Stock symbol :2329

Orient Semiconductor Electronics, Ltd.

Annual Report 2022

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

The annual report is available at: http://mops.twse.com.tw

Company website: https://www.ose.com.tw/about/investment/shareholder/#report-for-year

Printed on May 19, 2023

I. Name, contact telephone number and e-mail address of the Company's spokesperson and deputy spokesperson:

Spokesperson: Simon Hung

Title: Senior Division Chief, Financial Support Division

Tel: (07) 361-3131

Deputy spokesperson: Chen-Ling Lai

Title: Vice President, Administrative Center

Tel: (07) 361-3131

E-Mail: invest@ose.com.tw

II. Address and telephone number of the head office, branch office, and factory:

The Head Office

Address: No. 9, Central 3rd Street, Nanzih District, Kaohsiung City

Tel: (07) 361-3131

Factory

Factory in the Corporate Head Office Building

Address: No. 9, Central 3rd Street, Nanzih District, Kaohsiung City

Tel: (07) 361-3131

Semiconductor Factory

Address: No. 12-2, Neihuan South Road, Nanzih District, Kaohsiung City

Tel: (07) 361-3131

Assembly Factory

Address: No. 16, East 3rd Street, Nanzih District, Kaohsiung City

Tel: (07) 361-3131

Factory in the Packing and Testing Building

Address: No. 80, Jing 3rd Road, Nanzih District, Kaohsiung City

Tel: (07) 361-3131

SSD Factory

Address: No. 6-2, Neihuan South Road, Nanzih District, Kaohsiung City

Tel: (07) 361-3131

EMS Factory No.5

Address: No. 11, East 2nd Street, Nanzi District, Kaohsiung City

Tel: (07) 361-3131

III. Name, address, website, and telephone number of the stock transfer agent :

Company: Stock transfer agency of CTBC Bank Co., Ltd

Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Taipei

Website: http://www.ctbcbank.com.tw

Tel: (02)6636-5566

IV. Name of the Auditor, name of the auditing firm, address, website and telephone number of the Auditor who issued the most recent annual financial report:

CPA’s name: Kuo-Hua Wang; Tsai-Yen Chiang

Auditing firm: PwC Taiwan

Address: 22F, No. 95, Minzu 2nd Road, Kaohsiung City

URL:http://www.pwc.tw

Tel: (07) 237-3116

V. Name of any exchanges where the Company's securities are listed overseas and the method by which to access information about the overseas securities: none

VI. Company website: http://www.ose.com.tw

Catalogue

V. Operating Overview

VI. Financial Information

VII. Review and Analysis of the Financial Status and Financial Performance and Risk Matters

VIII. Special Disclosure

I. Message to Shareholders

2022 was an year of a mix of challenges and opportunities under a volatile international context. The market was significantly impacted by various factors, e.g., the impact of the COVID-19 pandemic, the onset of the conflict between Ukraine and Russia, the effect of hikes of interest rates and inflation, geopolitics, and a correction of the demand for semiconductors and memory devices. “Sincerity and honesty at all times” is Orient Semiconductor Electronics’ (OSE) entrepreneurial spirit and business philosophy. The Company continued to focus on core businesses, providing professional OEM services to large international clients and niche, high growth, SMEs through process innovation, information technology innovation, and business processes innovation. With the goal of sustainable management, the Company cultivates talents, actively expands the business and products, and continues to grow the memory market through strict quality control and process technology requirements. The Company is committed to serving customers, caring for Employees, managing business, being responsible to Shareholders, and acting as a good corporate citizen. The Company will continue to invest more in the technology industry and the future energy generation to create a better social environment.

2022 Operating Results

I. Business Plan Implementation Results

Unit: NTD thousand

Year	2022	2021	Difference	%
Operating revenue	15,531,669	15,948,138	(416,469)	-2.61%
Operating margin	2,522,924	2,936,744	(413,820)	-14.09%
Operating income (loss)	1,433,300	1,876,281	(442,981)	-23.61%
Non-operating income and expenses	334,988	62,895	272,093	432.61%
Net income (loss) before tax	1,768,288	1,939,176	(170,888)	-8.81%
Income tax benefits (expenses)	(319,635)	(408,595)	88,960	-21.77%
Net income (loss)	1,448,653	1,530,581	(81,928)	-5.35%

The Company’s 2022 operating gross profit, net operating income, non-operating income and expenses, and net income are explained as follows:

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

In 2022, impacted by international political and economic situations such as the Russia-Ukraine war, global inflation, strong interest rate hikes by the US’s Federal Reserves, the global economy slowed down, and so did the demand for electronic consumer products. China’s economic performance plummeted, mainly due to its zero-COVID policy, driving down customer orders and reducing the operating revenue in this period compared with 2021. In addition, the reduction in orders led to a decreased utilization rate, and labor costs and manufacturing overheads could not effectively be amortized, which resulted in the reduction of gross operating profits and net income for the current period.

In summary, in 2022, operating income decreased by 2.61%; operating cost declined by 0.02%; gross operating profit decreased by 14.09%; and net operating profit decreased by 23.61%.

2. Non-operating income and (expenses):

(1) In 2022, the gain on disposal of asset and the recognition of dividend income from financial assets measured at fair value through other comprehensive income increased, resulting in an increase of 546.08% in other income and interests;

(2)The USD exchange rate was depreciating in 2021 but appreciating in 2022, with the appreciation amplitude in 2022 surpassing the depreciation one in 2021, causing the net foreign exchange gain to increase by 303.19%.

(3) The Company continues to improve its financial structure. Although the central bank began increasing interest rate in the second half of 2022, the Company still reduced its financial costs by 21.86% from 2021 and increased interest income by 189.79% from 2021.

In summary, operating revenue increased by 432.61% from last year’s level.

II. Financial Income/Expenses and Profitability Analysis

Analysis item		Fiscal Year: Financial analysis for the most recent two years 2022	2021
Financial structure	Debt-asset ratio%	42.46	47.28
	Ratio of Long-term funds to Property, Plant, and Equipment (%)	234.88	209.54
Profitability	Return on assets%	8.63	9.88
	Return on equity (%)	15.47	18.47
	Profit margin before tax%	9.32	9.60
	Earnings per share(NTD)	2.02	2.24

III. R&D status

The R&D expenditure of 2022 was NT$340,002 thousand.

Semiconductor Group: Aside from continuously qualifying the 3D NAND flash processes of different brands to put them into mass production and continuously qualifying and developing products relating to the flip chip (FC) process, we will also continue to introduce FC products and fan-out packaging, and will develop the third-generation semiconductor processes and products to seize the opportunities associated with electric cars. The Company will also tailor products to customers' demand for products with high heat dissipation rate. To fulfill the ideal of environmental protection, energy conservation, and carbon reduction, the Company continuously attends to any addition or amendment of laws at home and abroad and assess and verify new eco-friendly and low-carbon materials to meet regulations and customers' requirements.

EMS Unit: With the transfer of customers' high-end technology, the Company is already equipped with the technology standard that exceeds the highest quality standard of class 3. The technology is applicable for fields such as oil exploration, aerospace satellites, etc. Starting from 2020,, we cooperated with the government policies and smoothly completed the satellite launch. We offer our extended services to countries around the world to meet customer requirements. The Company has successively passed certification and accreditation, enabling itself to provide advanced technology to the customer base in the niche market.

Summary of the Business Plan for the Current Fiscal Year

The Company's business strategy will be to continue the development of flash memory market and select advantageous domestic/foreign proprietors for strategic cooperation. In addition to constant research and development for 5G application, packaging of Internet of Things (IoT), AI products, and automotive electronics-related products, the Company will conduct the assessment and development of the product lines of flip chips for high-end wearable products. The Company will continue to attend to any change in environmental protection laws of domestic and foreign governments, so as to expand profit base and reduce the impact of regulatory changes. Simultaneously, the Company will foster talent and combine internal and external resources to preserve future competitiveness.

Looking into 2023, not only will we strengthen the development of CSP/ BGA market and improve the production efficiency for our semiconductor packaging and electronic components assembly services, we will further enhance the development of memory market (especially LPDDR and DDR). the Company will also expand the development of IoT and automotive electronics-related markets to maintain its combativeness and boost its revenue sources.

Consequently, the Semiconductor Group will be devoted to the following operating direction to boost the revenue:

I. Reduce the material costs constantly.
II. Continue the development of advanced packaging processes and refinement of process capabilities to meet future customer product requirements.
III. Continue the further development of memory market and assist customers in the development of new customized products.
IV. Develop third-generation semiconductor processes and products.
V. Adopt intelligent production management system.
VI. Develop high end SiP manufacturing process and market.
VII. Evaluate and verify low-carbon market.
VIII. Aggressively tap into the market for automotive electronics.
IX. Develop customers in the server semiconductor business.

Both SSD and products with quality requirement higher than IPC-610 class 3 in EMS Group have been put into mass production. Below is a summary of the major plans of the Electronics Manufacturing Services Group in 2023:

I. The ongoing expansion of the SSD production base -build an exclusive production area that serves the world's top customers with the adjustment plan of the global productive capacity for the main customers to respond the demand of the future productive capacity.
II. With the growing demand for server products, the setting of production line has been adjusted accordingly in order to increase the productive capacity to handle customers' demand. In addition to the production of existing products, with the introduction of next-generation products of INTEL and AMD, we will put new products into mass production to meet customers' demand. .
III. In-vehicle products were IATF 16949-certified and put into mass production.
IV. Obtainment of AS9100 aerospace certification should facilitate grasp of new opportunities in the aerospace industry.

Company's Future Development Strategy

In addition to satisfying the quality, production capacity and cost requested by the packaging market of flash memory via current advantages in the future, the Semiconductor Group will also use relevant process technology developed together with strategic partners to expand the markets for the 5G, IoT, and AI applications. With climate change issues taking root, countries around the world successively set a date for banning sale of gas-powered vehicles, so the electric car segment is expected to continue to grow in the future. The Company will furthermore collaborate with clients to devise third-generation semiconductor-based procedures and goods. As the demand for cloud applications soars, the Semiconductor Group will leverage the Electronics Manufacturing Services Group's years of experience in the server industry to win customers therein.

