% and 82%, respectively, of the Group's total accounts and notes receivable. The credit concentration risk of the remaining accounts and notes receivable is immaterial.
- iv. The Group's treasury manages the credit risks of bank deposits and other financial instruments based on the Group's credit policy. Because the Group's counterparties are determined based on the Group's internal control, only banks and companies with good credit rating and with no significant default risk are accepted. Consequently, there is no significant credit risk.
- v. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customer's contract assets and notes and accounts receivable in accordance with credit rating of customer, geographic area and industry sector. The Group applies the simplified approach using a provision matrix to estimate the expected credit loss.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix classified by customers is as follows:

<u>December 31, 2022</u>		<u>Overdue</u>					
	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>Over 180 days</u>	<u>Total</u>
IC semiconductor group							
Gross carrying amount (Note)	\$ 1,846,741	\$ 136,782	\$ 47,621	\$ 182	\$ 604	\$ -	\$ 2,031,930
Lifetime expected credit losses	( 4,270)	( 4,402)	( 4,500)	( 17)	( 84)	-	( 13,273)
Carrying amount	<u>\$ 1,842,471</u>	<u>\$ 132,380</u>	<u>\$ 43,121</u>	<u>\$ 165</u>	<u>\$ 520</u>	<u>\$ -</u>	<u>\$ 2,018,657</u>
Loss ratio	0% ~ 0.36%	0% ~ 3.73%	0% ~ 9.45%	0% ~ 9.55%	0% ~ 13.89%	100%	
		<u>Overdue</u>					
Electronics manufacturing services group							
Gross carrying amount	\$ 1,184,157	\$ 61,291	\$ 29,805	\$ 1,462	(\$ 817)	\$ 132	\$ 1,276,030
Lifetime expected credit losses	-	-	50	78	206	( 132)	202
Carrying amount	<u>\$ 1,184,157</u>	<u>\$ 61,291</u>	<u>\$ 29,855</u>	<u>\$ 1,540</u>	<u>(\$ 611)</u>	<u>\$ -</u>	<u>\$ 1,276,232</u>
Loss ratio	0%	0%	0%	0%	0% ~ 25.27%	100%	
<u>December 31, 2021</u>		<u>Overdue</u>					
	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>Over 180 days</u>	<u>Total</u>
IC semiconductor group							
Gross carrying amount (Note)	\$ 2,445,447	\$ 68,416	\$ 6,157	\$ 8,815	\$ 2,752	\$ -	\$ 2,531,587
Lifetime expected credit losses	( 1,325)	( 712)	( 713)	( 1,240)	( 1,456)	-	( 5,446)
Carrying amount	<u>\$ 2,444,122</u>	<u>\$ 67,704</u>	<u>\$ 5,444</u>	<u>\$ 7,575</u>	<u>\$ 1,296</u>	<u>\$ -</u>	<u>\$ 2,526,141</u>
Loss ratio	0% ~ 0.13%	0% ~ 2.48%	0% ~ 13.55%	0% ~ 14.07%	52.91%	100%	
		<u>Overdue</u>					
Electronics manufacturing services group							
Gross carrying amount	\$ 1,085,375	\$ 28,737	\$ 7,911	(\$ 891)	\$ 126	\$ 119	\$ 1,121,377
Lifetime expected credit losses	-	-	-	74	( 30)	( 119)	( 75)
Carrying amount	<u>\$ 1,085,375</u>	<u>\$ 28,737</u>	<u>\$ 7,911</u>	<u>(\$ 817)</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ 1,121,302</u>
Loss ratio	0%	0%	0%	0% ~ 7.85%	0% ~ 24.04%	100%	



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

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

	2022	2021	
	<u>Accounts receivable</u>	<u>Accounts receivable</u>	<u>Other receivables</u>
At January 1	\$ 5,521	\$ 21,634	\$ 1,200
Provision for impairment	7,548	-	-
Reversal of impairment loss	-	( 16,100)	( 1,200)
Effect of foreign exchange	2	( 13)	-
At December 31	<u>\$ 13,071</u>	<u>\$ 5,521</u>	<u>\$ -</u>

For provisioned loss for the years ended December 31, 2022 and 2021, there were no impairment losses arising from the contract assets and notes receivable.