Based on the production methods such as small quantity with variety and mass production, the Electronics Manufacturing Services Group planned out the production lines and management method carefully, in order to reach the goal of reducing costs and increasing efficiency, ensuring the punctuality and delivery of the development of new products. At the same time, the Company has provided customers with professional knowledge regarding supply chain and essential resources to make them have more competitiveness in the market, so as to create a win-win situation.

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

The Company will collaborate with the major memory industry chain, distributors, and suppliers all over the world to continue developing the manufacturing services of all the flash memory applications via the current advantages in the manufacturing platform. Meanwhile, the Company continues to invest in CSP BGA market development, improve production efficiency, and expand the market for Internet of Things and automotive electronics-related applications. In addition, the Company will strategically streamline its product portfolio, pragmatically promote automation and digitalization, actively expand the revenue base, increase utilization rate, and commit to increasing revenue and reducing expenditure.

Market factors aside, climate issues are becoming increasingly influential in semiconductor supply chain and manufacturing. In order to comply with the requirements of the national risk management system and with the trend towards sustainable development in the global economy, the Company also applies national and foreign standards and practical strategies in order to cushion the impact of regulatory changes, and maintain competitive advantage in the market. Pursuit of a profit growth aside, the Company also pays close attention to the global trends and the changes in national and foreign standards, continuously develops talents, and incorporates both external and internal resources, in order to achieve a sustainable operations. 2023 will be a year of economic and environmental uncertainties, bringing more challenges alongside opportunities. We are deeply grateful to all of our shareholders for their unwavering trust in our company and look ahead to furthering our collective success in the future.

Finally, we would like to wish all Shareholders
Good health, and all the best

Orient Semiconductor Electronics, Ltd.

Chairman: Yueh-Ming Tung

II. Company Profile

I. Incorporation date of Company: June 12, 1971

II. Company history

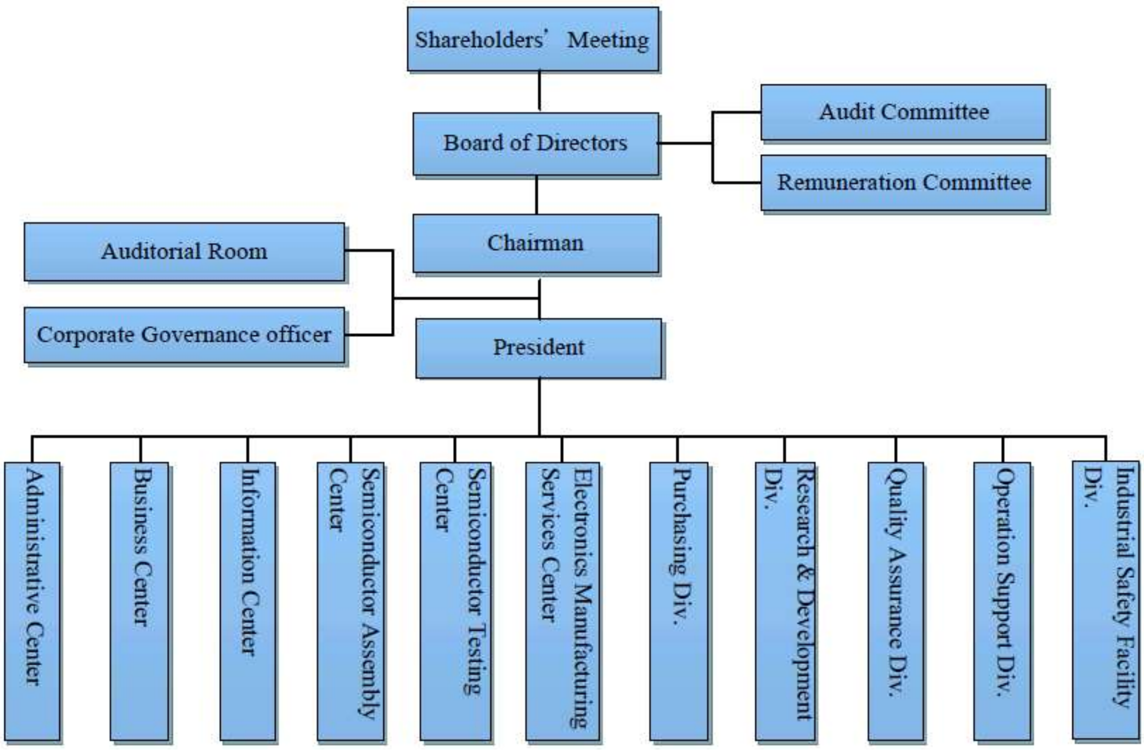
1971	June	OSE was officially established, with the paid-in capital of NT$11,000,000.
1990	March	the Assembly Business Unit was completed and started mass production.
1994	April	OSE issued the common stock and was listed on the Taiwan Stock Exchange on April 20 under Category 1.
1999	April	the Enterprise Resource Planning (ERP: SAP/R3) and MES (Manufacturing Execution System) were implemented
	June	New Corporate Identity System was officially launched.
	July	Follow-on offering of common shares for NT$1 billion.
2000	June	the corporate headquarter building was commenced
2001	September	Follow-on offering of preferred shares for NT$500 million.
2002	July	the General Manager, Mr. Chien Liang Li handed in his resignation, and Mr. Edward Shaw-Yau Duh was appointed as the new General Manager.
2003	January	Follow-on offering of preferred shares for NT$1.5 billion.
	February	the Chairperson of the Board, Ms. Mei-Tso Yang, resigned, and Mr. Chun-Yuan Du became the successor.
2004	August	Capital reduction to compensate for losses of NT$8,729,104 thousand.
2005	December	OSE passed ISO14001:2004 transition verification of Environment Management System.
2007	May	Private placement of common shares for NT$1.8 billion.
	December	the Semiconductor Business Unit passed TS16949 certification.
2008	June	Capital reduction to offset losses of NT$4.5 billion.
	December	the packing and testing building was commenced.
2010	September	OSE passed verification of OHSAS 18001 and TOSHMS Taiwan Occupational Safety & Health Management System.
	December	OSE passed the “Healthy Workplace Accreditation” by Heath Promotion Administration, Ministry of Health and Welfare.
2011	July	OSE passed the audit of Taiwan TrainQuali System (TTQS), and was awarded the silver medal and nominated for the National TrainQuali Prize.
	September	Follow-on offering of common shares for NT$2 billion.
2013	September	OSE passed CNS15506:2011 transition verification of Taiwan Occupational Safety and Health Management System.
	September	the Assembly Business Unit passed ISO13485 quality assurance certification.
2015	April	the Assembly Business Unit established the factory dedicated for SSD, and set up the production line specialized for automatic testing and automatic assembly.
2016	August	the General Manager, Mr. Chun-Yuan Du, handed in his resignation, and Mr. Yueh-Ming Tung was the successor.
	November	the Company called an Extraordinary Shareholders’ Meeting to hold the by-election, and Mr. Edward Shaw-Yau Duh and Mr. Yueh-Ming Tung were elected as new Directors, with Mr. Edward Shaw-Yau Duh elected as the new Chairman of the Board.
2017	September	OSE passed ISO14001: 2015 transition verification of Environment Management System.
2018	October	the Assembly Business Unit established production line specialized for computer peripherals assembly, which was approved by DELL and HP, and started mass production
	October	Capital reduction to compensate for losses of NT$2,536,872 thousand.
2019	January	the Assembly Business Unit was renamed as Electronics Manufacturing Services (EMS) Unit.
	June	Mr. Edward Shaw-Yau Duh was elected as the chairman of the Board at the General Shareholders’ Meeting.
	June	the first Audit Committee was established.
	June	the SSD factory in the EMS Unit has passed the RBA Validated Assessment Program and obtained the certification.

Year	Month	Event
	October	OSE passed the audit of Taiwan TrainQuali System (TTQS), and was awarded the silver medal.
	December	Issuance of 5,000 thousand shares of new restricted employee shares.
2020	June	OSE joined Taiwan Space Industry Development Association as the first member.
	October	the Chairman, Mr. Edward Shaw-Yau Duh, resigned, and was replaced by Mr. Yueh-Ming Tung who also served as the General Manager.
	October	OSE signed an agreement on a strategic partnership with CHIPBOND TECHNOLOGY CORPORATION.
	December	CHIPBOND TECHNOLOGY CORPORATION conducted a share transfer (exchange) with the Shareholders to become a majority shareholder holding more than 10% of the shares.
2021	January	Private placement of 270,270 thousand shares of preferred stock.
	March	OSE USA, Inc., a U.S. subsidiary, ceased operations.
	March	Improved the synergy of using resources through centralization of the organization, by integrating the operations into six centers and various divisions.
	April	Mr. Jia-Rong Tu was appointed to succeed Mr. Yueh-Ming Tung as the General Manager of the Company, in order to implement corporate governance and strengthen the management function.
	July	Mr. Yueh-Ming Tung was elected as the chairman of the Board at the General Shareholders' Meeting.
	August	Obtained AS 9100 (including ISO 9001) aerospace quality management system certification.
	October	Obtained the Exercise Enterprise Certification issued by the Sports Administration, Ministry of Education.
	December	Awarded the High Distinction Award for Implementing Water Consumption Reduction Guidance and Improvement by the Water Resources Agency, Ministry of Economic Affairs.
	December	Passed the evaluation of the Talent Quality Management System (TTQS) and awarded the gold medal.
2022	June	Passed ISO 14046-1:2018 greenhouse gas verification.
	July	The EMS center passed IATF 16949 certification.
	October	Put the 70,784,915 common shares privately placed in 2007 on the stock exchange retrospectively.
	November	Ranked 1st in the 2022 Digital Transformation Inhibitors strategic roadmap verification award.
	November	Passed the ISO 50001:2018 energy management system certification.
	December	the 5th factory in the EMS Unit has passed the RBA Validated Assessment Program and obtained the certification.
	December	Passed ISO 46001:2019 water resources efficiency management system certification.

III. Corporate Governance Report

I. Organization

(I) Organizational structure



(II) The responsibilities of all the major departments

Departments	Main Business
Auditing Office	Management and internal auditing of the Company's various internal operational processes.
Administrative Center	Management of human resources, administrative services, finance, importing/exporting, legal, and accounting.
Business Center	Responsible for product sales, business development, production planning and material management.
Information Center	In charge of the Company's computer software and hardware, internet maintenance, etc.
Semiconductor Packaging Center	Responsible for semiconductor packaging related business.
Semiconductor Testing Center	Responsible for semiconductor testing related business.
Electronics Manufacturing Services Group	In charge of electronics manufacturing services, etc.
Purchasing Dept.	Responsible for material procurement, control and planning.
R&D Dept.	Product manufacturing process development, new manufacturing process and new product development.
Quality Control Dept.	Quality control of incoming and outgoing shipments, and quality system promotion.
Operation Support Dept.	Factory layout and rationalization planning, and production efficiency improvement.
Occupational Safety Facilities Division	Responsible for the management of environment, safety, health, and plant facilities.

II. Profile of Directors, Supervisors, General Managers, Vice General Managers, Assistant Managers, Department Heads and Branch Heads

(I) Information on Board of Directors

April 11, 2022

Title	Nationality or place of incorporation	Name	Gender; age	Date of election/assumption of office	Term	The commencement date of the first term	Shareholdings in commencement date of the term		Current shareholdings		Current shareholdings of spouse and minor children		Major academic (career) background	Other concurrent position in the Company or other companies	Note
							Share	Shareholding percentage	Share	Shareholding percentage	Share	Shareholding percentage			
Chairman	The Republic of China	Yueh-Ming Tung	Male 51-60	2021.07.15	3	2016.11.08	534,739	0.10%	534,739	0.10%	57	0.00%	Master Degree of EMBA of National Sun Yat-sen University General Manager of Orient Semiconductor Electronics, Ltd.	Chairman of Orient Semiconductor Electronics, Ltd. Chairman of OSE PHILIPPINES, Inc. Chairman of OSE PROPERTIES, INC. Chairman of OSE INTERNATIONAL LTD. Representative of legal person Director, Coreplus (HK) LTD. Representative of legal person Director, VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD.	The Chairman and the CEO are the same person (Note 2)
Director	The Republic of China	CHIPBOND TECHNOLOGY CORPORATION	—	2021.07.15	3	2021.07.15	163,995,498 270,270,000	29.45% (Note 3)	163,995,498 270,270,000	29.53% (Note 3)	0	0.00%	None	None	
	The Republic of China	Representative: Huo-wen Gao	Male 61-70	2021.07.15	3	2021.07.15	0	0.00%	0	0.00%	0	0.00%	Master of Applied Chemistry, National Tsing Hua University Head of Microelectronics Group, ITRI General Manager of Xinbao Electronics	Director and General Manager of Chipbond Technology Corporation Director of Chipmore Holding Company Limited (Cayman) Director of Chi-cheng Investment	
	The Republic of China	Representative: Shi-Wei Luo	Male 51-60	2021.07.15	3	2021.07.15	0	0.00%	0	0.00%	0	0.00%	Department of Accounting, Chung Yuan Christian University Vice President of the Audit Department of PwC Taiwan	Senior Vice President and Chief Financial Officer of the Administration Center, Chipbond Technology Corporation Chairman of Chi-cheng Investment Supervisor of Vision Advance Technology Inc. Representative of legal person Director of Hefei ESWIN Technology Co., Ltd. Representative of legal person Director of Hefei Chipmore Materials Technology Co., Ltd. Independent Director and Convener of the Audit Committee and Remuneration Committee, Sunjuice Holdings Co., Limited. Independent Director and Convener of the Audit Committee and Remuneration Committee, Giga Solar Materials Corp. Independent Director and Convener of the Audit Committee and Remuneration Committee, Hua Hsu Silicon Materials Co., Ltd.	
Independent Director	The Republic of China	Ching-Tien Tsai	Male 61-70	2021.07.15	3	2016.06.22	0	0.00%	0	0.00%	0	0.00%	Department of Accountancy, National Cheng Kung University CPA of Ernst and Young Global Limited Executive Director and Executive Supervisor of Kaohsiung City Accounting Association	Head of Wen-Ping Accounting Firm	
Independent Director	The Republic of China	Jerry Chiou	Male 61-70	2021.07.15	3	2016.06.22	0	0.00%	0	0.00%	0	0.00%	Education: Ph.D. in Commerce, the City University of New York, USA Professor of		

Title	Nationality or place of incorporation	Name	Gender; age	Date of election/assumption of office	Term	The commencement date of the first term	Shareholdings in commencement date of the term		Current shareholdings		Current shareholdings of spouse and minor children		Major academic (career) background	Other concurrent position in the Company or other companies	Note
							Share	Shareholding percentage	Share	Shareholding percentage	Share	Shareholding percentage			
													Department of Accountancy, National Cheng Kung University		
	The Republic of China	Chia-Hua Hsu	Male 61-70	2021.07.15	3	2021.07.15	0	0.00%	0	0.00%	0	0.00%	Department of Business Administration of Tunghai University Finance Manager of First Steamship Group CFO of CHI LIN OPTOELECTRONICS CO., LTD. Independent Director of Chipbond Technology Corporation	Chairman of CHI LIN OPTOELECTRONICS CO., LTD.	

Notes:
1. Directors using others' names to hold shares in the Company: none.
2. Directors have a spouse or a relative of the second degree of consanguinity as an officer or Director of the Company: none.

(Note 1): For Directors and Supervisors acting as the representatives of legal person Shareholders, specify the names of the legal person Shareholders as the following table 1:

(Note 2): If the Chairman and the General Manager or a person with an equivalent position (the top-level manager) are the same person, spouses, or relatives within the first degree of kinship, the reasons, reasonableness, necessity, and countermeasures should be specified: Considering the Company's long-term business model and operational efficiency, the CEO is concurrently served by the Chairman. To strengthen the operation of the Company and the Board of Directors, more than half of the Company's directors are not employees or managers concurrently.

(Note 3): They are 90,090,000 Class B non-voting preference shares and 180,180,000 Class C non-voting preference shares, totaling 270,270,000 shares.

Table 1: Major Shareholders of the legal person Shareholders

Name of legal person Shareholders	Major Shareholders of the legal person Shareholders
CHIPBOND TECHNOLOGY CORPORATION	Chang Wah Electronmaterials Inc.(7.74%); United Microelectronics Corporation(7.20%); China Life Insurance Co., Ltd. (3.36%); Labor pension fund under the new retirement scheme (2.56%); Ennoconn International Investment Co., Ltd. (2.54%); UMC Capital (1.89%); Nan Shan Life Insurance Co., Ltd. (1.75%); Fei-Chien Wu(1.47%); Fubon Taiwan high dividend 30 ETF investment account (1.32%); Citigroup (Taiwan) as the custodian of the investment account of the Norway's Central Bank.(1.21%)

(Note 1): When a Director or Supervisor is the representative of an legal person shareholder, specify the name of such legal person shareholder.

(Note2): Specify the name and the percentage of the shareholding of the major Shareholders of the legal person Shareholders (their percentage of the shareholding is among top 10). When the major Shareholders of an legal person shareholder are legal person investors, continue with Table 2 below.

Table 2: Major Shareholders of legal person investors in Table 1

Name of legal person investor	Major Shareholders of legal person shareholder
UMC Capital	United Microelectronics Corporation (100%)
Ennoconn International Investment Co., Ltd.	Orient Semiconductor Electronics, Ltd. (100%)

(II) Disclosure of information on the professional qualifications of directors and the independence of independent directors:

1. Professional qualifications and independence of directors

Criteria / Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of other public companies in which the individual is concurrently serving as an Independent Director
Chairman Yueh-Ming Tung	Has more than five years of work experience required for the Company's business, a master's degree of EMBA of National Sun Yat-sen University in advanced management; is currently serving as the Chairman and the CEO of Orient Semiconductor Electronics; is not under any of the circumstances under Article 30 of the Company Act.	Not applicable	0
Director Huo-wen Gao	Has more than five years of work experience required for the Company's business and a master's degree in Applied Chemistry, National Tsing Hua University; is currently serving as the director and General Manager of Chipbond Technology Corporation; is not under any of the circumstances under Article 30 of the Company Act.	Not applicable	0
Director Shi-Wei Luo	Has more than five years of work experience required for the Company's business; Bachelor from the Accounting Faculty of Chung Yuan Christian University; is currently serving as the Senior Vice President and Chief Financial Officer of the Administration Center in Chipbond Technology Corporation; is not under any of the circumstances under Article 30 of the Company Act.	Not applicable	3
Independent Director Ching-Tien Tsai	Is a professional and skilled person who has more than five years of work experience required for the Company's business and has passed the Senior Professional and Technical Examination for Certified Public Accountants and obtained a license; graduated from the Department of Accountancy, National Cheng Kung University; once served as CPA of Ernst and Young Global Limited; is currently the owner, Wen-Ping Accountancy Firms; is not under any of the circumstances under Article 30 of the Company Act.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Holding more than 1% of the total outstanding shares issued by the Company, or among the top 10 natural person Shareholders by the person or his or her spouse or minor children, or in the name of a third party. (4) Not a spouse, or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of an executive officer falling under (1), (2) or (3) above. (5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of another company where a majority of the Company's directors or voting shares and those of another company are controlled by the same person.	0

Independent Director Jerry Chiou	Has the qualification as a lecturer for relevant departments at public and private colleges and universities required by the Company's business; has a Ph.D. in business, the City University of New York; once served as a professor at the Department of Accountancy, National Cheng Kung University; is not under any of the circumstances under Article 30 of the Company Act.	(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the General Manager, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or spouses. (8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, Director, Supervisor, or a spouse thereof, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT$500,000. This restriction does not apply, however, to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act, the Business Mergers and Acquisitions Act, or related laws or regulations. (10) Not having a marital relationship, or not a relative within the second degree of kinship to any other Director of the Company. (11) Not a governmental, legal person investor or its representative as defined in Article 27 of the Company Act.	0
Independent Director Chia-Hua Hsu	Has more than five years of work experience required for the Company’s business; graduated from the Department of Business Administration of Tunghai University; once served as CFO of Chi Lin Optoelectronics Co., Ltd.; is currently serving as the Chairman of Chi Lin Optoelectronics Co., Ltd.; is not under any of the circumstances under Article 30 of the Company Act.		0

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of individual directors and supervisors. If they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience shall be specified, and whether they are under any of the circumstances under Article 30 of the Company Act shall be indicated.