(c) Liquidity risk

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

	<u>Less than 1 year</u>	<u>Between 2 and 3 years</u>	<u>Between 4 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>December 31, 2022</u>					
Non-derivative financial liabilities:					
Accounts payable					
(including related parties)	\$3,043,151	\$ -	\$ -	\$ -	\$3,043,151
Other payables					
(including related parties)	1,319,565	-	-	-	1,319,565
Long-term borrowings					
(including current portion)	13,866	503,928	617,973	60,182	1,195,949
Preference share liabilities	20,000	1,039,396	-	-	1,059,396
Lease liabilities	30,568	45,071	23,955	87,804	187,398

	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
<u>December 31, 2021</u>					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 301,819	\$ -	\$ -	\$ -	\$ 301,819
Notes payable	59,087	-	-	-	59,087
Accounts payable (including related parties)	3,222,561				3,222,561
Other payables (including related parties)	1,678,469	-	-	-	1,678,469
Long-term borrowings (including current portion)	65,820	273,122	280,634	44,082	663,658
Preference share liabilities	20,000	40,054	1,019,341	-	1,079,395
Lease liabilities	23,356	35,150	34,271	169,629	262,406

### (3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

C. Financial instruments not measured at fair value

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

D. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets at December 31, 2022 and 2021 are as follows:

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

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$1,010,814	\$ -	\$ 10,613	\$1,021,427
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Preference share liabilities returned	\$ -	\$ -	\$ 1,261	\$ 1,261
Financial assets at fair value through other comprehensive income				
Equity securities	274,804	14,304	25,575	314,683
	<u>\$ 274,804</u>	<u>\$ 14,304</u>	<u>\$ 26,836</u>	<u>\$ 315,944</u>

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

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

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

		2022	
		Derivative instrument	Non-derivative equity instrument
At January 1	\$	1,261	\$ 25,575
Losses recognised in profit or loss	(	1,261)	-
Losses recognised in other comprehensive income		-	( 14,962)
At December 31	\$	-	\$ 10,613
		2021	
		Derivative instrument	Non-derivative equity instrument
At January 1	\$	6,486	\$ 88,374
Losses recognised in profit or loss	(	5,225)	-
Losses recognised in other comprehensive income		-	( 30,072)
Sold in the period		-	( 32,727)
At December 31	\$	1,261	\$ 25,575

G. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to frequently evaluate and measure fair value of financial instruments.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative instrument:					
Preference share liabilities returned	\$ -	Binary tree convertible valuation model	Discount rate	2.5806%	The higher the discount rate, the lower the fair value.
Non-derivative equity instrument:					
Unlisted shares	\$ 10,613	Net assets value	N/A	N/A	N/A
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative instrument:					
Preference share liabilities returned	\$ 1,261	Binary tree convertible valuation model	Discount rate	2.0648%	The higher the discount rate, the lower the fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 25,575	Net assets value	N/A	N/A	N/A

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2022			
		Recognised in profit or loss		Recognised in other comprehensive income	
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
<u>Financial assets</u>					
Preference share liabilities returned	Discount rate	±1%	\$ -	\$ 8,468	\$ -
		December 31, 2021			
		Recognised in profit or loss		Recognised in other comprehensive income	
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
<u>Financial assets</u>					
Preference share liabilities returned	Discount rate	±1%	\$ 1,261	\$ 16,667	\$ -

#### (4) Others

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

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- Loans to others: Please refer to table 1.
- Provision of endorsements and guarantees to others: Please refer to table 2.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(2).
- Significant inter-company transactions during the reporting periods: Please refer to table 7.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland

China) : Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

(4) Major shareholders information

Names, number of shares and ownership of the Company's shareholders who hold more than 5% of equity share: Please refer to Note 11.

14. Segment Information

(1) General information

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

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

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

(2) Segment information

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

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

	Year ended December 31, 2022				
	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	\$ 9,972,295	\$ 5,559,374	\$ -	\$ -	\$ 15,531,669
Inter-segment revenue	-	182,226	-	(182,226)	-
Total revenue	<u>\$ 9,972,295</u>	<u>\$ 5,741,600</u>	<u>\$ -</u>	<u>(\$ 182,226)</u>	<u>\$ 15,531,669</u>
Segment income	<u>\$ 1,419,301</u>	<u>\$ 382,232</u>	<u>\$ 58,550</u>	<u>(\$ 91,795)</u>	<u>\$ 1,768,288</u>

Year ended December 31, 2021					
	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	\$ 11,355,661	\$ 4,592,477	\$ -	\$ -	\$ 15,948,138
Inter-segment revenue	763	195,396	-	(196,159)	-
Total revenue	<u>\$ 11,356,424</u>	<u>\$ 4,787,873</u>	<u>\$ -</u>	<u>(\$ 196,159)</u>	<u>\$ 15,948,138</u>
Segment income	<u>\$ 1,817,374</u>	<u>\$ 118,881</u>	<u>\$ 30,408</u>	<u>(\$ 27,487)</u>	<u>\$ 1,939,176</u>

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

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

(3) Reconciliation for segment income (loss)

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

(4) Information on products and services

Please refer to Note 6 (24) for the related information.

(5) Geographical information

Geographical information of the Group for the years ended December 31, 2022 and 2021 is as follows :

Year ended December 31				
2022		2021		
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 7,165,815	\$ 6,433,188	\$ 8,590,900	\$ 6,302,277
America	2,777,381	-	1,845,289	225,317
China	2,994,265	47,241	2,333,719	61,240
Others	2,594,208	1,158	3,178,230	58,572
	<u>\$ 15,531,669</u>	<u>\$ 6,481,587</u>	<u>\$ 15,948,138</u>	<u>\$ 6,647,406</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31			
	2022		2021	
	Revenue	Segment	Revenue	Segment
Company A	\$ 2,746,441	Semiconductor and electronic manufacturing services group	\$ 3,361,350	Semiconductor and electronic manufacturing services group
Company B	3,027,400	Electronic manufacturing services group	2,702,514	Electronic manufacturing services group
Company C	2,334,387	Semiconductor and electronic manufacturing services group	2,439,420	Semiconductor and electronic manufacturing services group
	<u>\$ 8,108,228</u>		<u>\$ 8,503,284</u>	



Orient Semiconductor Electronics, Limited and Subsidiaries  
Loans to others  
Year ended December 31, 2022

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Footnote
					December 31, 2022	December 31, 2022							Item	Value			
0	Orient Semiconductor Electronics, Limited	OSE PHILIPPINES, INC.	Long-term accounts receivables due from related parties	Y	\$ 683,890	\$ -	\$ -	0~1.80	Short-term financing	\$ -	Capital requirement of OSEP	\$ -	-	\$ -	\$ 2,925,232	\$ 3,900,310	-
1	OSE PHILIPPINES, INC.	OSE PROPERTIES, INC.	Long-term accounts receivables due from related parties	Y	95,238 (USD 3,102)	-	-	2.00	Short-term financing	-	Capital requirement	-	-	-	-	-	Note 2
2	COREPLUS (HK) LIMITED	Valve-Plus Technology (Suzhou) Co.	Long-term accounts receivables due from related parties	Y	30,700 (USD 1,000)	30,700 (USD 1,000)	10,745 (USD 350)	-	Short-term financing	-	Short-term capital requirements for operating and business purposes	-	-	-	643,411 (USD 20,958)	643,411 (USD 20,958)	-

Note 1: In accordance with the Company's "Procedures for Provision of Loans", limit on loans to others is 40% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.