Note 2: According to the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Company has obtained a statement of independence from all independent directors and confirmed that they all met the independence criteria stipulated by laws and regulations.

2. Diversity and independence of the Board of Directors: The board members are from different professional backgrounds and in both genders and have diverse work experiences. The Company pays special attention to the independence during the operation of the Board of Directors and aims to achieve a percentage of directors who are also employees less than 30% and 40% for independent directors, to reinforce the structure of the Board of Directors. Currently the Board of Directors has 6 directors, including 3 independent directors, 2 ordinary directors, and 1 director who is also an employee. Independent directors account for 50% of all directors, and directors who are also employees accounted for 16% of all directors, both of which have reached the established targets. The term of office of two independent directors is between seven and nine years; one independent director has been in office for less than three years. They specialize in the fields of industrial technology, law, financial accounting, and business management. Please refer to page 29 of this annual report for details on the implementation of the board diversity policy by individual directors.

(II) Profile of General Managers, Vice General Managers, Assistant Managers, Department Heads and Branches Heads

April 11, 2023

Title	Nationality	Name	Gender	Date of election /assumption of office	Shareholding		Current shareholdings of spouse and minor children		Major academic (career) background	Current employment with other companies	Remarks
					Share	Shareholding percentage	Share	Shareholding percentage			
CEO	The Republic of China	Yueh-Ming Tung	Male	2021.07.29	534,739	0.10%	57	0.00%	Master Degree of EMBA of National Sun Yat-sen University General Manager of Orient Semiconductor Electronics, Ltd.	Chairman of OSE PHILIPPINES, Inc. Chairman of OSE PROPERTIES, INC. Chairman of OSE INTERNATIONAL LTD. Representative of legal person Director, Coreplus (HK) LTD. Representative of legal person Director, VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD.	(Note 1)
General Manager	The Republic of China	Jia Rong Tu	Male	2021.01.15	88,000	0.02%	0	0.00%	Department of Mechanics, National Cheng Kung University Special Assistant to the General Manager of Orient Semiconductor Electronics, Ltd. Vice General Manager of Manufacturing Center in CHIPBOND TECHNOLOGY CORPORATION Assistant Manager of Info-Tek Corporation Engineer in Zhubei Plant of Philips Taiwan	None	
Senior Vice General Manager	The Republic of China	Tzu Ming Liu	Male	2003.02.28	126,304	0.02%	11,720	0.00%	Department of Electronic Engineering, National Chin-Yi University of Technology	Representative of legal person Director, COREPLUS (HK) LTD. Representative of legal person Director, VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD.	
Vice General Manager	The Republic of China	Liang-Chung Wu	Male	2015.07.20	154,381	0.03%	0	0.00%	Institute of Electronics of National Chiao Tung University General Manager of Kai Yu Technology, Engineering Inc. (renamed from TAIWAN MEMORY TECHNOLOGY INC.) Section Director of Hualong Microelectronics	None	
Vice General Manager	The Republic of China	Chin-Chiu Wang	Male	2019.09.04	62,004	0.01%	152	0.00%	MBA of National Sun Yat-sen University IBM System Engineer/Business Specialist Manager of the Information Management Unit in Orient Semiconductor Electronics, Ltd. General Manager of Infofab, Inc.	None	

Title	Nationality	Name	Gender	Date of election /assumption of office	Shareholding		Current shareholdings of spouse and minor children		Major academic (career) background	Current employment with other companies	Remarks
					Share	Shareholding percentage	Share	Shareholding percentage			
Vice General Manager	The Republic of China	Chen-Ling Lai	Female	2018.03.06	158,788	0.03%	0	0.00%	Master of Human Resource, National Kaohsiung University of Applied Sciences	Representative of legal person Director, OSE PHILIPPINES, INC.	(Note 2)
Vice General Manager	The Republic of China	Min-Lang Tsai	Male	2017.07.19	62,852	0.01%	0	0.00%	Master of Industrial Engineering, National Kaohsiung University of Applied Sciences Assistant Manager of Dept. of RD and Manufacturing Process Engineering of Taiwan IC Packaging Corporation Senior Manager of Dept. of Flash packaging/testing R&D of ADATA Technology Co., Ltd.	None	(Note 3)
Assistant Manager	The Republic of China	Che-Kuang Liu	Male	2016.09.07	66,278	0.01%	10,302	0.00%	Department of Industrial and Systems Engineering of Chung Yuan Christian University	None	
Assistant Manager	The Republic of China	Chen-Chung Sun	Male	2017.08.10	56,636	0.01%	0	0.00%	Department of Business Administration of Tunghai University	None	
Assistant Manager	The Republic of China	Tseng-Chih Chi	Male	2018.08.20	59,426	0.01%	0	0.00%	Master Degree of Institute of Applied Mechanics of National Taiwan University Director of ADATA Technology Co., Ltd.	None	
Assistant Manager	The Republic of China	Hung-Tai Mai	Male	2019.05.01	56,029	0.01%	17,302	0.00%	Department of Industrial Management, Shu-Te University	None	
Assistant Manager	The Republic of China	Jia Ming Yang	Male	2020.08.03	56,494	0.01%	0	0.00%	Master of Engineering Science, National Cheng Kung University	None	
Chief Financial Officer	The Republic of China	Simon Hung	Male	2020.10.16	22,800	0.00%	0	0.00%	MBA, National Taiwan University	Representative of legal person Diretor/CFO of OSE PHILIPPINES, Inc. CFO of OSE PROPERTIES, INC. Chairman of COREPLUS (HK) Ltd. Chairman of VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD. Representative of legal person Director, Ennoconn International Investment Co., Ltd.	

Title	Nationality	Name	Gender	Date of election /assumption of office	Shareholding		Current shareholdings of spouse and minor children		Major academic (career) background	Current employment with other companies	Remarks
					Share	Shareholding percentage	Share	Shareholding percentage			
Accounting Supervisor and Corporate Governance Officer	The Republic of China	Shu-Yung Chu	Female	2018.12.01	42,758	0.01%	0	0.00%	Master of the Institute of Finance, National Sun Yat-sen University	Representative of legal person Director, OSE PHILIPPINES, INC. Representative of legal person Director, Ennoconn International Investment Co., Ltd.	

Notes:
1. Directors using others' names to hold shares in the Company: none.
2. Directors have a spouse or a relative of the second degree of consanguinity as an officer or Director of the Company: none.

Note 1: If the Chairman and the General Manager or a person with an equivalent position (the top-level manager) are the same person, spouses, or relatives within the first degree of kinship, the reasons, reasonableness, necessity, and countermeasures should be specified: Considering the Company's long-term business model and operational efficiency, the CEO is concurrently served by the Chairman. To strengthen the operation of the Company and the Board of Directors, more than half of the Company's directors are not employees or managers concurrently.
Note 2: Position adjustment on February 1, 2022: Assistant Manager was promoted to Vice General Manager.
Note 3: Position adjustment on January 1, 2023: Assistant Manager was promoted to Vice General Manager.

III. Remuneration for Directors, Supervisors, General Manager and Vice General Manager in the most recent fiscal year

(I) Remuneration of general Directors and Independent Director s

December 31, 2022 unit: NTD thousand

Title	Name	Directors remuneration								Ratio of A+B+C+D to net income after tax		Relevant remuneration received by Directors who are also Employees								Ratio of the sum of A+B+C+D+E+F+G to net income after tax		Remuneration received from any investee other than the Company's subsidiary or parent company
		Base remuneration (A)		Severance pay and pensions(B)		Directors' remuneration (C) (Note 1)		Expenses to business execution (D) (Note 2)				Salary, bonuses, and allowances (E) (Note 3)		Severance pay and pensions(F)		Employees' remuneration (G) (Note 4)						
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock			
Chairman	Yueh-Ming Tung	1,386	1,386	0	0	19,740	19,740	0	0	1.63%	1.63%	5,408	5,408	0	0	14,175	0	14,175	0	2.98%	2.98%	None
Director	Phison Electronics Corporation (Note 5) Representative: Wei-chuan Yan																					
Director	Chipbond Technology Corporation Representative: Huo-wen Gao																					
Director	Chipbond Technology Corporation Representative: Shi-wei Luo																					
Independent Director	Chia-Hua Hsu	2,520	2,520	0	0	0	0	9	9			0	0	0	0	0	0	0	0			None
Independent Director	Ching Tien Tsai																					
Independent Director	Jerry Chiou																					

1. Please specify the policy, system, standard, and structure of remuneration to independent directors, and the association between the amount of remuneration and the responsibilities and risks and time commitment of the Directors: The remuneration standards for the Company's independent directors are set by the Remuneration Committee, and the correlation between the standards and the annual performance evaluation results is regularly reviewed. independent directors' remuneration is determined based on the Company's operating results and their contribution to the Company's performance per year and reported to the shareholders' meeting after approved by the Board of Directors.
2. Except as disclosed in the above table, the remuneration received by the Company's directors for providing services (such as serving as a consultant in a non-employee capacity for the parent company/all companies in the financial statements/investees) in the most recent year: None.

Note 1: The amount of Directors' remuneration approved by the Board of Directors in the most recent year is included.

Note 2: This refers to the latest year's Directors' related business execution expenses (including travel allowances, special expenses, various allowances, dormitory, cars and other in-kind provisions, etc.).

Note 3: This refers to the salary, salary increment, severance pay, various bonuses, incentive payments, travel allowances, special expenses, various allowances, dormitory, car and other in-kind provisions, etc., received by the Directors and Employees (including concurrent General Manager, Vice General Manager, other managers and Employees) in the most recent year. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of Employee stock options, new shares with restricted Employee rights and participation in cash capital increase to subscribe for shares, shall also be included in remuneration.

Note 4: The amount of Employee compensation (including stock and cash) received by a Director who is also an Employee (including also General Manager, Vice General Manager, other managers and Employees) in the most recent year shall be disclosed if the amount of Employee compensation was approved by the Board of Directors in the most recent year.

Note 5: The institutional director Phison Electronics Corporation (Representative: Wei-chuan Yan) resigned on November 7, 2022.

Table of remuneration range

Remunerations to individual Directors in respective brackets along the remuneration scale	Name of Directors			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G) of the previous seven items	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT$ 1,000,000	Chia-Hua Hsu, Ching-Tien Tsai, Jerry Chiou	Chia-Hua Hsu, Ching-Tien Tsai, Jerry Chiou	Chia-Hua Hsu, Ching-Tien Tsai, Jerry Chiou	Chia-Hua Hsu, Ching-Tien Tsai, Jerry Chiou
NT$1,000,000 (inclusive) ～ NT$2,000,000 (exclusive)	None	None	None	None
NT$2,000,000 (inclusive) ～ NT$3,500,000 (exclusive)	None	None	None	None
NT$3,500,000 (inclusive) ～ NT$5,000,000 (exclusive)	Phison Electronics Corporation (Representative: Representative: Wei-chuan Yan)	Phison Electronics Corporation (Representative: Representative: Wei-chuan Yan)	Phison Electronics Corporation (Representative: Representative: Wei-chuan Yan)	Phison Electronics Corporation (Representative: Representative: Wei-chuan Yan)
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	Yueh-Ming Tung, Chipbond Technology Corporation (Representative: Huo-wen Gao) Chipbond Technology Corporation (Representative: Shi-Wei Luo)	Yueh-Ming Tung, Chipbond Technology Corporation (Representative: Huo-wen Gao) Chipbond Technology Corporation (Representative: Shi-Wei Luo)	Chipbond Technology Corporation (Representative: Huo-wen Gao) Chipbond Technology Corporation (Representative: Shi-Wei Luo)	Chipbond Technology Corporation (Representative: Huo-wen Gao) Chipbond Technology Corporation (Representative: Shi-Wei Luo)
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	None	None	None	None
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)	None	None	Yueh-Ming Tung	Yueh-Ming Tung
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)	None	None	None	None
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)	None	None	None	None
Over NT$100,000,000	None	None	None	None
Total	7	7	7	7

(II) Supervisors' remuneration: The Company elected Independent Director s at the Shareholders' meeting on June 18, 2019, and established an Audit Committee to replace the Supervisors; therefore, there is no Supervisors' remuneration.

(III) Remuneration of General Manager and Vice General Manager

December 31, 2022 unit: NTD thousand

Title	Name	Remuneration (A) (Note 1)		Severance pay and pensions(B)		Bonus and allowances(C) (Note 2)		Employees' remuneration (D) (Note 3)				Ratio of A+B+C+D to net income after tax (%)		Remuneration received from any investee other than the Company's subsidiary or parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock			
CEO	Yueh-Ming Tung	19,963	19,963	617	617	6,027	6,027	31,125	0	31,125	0	3.99%	3.99%	None
General Manager	Jia Rong Tu													
Senior Vice General Manager	Tzu Ming Liu													
Vice General Manager	Liang-Chung Wu													
Vice General Manager	Kuan-Tien Shen (Note 4)													
Vice General Manager	Chin-Chiu Wang													
Vice General Manager	Chen-Ling Lai													
1. On November 25, 2019, the Company issued new shares with restricted Employee rights, and it was recognized as payroll expense in accordance with IFRS 2, "Share-based Payment". The payroll expense recognized from January 1 to December 31, 2022: NT$705 thousand.														

Note 1: This represents the latest annual salary, duty increment and severance pay of the CEO, President, and Vice Presidents.

Note 2: This represents the latest bonuses, incentive payments, travel allowances, special expenses, allowances, dormitories, cars and other in-kind payments to the CEO, President, and Vice Presidents for the most recent year. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of Employee stock options, new shares with restricted Employee rights and participation in cash capital increase to subscribe for shares, shall also be included in remuneration.

Note 3: The amount of Employee compensation (including stock and cash) for the CEO, President, and Vice Presidents was approved by the Board of Directors in the most recent year.

Note 4: The Vice General Manager, Kuan-Tien Shen, resigned on September 17, 2022.

Table of remuneration range

Range of remunerations payableto the General Manager and Vice General Managers	Name of General Managers and Vice General Managers	
	The Company	Companies in the consolidated financial statements
Under NT$ 1,000,000	0	0
NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)	0	0
NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)	Kuan-Tien Shen	Kuan-Tien Shen
NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)	0	0
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	Tzu-Ming Liu, Liang-Chung Wu, Chin-Chiu Wang; Chen-Ling Lai	Tzu-Ming Liu, Liang-Chung Wu, Chin-Chiu Wang; Chen-Ling Lai
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	Jia Rong Tu	Jia Rong Tu
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)	Yueh-Ming Tung	Yueh-Ming Tung
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)	0	0
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)	0	0
Over NT$100,000,000	0	0
Total	7	7

(IV)Name of Managerial Officer in charge of bonus distribution and distribution status:

Unit: NTD thousand

Title	Name	Stock	Cash	Total	As a percentage of net income (%)
CEO	Yueh-Ming Tung	0	41,312	41,312	2.85%
General Manager	Jia Rong Tu				
Senior Vice General Manager	Tzu Ming Liu				
Vice General Manager	Liang-Chung Wu				
Vice General Manager	Chin-Chiu Wang				
Vice General Manager	Chen-Ling Lai				
Vice General Manager	Min-Lang Tsai				
Assistant Manager	Che-Kuang Liu				
Assistant Manager	Chen-Chung Sun				
Assistant Manager	Tseng-Chih Chi				
Assistant Manager	Hung-Tai Mai				
Assistant Manager	Jia Ming Yang				
Chief Financial Officer	Simon Hung				
Head of Accounting	Shu-Yung Chu				

Note: The Board of Directors, on February 22, 2023, approved the distribution of 2022 employee remuneration in the amount of NT$197,500 thousand in cash.

(V) Describe the ratio of remuneration for Directors, General Managers and Vice General Managers paid by the Company and all the companies in the consolidated financial statement in the most recent two fiscal years to net income after tax on the parent company only financial statements and illustration of remuneration policy, standard and combination, remuneration resolution process, the relevance between operation performance and future risks.

1. Analysis of total remuneration for Directors, Supervisors, General Managers and Vice General Managers paid by the Company in the most recent two fiscal years to net income(loss) after tax:

Fiscal Year	2021		2022	
Title	The ratio of total remuneration for Directors, Supervisors, General Managers and Vice General Managers paid by the Company to net income(loss) after tax	The ratio of total remuneration for Directors, Supervisors, General Managers and Vice General Managers paid by all the companies in the consolidated financial statement to net income(loss) after tax of individual financial statements	The ratio of total remuneration for Directors, Supervisors, General Managers and Vice General Managers paid by the Company to net income(loss) after tax	The ratio of total remuneration for Directors, Supervisors, General Managers and Vice General Managers paid by all the companies in the consolidated financial statement to net income(loss) after tax of individual financial statements
Director (Including Independent Directors)	3.03%	3.03%	2.98%	2.98%
Supervisors	-	-	-	-
President and Vice President	3.72%	3.72%	3.99%	3.99%

2. Remuneration policy, standard and combination, remuneration resolution process, the relevance between operation performance and future risks of the Company:

(1) In accordance with Article 26-1 of the Company's Articles of Incorporation, the remuneration of the Company's Directors shall be distributed by the Board of Directors at a rate of not more than 1% of the Company's profitability for the current year, based on the Directors' annual performance evaluation and contribution, taking into account the Company's operating results for the current year and future risks, and reported to the Shareholders' meeting with the approval of the Board Meeting.

(2) The remuneration of the General Manager and Vice General Manager is evaluated and adjusted based on their duties, personal performance and contribution to the Company's overall operations, the Company's operating performance for the year and the Company's future risks, and with reference to the industry standard.

IV. Implementation status of Corporate Governance

(I) Operation of the Board of Directors: The Board of Directors met 4 times in 2022; below is the attendance of directors:

Title	Name	Attendance in person	By proxy	Rate of attendance in person (%)	Note
Chairman	Yueh-Ming Tung	4	0	100.00%	
Director	PHISON ELECTRONICS CORPORATION (Representative: Wei-Chuan Yan)	0	2	0.00%	Resigned on 2022.11.07.
Director	CHIPBOND TECHNOLOGY CORPORATION (Representative: Huo-wen Gao)	4	0	100.00%	
Director	CHIPBOND TECHNOLOGY CORPORATION (Representative: Shi-Wei Luo)	4	0	100.00%	
Independent Director	Chia-Hua Hsu	4	0	100.00%	
Independent Director	Ching-Tien Tsai	4	0	100.00%	
Independent Director	Jerry Chiou	4	0	100.00%	

Other matters that require reporting:

I. If any of the following situations occur, please expressly state the dates and sessions of the Board Meetings, motion contents, all Independent Directors' opinions and the Company's response to Independent Directors' opinions:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee on June 18, 2019, and the provisions of Article 14-3 of the Securities and Exchange Act are not applicable. For a description of the matters set forth in Article 14-5 of the Securities and Exchange Act, please refer to the Audit Committee's operations and other matters to be recorded (page 20).

(II) In addition to previous matters, other resolutions of the Board Meetings for which the Independent Directors express adverse opinions or qualified opinion with records or with written statements: None.