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

Note 2: OSE PROPERTIES, INC. disposed the idle land amounting to 18,380 square meters in the first quarter of 2015. The consideration from disposal, net of related expenses, should be used to settle the borrowings in the amount of US\$1,285 thousand loaned from OSEP. OSE PROPERTIES, INC. disposed the idle land amounting to 30,460 square meters in the first quarter of 2022. The consideration from disposal, net of related expenses, should be used to settle the borrowings in the amount of US\$3,102 thousand loaned from OSEP.

## Orient Semiconductor Electronics, Limited and Subsidiaries

## Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Orient Semiconductor Electronics,Limited	COREPLUS (HK) LIMITED	Note 2	\$ 2,925,232	\$ 76,750 (USD 2,500)	\$ 76,750 (USD 2,500)	\$ 10,745 (USD 350)	\$ -	0.78%	\$ 9,750,776	Y	N	N	-
0	Orient Semiconductor Electronics,Limited	OSE PHILIPPINES, INC.	Note 2	2,925,232	30,700 (USD 1,000)	-	-	-	-	9,750,776	Y	N	N	-

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

(1)The Company is '0'.

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

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

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

Orient Semiconductor Electronics, Limited and Subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2022

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Orient Semiconductor Electronics,Limited	STRATEDGE's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	5,135	\$ -	-	\$ -	-
Orient Semiconductor Electronics,Limited	SPINERGY's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	999,641	-	-	-	-
Orient Semiconductor Electronics,Limited	Golfware's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	4,687	-	-	-	-
Orient Semiconductor Electronics,Limited	SCREENBEAM's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	2,141,176	2,683	-	2,683	-
Orient Semiconductor Electronics,Limited	SCREENBEAM's stocks - preference share	None	Financial assets at fair value through other comprehensive income - non-current	2,352,941	7,930	-	7,930	-
Hua-Cheng Investment Co.	Chipbond Technology Corporation	Entity with significant influence	Financial assets at fair value through other comprehensive income - non-current	17,610,000	1,010,814	2.38%	1,010,814	-

Orient Semiconductor Electronics, Limited and Subsidiaries  
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital  
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2022		Addition		Disposal			Balance as at December 31, 2022		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Orient Semiconductor Electronics, Limited and Subsidiaries	HUA-CHENG INVESTMENT CO.	Investments accounted for using equity method	-	Subsidiary	29,000,000	\$ 291,503	109,993,437	\$ 1,197,729 (Note 1)	-	\$ -	\$ -	\$ -	138,993,437	\$ 1,489,232
HUA-CHENG INVESTMENT CO.	Stocks-Chipbond Technology Corporation	Financial assets at fair value through other comprehensive income - non-current	-	-	4,120,000	274,804	13,490,000	736,010	-	-	-	-	17,610,000	1,010,814
Orient Semiconductor Electronics,Limited	Equity interest of ATP Electronics Taiwan Inc.	Non-current asset held for sale (Note 2)	ATP Electronics Taiwan Inc. (Note 3), FU DING YU Inc.	Associates, non-associates	7,518,750	241,856	-	-	7,518,750	262,365	257,959	4,406	-	-
OSE INTERNATIONAL LTD.	Equity interest of ATP Electronics Taiwan Inc.	Non-current asset held for sale (Note 2)	FU DING YU Inc.	Non-associates	6,866,250	225,317	-	-	6,866,250	239,597	245,770 (USD 8,163)	12,555 (USD 417)	-	-

Note 1: In 2022, the Company newly invested \$1,209,920 in Hua-Cheng Investment Co. and the additional investment included the investment income (loss) and other comprehensive income recognised in the period.