II. The status on Directors executing the proposal of conflict of interest:

Date of Board Meeting	The status on Directors executing the proposal of conflict of interest
2022.04.28	Motion on distribution of employee remuneration to the Company's managers of 2021: Chairman Yueh-Ming Tung was a party involved, so he recused himself in accordance with the Rules of Procedure for Board of Directors Meetings. The motion was presided over by Independent Director Ching-Tien Tsai on behalf of the Chairman, and was approved with the consent of 5 other Directors who did not recuse themselves from the meeting.
2022.04.28	Being a party involved in the motion on distribution of remuneration to the Company's directors of 2021, Chairman Yueh-Ming Tung and CHIPBOND TECHNOLOGY CORPORATION's representatives Huo-wen Gao and Shi-Wei Luo recused themselves from the motion according to the interest avoidance principles set forth in the Rules of Procedure for Board of Directors Meetings. The motion was presided over by Independent Director Ching-Tien Tsai on behalf of the Chairman, and was approved with the consent of 3 other Directors who did not recuse themselves from the meeting.
2022.10.27	Being an interested party in the motion on the Company's increasing investment in the subsidiary Ennoconn International Investment Co., Ltd., CHIPBOND TECHNOLOGY CORPORATION's representatives Huo-wen Gao and Shi-Wei Luo recused themselves from the voting. This motion was approved with the consent of 4 other Directors present.

III. The status of Performance Evaluation on the Board of Directors: On March 27, 2020, the Company adopted the "Rules for Performance Evaluation of Board of Directors" in order to implement corporate governance and enhance the functions of the Board of Directors and functional committees, the performance of the Board of Directors is evaluated annually in accordance with the Performance Evaluation of the Board of

Directors, and the results are reported to the Board Meeting.

(I) Internal evaluation:

Cycle of evaluation	Period of evaluation	Scope of evaluation	Methods and contents of evaluation	2022 evaluation results
Evaluates once every year	January 1, 2022 to December 31, 2022	The Board Meeting, individual members of Board of Directors, and functional committees	Self-evaluation on the performance of the Board of Directors: A. Level of involvement in the Company's operation B. Improvement on the quality of the Board Meeting's decisions C. the makeup and the structure of the members of the Board of Directors D. The Directors' Election and Their Continuing Education E. Internal control Self-evaluation on the performance of members of the Board of Directors: A. Alignment of the goals and mission of the Company; B. Understanding and recognition of the responsibilities of Directorship C. Level of involvement in the Company's operation D. Management and communication on internal relationship E. The Directors' Election and Their Continuing Education F. Internal control Self-evaluation on the performance of functional committees A. Level of involvement in the Company's operation B. Understanding and recognition of the responsibilities of functional committees C. Improvement on the quality of the functional committees' decisions D. Makeup and selection of the committee members and E. Internal control	The Company's Board of Directors and functional committees exercise powers by law. The evaluation results showed that regarding the efficiency and effectiveness of each benchmark, the Directors and functional committees all have shown positive results in evaluation.

(II) External evaluation: The Company conducts an eternal evaluation every three years according to the "Rules for Performance Evaluation of Board of Directors". Taiwan Institute of Ethical Business(TIEB) was commissioned to conduct the external evaluation for 2022. By commissioning external professional institution to examine the operation of the Board of Directors and provide an evaluation report, the Company is able to reference its recommendations to continuously enhance the structure and operation of the Board of Directors, thereby maintaining rigorous and complete performance.

Cycle of evaluation	Period of evaluation	Scope of evaluation	Methods and contents of evaluation	2022 evaluation results
Once every three years	January 1, 2022 to December 31, 2022	Board Meeting	Board of Directors performance evaluation aspects A. Professional competency B. Decision-making performance C. Extent of importance attached to internal control, and supervision of internal control. D. Attitude towards sustainable development Board of Directors performance evaluation indicators A. Disclosure of ESG information B. Talent cultivation and succession	Proposed improvements A. Add diversity to board membership B. Put sustainable development issues on the Board of Directors' agenda more often. C. Enhance the independence of the unit that accepts whistleblowing.

			planning C. Actions taken to achieve sustainable development	

IV. Evaluation of the current and most recent year on objectives for enhancing the functions of the Board of Directors (e.g., establishment of an Audit Committee, enhancement of information transparency, etc.) and their implementation:

On June 18, 2019, the Company's General Shareholders' Meeting elected Independent Directors and established an Audit Committee to replace the Supervisors' duties and responsibilities to strengthen the Board Meeting's functions.

To implement corporate governance and improve the functions of the Company's Board of Directors, on March 27, 2020, the Company adopted the "Rules for Performance Evaluation of Board of Directors", by which an internal evaluation of the Board of Directors' performance is carried out annually before the end of the first quarter of the following month. The evaluation of the performance of the Board of Directors of 2022 was completed and the evaluation results were reported at the Board of Directors meeting dated February 22, 2023.

(II) The operating status regarding the Audit Committee:

The 2022 Audit Committee had 4 meetings, and the attendance of Independent Directors was as follows:

Title	Name	Attendance in person	By proxy	Attendance Rate (%)	Note
Independent Director	Chia-Hua Hsu	4	0	100%	
Independent Director	Ching-Tien Tsai	4	0	100%	
Independent Director	Jerry Chiou	4	0	100%	

Other matters that require reporting:

I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of Audit Committee meeting held, motion contents, the Audit Committee's resolution, and how the Company has responded to the Audit Committee's opinions:

(I) Matters specified in Article 14-5 of the Securities and Exchange Act: after the entire members of Audit Committee, they will be submitted to the Board of Directors.

Date	Term	Motion content
2022.02.24	2nd term 3rd meeting	1. 2021 individual and consolidated financial reports. 2. 2021 remuneration distribution for Employees and Directors. 3. The effectiveness of the internal control system and provision of "Internal Control System" for 2021. 4. Revision of some provisions of the "Operating Procedure for Assets Acquisition and Disposal." 5. Formulation of the Procedures for Engagement in Derivatives Trading. 6. OSE Phils' guarantee of fixed deposits for loans. 7. Loan from subsidiary, Coreplus (HK) Limited, to Valueplus Technology (suzhou) Co., Ltd. 8. Review of the appointment and remuneration of CPAs.
2022.04.28	2nd term 4th repurchase	1. 2021 earnings distribution. 2. 2021 Annual remuneration distribution to Directors. 3. 2022 Q1 consolidated financial statements. 4. Proposal for 2022 Q1 earning distribution. 5. "ATP Electronics Taiwan Inc." equity disposal.
2022.07.27	2nd term 5th term	1. 2022 Q2 consolidated financial statements. 2. 2022Q2 Earnings Distribution Proposal. 3. Proposal to retroactively register the common shares privately placed in 2007 and to list such shares on the stock exchange. 4. Proposal to revise the "Risk Management Policy and Operating Procedures"..

	2022.10.27	2nd term 6th meeting	1. 2022Q3 consolidated financial statements. 2. 2022Q3 Earnings Distribution Proposal. 3. Proposal on the Company’s diamond plan, which is to invest in construction of factories in Kaohsiung Nanzih Technology Industrial Park. 4. Proposal on the Company’s increasing investment in Ennoconn International Investment Co., Ltd. 5. Proposal to waive the creditors’ right to the part of funds loaned to the subsidiary Orient Semiconductor Electronics Philippines, Inc. but uncollectible. 6. 2023 audit plan. 7. Revision of some internal control systems and implementation details of internal audits. 8. Amendment to the “Internal Material Information Processing Operating Procedure”. 9. Amendment to the “Rules of Procedure for Board of Directors Meetings”
	2023.02.22	2nd term 7th meeting	1. 2022 remuneration distribution for Employees and Directors. 2. 2022 parent company only and consolidated financial reports. 3. The effectiveness of the internal control system and provision of “Internal Control System” for 2022. 4. Revision of some provisions of the “Articles of Incorporation.” 5. Proposal on amendment to the “Ethical Corporate Management Best Practice Principles”. 6. Proposal to formulate the “Operating Procedures for Compiling and Verifying Sustainability Report”. 7. Loan from subsidiary, Coreplus (HK) Limited, to sub-subsidiary Valueplus Technology (suzhou) Co., Ltd. for refinancing purpose. 8. Review of the appointment and remuneration of CPAs. 9. Proposal on preapproval of non-assurance services provided by attesting CPAs, the CPAs’ firm, or the firm’s affiliates to the Company and subsidiaries.
	2023.04.26	2nd term 8th meeting	1. 2022 earnings distribution. 2. 2022 annual remuneration distribution to Directors. 3. 2023 Q1 consolidated financial statements. 4. Proposal for 2023 Q1 earning distribution. 5. Issuance of restricted shares by the Company to employees 6. Revision of some provisions of the internal control systems and implementation details of internal audits. Revision of the “Procedures for Ethical Management and Guidelines for Conduct”.

(II) Aside form the previous motions, other matters adopted by the approval of two-thirds or more of all Directors, without having been passed by the Audit Committee of the Company: None.

II. For the implementation of Independent Director s' recusal for conflicts of interests, the Independent Director s' name, motion contents, reasons for the required recusal and participation in the voting process: None

III. State of communication between Independent Director s, internal audit Supervisor and CPA (such as significant items, methods and results of communications on the Company's finances and business status):

(I) Communication between the Audit Committee and the CPAs

1. Communication method: The CPAs communicate with the Audit Committee at least four times a year through meetings in accordance with the Statement of Auditing Standards No. 62 “Communication with the governing body of the auditee”; the communication content includes reporting on the Company's financial review and a summary report on the audit results, and reporting on important

legal updates.

2. Summary of matters communicated in 2022:

Date	Item of communication	Results of communication/execution
2022.02.24	The Auditor will issue an individual and consolidated financial report for the year 2021, with key findings and explanations for the Independent Director s' review, and will respond to and discuss the issues raised by the Independent Director s.	The Audit Committee has no objection to the results of the audit of the 2021 financial statements.
2022.04.28	Review of the consolidated financial report for 2022 Q1 and communication with the governing body.	The Audit Committee has no objection to the results of the audit of the financial statements for 2022 Q1.
2022.07.27	Review of the consolidated financial report for 2022 Q2 and communication with the governing body.	The Audit Committee has no objection to the results of the review of the financial statements for 2022Q2.
2022.10.27	Review of the consolidated financial report for 2022 Q3 and communication with the governing body.	The Audit Committee has no objection to the results of the review of the financial statements for 2022Q3.