Note 2: The Board of Directors of the Company resolved to dispose all shares of ATP Electronics Taiwan Inc. held by the Group in April 2022, Therefore, the Group transferred related assets as disposal group held for sale, and the Group completed the disposal of shares and the related procedures in September 2022.

Note 3: ATP Electronics Taiwan Inc. repurchased the treasury shares.

Orient Semiconductor Electronics, Limited and Subsidiaries  
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more  
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event (Note)	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
OSE PHILIPPINES, INC.	Plant	December 8, 2021	1998	\$ 383,148	\$ 529,741	\$ 529,741	\$ 58,009	MICROSEMI SEMICONDUCTORS-MANILA (PHILIPPINES),INC.	Non-related party	Effectively use of the Group's resource	Appraisal report and mutual agreement	None
				(USD 12,726)	(USD 17,595)	(USD 17,595)	(USD 1,927)					

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

Orient Semiconductor Electronics, Limited and Subsidiaries  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Compared to third party transactions		Notes/accounts receivable (payable)			Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Orient Semiconductor Electronics,Limited	COREPLUS (HK) LIMITED	Subsidiary	Purchases	\$ 177,473	2.70%	60 days after monthly billings	-	-	\$ 38,526	1.27%	Note 3
Orient Semiconductor Electronics,Limited	Phison Electronics Corp.	Key management personnel of the Company (Note1)	Sales	2,017,268	13.25%	30 days after monthly billings	-	-	-	-	-
Orient Semiconductor Electronics,Limited	ATP Electronics Taiwan Inc	Associate of the Company (Note2)	Sales	142,197	0.93%	30 days after monthly billings or delivery	-	-	-	-	-
Valve-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	Subsidiary	Sales	148,842	97.89%	60 days after monthly billings	-	-	13,819	96.92%	-

Note 1 : This person was no longer the Company's related party after resigning from being the Company's director since November 7, 2022.

Note 2 : Since the Company sold all its shares of ATP in the period from August 2022 to September 2022, the Company is no longer a related party of the Company.

Note 3 : The amount of purchases (sales) pertains to the amount after offsetting sales of raw materials by the Company to the subsidiary and purchases of processed finished goods by the Company from the subsidiary.  
In addition, accounts payable at the end of the period pertain to the balance after offsetting accounts receivable and payable. These amounts were eliminated in the consolidated financial statements.

Orient Semiconductor Electronics, Limited and Subsidiaries  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2022

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

Transaction							
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Orient Semiconductor Electronics,Limited	OSE PHILIPPINES, INC.	1	Accounts receivable	\$ 38,526	-	0.23%
0	Orient Semiconductor Electronics,Limited	OSE INTERNATIONAL LTD.	1	Other payables	77,953	-	0.46%
1	COREPLUS (HK) LIMITED	Orient Semiconductor Electronics,Limited	2	Sales revenue	177,473	Same with general transaction terms	1.14%
1	COREPLUS (HK) LIMITED	Valve-Plus Technology (Suzhou) Co.	3	Other receivable	10,745	-	0.06%
2	Valve-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Sales revenue	148,842	Same with general transaction terms	0.96%
2	Valve-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Accounts receivable	13,819	-	0.08%

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

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Table 8

Orient Semiconductor Electronics, Limited and Subsidiaries  
Information on investees  
Year ended December 31, 2022