(II) Communication between the Audit Committee and the chief internal auditor

1. Communication method:
   (1) In addition to delivering the annual audit plan review and quarterly follow-up report to independent directors every month, the chief internal auditor also attends an Audit Committee meeting to brief independent directors on internal audit results, internal control operation, and recommendations and communicates with them, and attends the board meetings in a non-voting capacity to report on the audit business.
   (2) The chief internal auditor communicates and discusses the implementation of internal audit business and the operation of internal control with the independent directors through email, phone, and meetings.
2. Summary of matters communicated in 2022:

Date	Item of communication	Results of communication/execution
2022.02.24	Present the 2021 “Declaration of Internal Control System”.	No objections
	Report on the performance of internal audit execution of October to December 2021.	No objections
2022.04.28	Report on the performance of internal audit execution of January to March 2022.	No objections
2022.07.27	Report on the performance of internal audit execution of April to June 2022.	No objections
2022.10.27	Report on the performance of internal audit execution of July to September 2022.	No objections
	To establish the Company's internal audit plan for 2023.	No objections

(III) Implementation status of corporate governance and the variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operation status			The variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
I. Has the Company defined and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?"	V		The Company has formulated the Corporate Governance Best Practice Principles and disclosed it on the Company's website: https://www.ose.com.tw.	Compliance with Corporate Governance Best Practice Principles.
II. Structure of shareholdings and shareholder's equity (I) Has the Company established the internal procedures for handling shareholder suggestions, questions, disputes and litigation and implement according to the procedures?	V		(I) The Company has engaged a spokesperson and an acting spokesperson, and we provide service personnel for Shareholders' affairs in the accounting dept. to deal with Shareholders' suggestions and related affairs. In addition to providing the investors with contact windows, we have also appointed a professional stock transfer agency to provide professional consulting services.	Compliance with Corporate Governance Best Practice Principles.
(II) Has the Company kept an up-to-date list of its dominant Shareholders and the parties with ultimate control over its dominant Shareholders?	V		(II) We confirm the changes in the shareholdings of directors, major shareholders, and managers on a monthly basis to keep abreast of their shareholdings.	
(III) Has the Company established and implemented a risk control and firewall mechanism among its affiliates?	V		(III) The management responsibilities between the Company and its affiliates are divided clearly, "Regulation on Stakeholders Transaction" and "Supervision and Management of Subsidiary" are also defined and the finance, business, accounting of affiliates operates independently under the control and audit of the Company.	
(IV) Has the Company established internal rules to prevent the insiders from trading marketable securities through undisclosed information in the market?	V		(IV) The Company has formulated the Internal Material Information Processing Procedures and the Insider Trading Prevention Management Procedures to protect investors and safeguard the Company's rights and interests.	
III. Composition and duties of the Board of Directors (I) Has the Board of Directors formulated a diversity policy and	V		(I) The board members are from different professional backgrounds and in both genders and have diverse work experiences. The Company pays	Compliance with Corporate Governance Best Practice

Evaluation item	Operation status			The variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
specific management goals and implemented them accordingly?			special attention to the independence during the operation of the Board of Directors and aims to achieve a percentage of directors who are also employees less than 30% and 40% for independent directors, to reinforce the structure of the Board of Directors. In 2022, there were three independent directors, accounting for 50% of all directors, and directors who are also employees accounted for 16% of all directors, both of which have reached the established targets. Three independent directors have not served for over three terms, and they specialize in the fields of industrial technology, law, financial accounting, and business management. Please refer to Table 1 of this annual report for details on the implementation of the board diversity policy by individual directors. In addition, the Company's board diversity policy is disclosed on the Company's website and the Market Observation Post System (MOPS).	Principles.
(II) In addition to the Remuneration Committee and the Audit Committee required by law, has the Company voluntarily established other functional committees?		V	(II) The Company has established the Remuneration Committee and the Audit Committee according to law, and other corporate governance operation is responsible by each department based on its duties. The Company has not established other functional committees and it will be established in the future according to the requirement.	May be established according to requirements
(III) Has the Company established the Board of Directors' performance evaluation and its evaluation methods, and does the Company perform regular performance evaluation each year and submit the results of performance evaluations to the Board of Directors and use them as reference in determining remuneration for individual Directors, their nomination and additional office term?	V		(III) The Company has formulated the Rules for Performance Evaluation of Board of Directors and the evaluation methods and disclosed them on the Company's website. We conduct self-evaluations for the performance of the Board of Directors, functional committees, and directors annually through questionnaires, and shall appoint an external professional independent organization or an external team of experts and scholars at least once every three years to conduct such evaluations. The results of internal or external performance evaluations shall be completed and reported to the Board of Directors by the end of the first quarter of the following year.	Compliance with Corporate Governance Best Practice Principles.
(IV) Does the Company regularly evaluate the independence of certified public accountants?	V		(IV) The Company's CPAs do not serve as the Company's Director and Supervisor and are not the Company's Shareholders, and abides by Certified Public Accountant Act and the Bulletin of Norm of Professional	Compliance with Corporate Governance Best Practice Principles.

Evaluation item	Operation status			The variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			Ethics for Certified Public Accountant of the Republic of China No. 10 The Company implements regular evaluation (once a year) of the CPAs' independence and appropriateness. After the Audit Committee evaluated the CPAs' independence and appropriateness on February 22, 2023, it was delivered to the Board of Directors for resolution and the independence statement issued by the certified public accountant was provided.	
IV. Where the Company is a TWSE/TPEX listed company, has the Company designated an appropriate number of personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing Directors/Supervisors with the information needed and assist Directors and Supervisors in complying with the laws and regulations to perform their duties, convention of Board Meetings and Shareholders' Meetings, preparation of Board Meeting and Shareholders' Meeting minutes etc.)?	V		The Board of Directors has passed a resolution on May 14, 2021 to appoint Accounting Supervisor Shu-Yung Chug to serve as the Corporate Governance Officer as per the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers. He has many years of experience in finance and board and shareholders' meetings at publicly listed companies. The Corporate Governance Officer is mainly responsible for handling matters related to the board meetings and shareholders' meetings according to the law, preparing minutes of the board and shareholders' meetings, assisting directors with their appointment and continuing education, providing them with information required for duty performance, and assisting them in complying with laws and regulations. 2022 Implementation Situation: (1) Handling of matters relating to Board Meetings and Shareholders' Meetings in compliance with law. (2) Production of minutes for the Board Meetings and Shareholders' Meetings. (3) Assisting Directors to assume Directorships, and their continuing education. (4) Providing information needed for Directors to perform duties. (5) Assisting Directors to comply with compliance. (6) Other matters stipulated in the Articles of Incorporation or contracts. Please refer to Table 3 for details of continuing education in 2022. We have appointed personnel to handle corporate governance affairs, including preparing the materials required by directors and independent directors to perform their duties, handling matters related to the board and shareholders' meetings in accordance with the law, handling company registration and change registration, and preparing the minutes of the board and shareholders' meetings.	Compliance with Corporate Governance Best Practice Principles.
V. Has the Company established the channels for communication with the	V		(I) The Company has a spokesperson and deputy spokesperson, the related contact information is disclosed on Market Observation Post System and	Compliance with Corporate Governance Best Practice

Evaluation item	Operation status			The variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
stakeholders (including but not limited to the Shareholders, Employees, customers and suppliers), set up the stakeholder section in the Company's website, and respond appropriately to important CSR issues concerned by the stakeholders?			the Company's website according to the regulation. Meanwhile, the Company also discloses financial and Shareholders affairs-related information on Market Observation Post System and its website to establish great communication channels with investors. (II) The Company has established the stakeholder section (including but not limited to relations with departments of jurist persons, public relations, stock affairs, HR, customer service and procurement) under CSR on the Company's website, and specified the contact channels with stakeholders to make the Company understand the issues concerned by stakeholders and respond to them appropriately.	Principles.
VI. Has the Company appointed a professional stock transfer agency to deal with Shareholders' Meetings affairs?	V		The Company has appointed a professional stock transfer agency- stock transfer agency of CTBC Bank Co., Ltd to assist in stock affairs for the Company.	Compliance with Corporate Governance Best Practice Principles.
VII. Information disclosure (I) Has the Company set up a website to disclose its financial and corporate governance information?	V		(I) The Company has set up a website (www.ose.com.tw), to disclose the Company's financial business and corporate governance information.	Compliance with Corporate Governance Best Practice Principles.
(II) Has the Company adopted other methods to disclose information (such as setting up an English website, designating dedicated personnel to gather and disclose company information, implementing the spokesperson system, and posting investor conferences on video in the Company website)?	V		(II) The Company's website is available in both Chinese and English to disclose information on the Company's financial business and investor conferences and implement a spokesperson system. We have set up a section dedicated to stakeholders on the website to provide smooth communication channels and designated personnel person to disclose the Company's information on the MOPS in accordance with laws and regulations.	
(III) Has the Company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, Second, and third		V	(III) The Company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second, and third quarters, as well as its operating status for each month before the specified deadline	

Evaluation item	Operation status			The variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
quarters, as well as its operating status for each month before the specified deadline?				
VIII. Is there any other material information that will help the stakeholders understand the implementation status of corporate governance in the Company (including but not limited to Employee rights, Employee care, investor relations, supplier relations, stakeholder rights, further study status of Directors and Supervisors, the implementation status of the risk management policy and risk measurement standard, the implementation status of the customer policy, and the Company's purchase of liability insurance for Directors and Supervisors)?	V		(I) Employee rights, Employee care: The Company has assigned the HR as the dedicated unit for handling Employee rights. In addition, the Company has also set up the Employee Welfare Committee to take care of the Employees, and all of them work smoothly. (II) Investor relations: We have engaged a spokesperson and an acting spokesperson to respond to relevant questions from shareholders and engaged personnel to announce information on financial, business, and information, such as changes in the insiders' shareholdings, in real time, to ensure information transparency. (III) Supplier relations: The Company has formulated the suppliers review and evaluation procedures, and only those who pass the procedures can become our partners. In addition, to strengthen the smooth communication with suppliers, we have set up a contact point in the Stakeholders section of the Company's website. (IV) Stakeholders' rights: We have set up a section dedicated to stakeholders on the website to provide communication channels to safeguard both parties' rights and interests. (V) The status on Directors' and Supervisors' continuing education: all of the Directors have relevant operational experiences and professions, please refer to Annex 2 for further education status of 2022. (VI) The implementation status of the risk management policy and risk measurement standard: The Company's material motions such as material operation policies, investments, endorsements and guarantees, loaning and bank loans are evaluated and analyzed by the appropriate competent authority and executed according to the resolution of the Board Meeting, the Auditing Office also establishes and effectively implements its annual audit plan according to the risk evaluation result to fulfill supervision mechanism and control all the risks. (VII) The implementation status of the customer policy: The Company has established dedicated unit to handle the implementation of the customer policy, and the implementation status goes smoothly.	Compliance with Corporate Governance Best Practice Principles.