Expressed in thousands of NTD  
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2022						Investment income (loss) recognised by the Company for the year ended December	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022		Balance as at December 31, 2021		Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	31, 2022	Footnote
Orient Semiconductor Electronics, Limited	OSE PHILIPPINES, INC.	Philippines	(1)Manufacture and export of integrated circuits and computers (2) Research, design, manufacture, assembly, processing and test of abovementioned products and after-sales service	\$ 3,971,825 (USD 129,375,408)	\$ 3,971,825 (USD 129,375,408)			3,680,365	93.67%	(\$ 13,490)	\$ 39,934	\$ 37,406	Note 1
Orient Semiconductor Electronics, Limited	OSE PROPERTIES, INC.	Philippines	(1) Sales of properties (2) Lease of properties (3) Other property-related business	9,381 (USD 305,559)	9,381 (USD 305,559)			7,998	39.99%	1,843	67,860	4,523	
Orient Semiconductor Electronics, Limited	OSE INTERNATIONAL LTD.	British Virgin IS.	Investments of various manufacturing businesses	491,200 (USD 16,000,000)	491,200 (USD 16,000,000)			16,000,000	100%	325,908	5,667	5,667	Note 1
Orient Semiconductor Electronics, Limited	ATP Electronics Taiwan Inc.	Taiwan	Design and sales of RAM module of high Level Communication	-	316,256 (USD 10,301,492)			-	-	-	170,369	13,386	
Orient Semiconductor Electronics, Limited	SCS HIGHTECH INC.	Taiwan	Manufacture of data storage and processing equipment and providing information software and data processing services	256,000	256,000			25,600,000	18.17%	-	-	-	Note 2
Orient Semiconductor Electronics, Limited	COREPLUS (HK) LIMITED	Hong Kong	Procure to order and components assembly outsourcing	230,250 (USD 7,500,000)	230,250 (USD 7,500,000)			7,500,000	100%	321,646 (	6,697) (	6,697)	Note 1
Orient Semiconductor Electronics, Limited	HUA-CHENG INVESTMENT CO.	Taiwan	Reinvestments in various business	1,508,254	290,000			138,993,437	100%	1,489,232	52,860	52,860	Note 1
OSE INTERNATIONAL LTD.	ATP Electronics Taiwan Inc.	Taiwan	Design and sales of RAM module of high Level Communication	-	368,400 (USD 12,000,000)			-	-	-	170,369	12,658	Note 3
OSE INTERNATIONAL LTD.	OSE PHILIPPINES, INC.	Philippines	(1)Manufacture and export of integrated circuits and computers (2) Research, design, manufacture, assembly, processing and test of abovementioned products and after-sales service	153,500 (USD 5,000,000)	153,500 (USD 5,000,000)			248,660	6.33% (	912)	39,934	2,528	Notes 1 and 3

Note 1: Inter-company transactions between companies within the Group are eliminated.  
Note 2: The investee was abolished on March 8, 2007.  
Note 3: Initial investment amount of the reinvestee which use foreign currencies to prepare financial statements is translated to NTD at the spot rate at the period end.



Orient Semiconductor Electronics, Limited and Subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2022

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan								
Valve-Plus Technology (Suzhou) Co.	Adhesive processing, plug-in welding processing and related test, combination processing of the surface of base plate of electronic and sales of its products, and providing technique maintenance and after-sale service accordingly	165,428 (USD 5,388,522)	Investment and establishment in COREPLUS, and then reinvestment (2)	\$ 158,328	\$ -	\$ -	\$ 158,328	(\$ 11,967)	100%	(\$ 11,967)	\$ 56,126	\$ -	Note 3	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	Footnote										
Orient Semiconductor Electronics,Limited	\$ 158,328	\$ 175,495	\$ 5,850,465	Note 3										

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

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

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

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

Orient Semiconductor Electronics, Limited and Subsidiaries

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

Year ended December 31, 2022

Table 10

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Provision of													
	Sale (purchase)		Service revenue		Accounts receivable (payable)		Other receivables		endorsements/guarantees or collaterals		Financing			Other
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022
Valve-Plus Technology (Suzhou) Co.	\$ -	-	\$ 148,842	98%	\$ 13,819	97%	\$ 969	53%	\$ -	-	\$ 30,700	\$ 30,700	-	\$ -

Orient Semiconductor Electronics, Limited and Subsidiaries

Major shareholders information

December 31, 2022

Table 11

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

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