Evaluation item	Operation status			The variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			(VIII)The status of the Company purchasing liability insurance for Directors and Supervisors: The Company purchases liability insurance for Directors and managers annually. The insurance coverage is periodically evaluated annually and the renewal of Directors' liability insurance is reported to the Board of Directors.	

IX. Please specify the status of improvements which have been made and propose the prioritized improvements for other matters which have not been improved yet according to the Corporate Governance Evaluation results announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year.

Number	Evaluation indicator	Improvements which have been made/ proposal of the prioritized improvements for other matters which have not been improved yet
1.3	Is the Shareholders' Meeting attended by a majority of directors (including at least one independent director) and the convener (or at least one supervisor) of the Audit Committee in person? Is the list of directors in attendance disclosed in the meeting minutes?	The Shareholders' Meeting is attended by a majority of directors (including at least one independent director) and the convener (or at least one supervisor) of the Audit Committee in person. A list of directors in attendance IS disclosed in the meeting minutes/
1.14	Does the implementation of resolutions reached by the Shareholders' Meeting of the previous year disclosed in the company's annual report?	The implementation of resolutions reached by the Shareholders' Meeting of the previous year is disclosed in the company's annual report.
2.7	Does the number of independent directors constitute at least one third of all director seats.	The number of independent directors constitutes at least one third of all director seats.
2.24	Does the company put in place a cyber security risk management framework, policy, specific management plans, and resources put in cyber security management, and disclose the same in the company's website or annual report?	The Company already put in place a cyber security risk management framework and disclosed relevant information in its annual report.
3.4	Does the Company disclose its annual financial statements audited and attested by CPAs, within two months after the conclusion of a fiscal year?	The Company has disclosed its annual financial statements audited and attested by CPAs, within two months after the conclusion of a fiscal year.
3.6	Does the company disclose its English interim financial statements within two months after the deadline for publication of its Chinese interim financial statements?	The Company has discloses its English interim financial statements within two months after the deadline for publication of its Chinese interim financial statements.
4.6	Does the company formulate human rights protection policy and concrete management approaches by referencing the International Bill of Human Rights, and disclose the same on its website or in its annual report?	The Company has formulated human rights protection policy and concrete management approaches by referencing the International Bill of Human Rights, and disclosed the same in its annual report.

Table 1: Implementation of the board diversity policy by individual directors

Core diversity item / Name of Directors	Gender	Business management	Accounting and financial analysis	Law	Risk management	Industry knowledge	Decision-making	Crisis management	International perspective
Yueh-Ming Tung	Male	V			V	V	V	V	V
Wei-Chuan Yan (Note 1)	Male	V			V	V	V	V	V
Huo-wen Gao	Male	V			V	V	V	V	V
Shi-Wei Luo	Male	V	V	V	V	V	V	V	V
Ching-Tien Tsai	Male	V	V	V	V	V	V	V	V
Jerry Chiou	Male	V	V		V	V	V	V	V
Chia-Hua Hsu	Male	V	V		V	V	V	V	V

Note 1: The institutional director Phison Electronics Corporation (Representative: Wei-chuan Yan) resigned on November 7, 2022.

Table 2: Directors' continuing education in 2022

Title Name	Date of assumption of office	Date of further study		Organizer	Name of class	Hours
		From	To			
Chairman Yueh-Ming Tung	2021.7.15	2022/04/18	2022/04/18	Accounting Research and Development Foundation	Supervisors' and Executives' Supervision of the Company's ESG Implementation.	3
		2022/08/02	2022/08/02	Securities and Futures Institute	Electric and Smart Car Technology Development and Opportunities	3
		2022/09/20	2022/09/20	Taiwan Corporate Governance Association	Ten Corporate Governance Courses.	3
		2022/11/30	2022/11/30	Greater China Financial and Economic Development Association	AI Thinking and Digital Transformation	3
Director Huo-wen Gao	2021.7.15	2022/04/19	2022/04/19	Taiwan Corporate Governance Association	The Only Way Leading to Sustainable Development of a Company - External Innovation.	3
		2022/06/14	2022/06/14	Taiwan Corporate Governance Association	How will the Audit Committee Implement Review of Financial Statements.	3
Director Shi-Wei Luo	2021.7.15	2022/06/24	2022/06/24	Taiwan Corporate Governance Association	On Audit Committee Practices - Towards 3.0 (Audit Committee convener best practice).	3
		2022/07/12	2022/07/12	Taiwan Corporate Governance Association	On Audit Committee Practices - Mergers and Acquisitions Review and Directors' Liability	3
		2022/07/19	2022/07/19	Taiwan Corporate Governance Association	Carbon Management towards Net Nero and Actions to Be Taken.	3
		2022/08/16	2022/08/16	Taiwan Corporate Governance Association	ESG Governance Kaleidoscope - from Knowing to Doing	3
Independent Director Ching-Tien Tsai	2021.7.15	2022/10/31	2022/10/31	Accounting Research and Development Foundation	Development of Policy on "ESG Sustainability" and "Independent Preparation of financial statements", and Internal Control practices..	6
Independent Director Jerry Chiou	2021.7.15	2022/08/16	2022/08/16	Taiwan Corporate Governance Association	ESG Governance Kaleidoscope - from Knowing to Doing	3
		2022/09/23	2022/09/23	Taiwan Corporate Governance Association	The Eruption of Virtual Worlds: The Metaverse and the Future of Cryptocurrency Blockchain	3
Independent Director Chia-Hua Hsu	2021.7.15	2022/08/24	2022/08/24	Securities and Futures Institute	The Latest Development Trend of International Carbon Tariffs, and Countermeasures	3
		2022/11/16	2022/11/16	Securities and Futures Institute	Electric and Smart Car Technology Development and Opportunities	3

(Note 1): The institutional director Phison Electronics Corporation (Representative: Wei-chuan Yan) resigned on November 7, 2022.

Table 3: Managers' continuing education in 2022

Title Name	Date of assumption of office	Date of further study		Organizer	Name of class	Hours
		From	To			
Corporate Governance Officer Shu-Yung Chu	2021.05.14	2022/03/29	2022/03/29	Accounting Research and Development Foundation	Analysis of the Latest Corporate Governance Policy and Corporate Governance Evaluation Practices	3
		2022/03/30	2022/03/30		Processes and Practices of Self-prepared Financial Reports by Enterprises	3
		2022/10/07	2022/10/07		On the Reference Guidelines for Exercise of Powers by Independent Directors and the Audit Committee, and Awareness Session for Directors and Supervisors of 2022.	3
		2022/10/17	2022/10/17		Concept Broken Down for ISSB SI Standards "General Requirements for Disclosure of Sustainability-Related Financial Information"	3
Head of Accounting Shu-Yung Chu	2018.12.01	2022/08/25	2022/08/25	National Cheng Kung University (Continuing Education Program for Accounting Supervisors)	Analysis on the Latest Practice of Transfer Pricing for Multinational Enterprises	3
		2022/08/25	2022/08/25		Corporate Governance Sustainable Development Trend and Updates of Financial and Tax Laws	3
		2022/08/26	2022/08/26		Analysis of Legal Liability Entailed in Financial Reporting Frauds	3
		2022/08/26	2022/08/26		Audit Evolution-Influence of Information System Internal Control and Information Security Risk on Financial Risk	3
Chief auditor Chia-Jung Wu	2019.08.13	2022/03/15	2022/03/15	Internal Audit Association of the Republic of China	Production Cycle Practice ad Audit Focus	6
		2022/06/27	2022/06/27		Operational System Audit Focus and Cross-cycle and Cross-cycle and Operation Integration	6

(IV)If the Company has established the Remuneration Committee, the composition, duties and operation status should be disclosed:

1. Information of members of the Remuneration Committee

<table>
<tr><th>Criteria / Name</th><th>Professional qualifications and experience</th><th>Independence status</th><th>Number of other public companies in which the individual is concurrently serving as a member of the Remuneration Committee</th></tr>
<tr><td>Independent Director (Convener) Ching-Tien Tsai</td><td rowspan="3">Please refer to Item (II) on page 9 for the disclosure of information on the professional qualifications of directors and the independence of independent directors:</td><td rowspan="3">(1) Not an employee of the Company or any of its affiliates.
(2) Not a director or supervisor of the Company or any of its affiliates.
(3) Holding more than 1% of the total outstanding shares issued by the Company, or among the top 10 natural person Shareholders by the person or his or her spouse or minor children, or in the name of a third party.
(4) Not a spouse, or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of an executive officer falling under (1), (2) or (3) above.
(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act.
(6) Not a director, supervisor, or employee of another company where a majority of the Company's directors or voting shares and those of another company are controlled by the same person.
(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the General Manager, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or spouses.
(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company.
(9) Not a professional individual who, or an owner, partner, Director, Supervisor, or a spouse thereof, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT$500,000. This restriction does not apply, however, to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act, the Business Mergers and Acquisitions Act, or related laws or regulations.
(10) Not having a marital relationship, or not a relative within the second degree of kinship to any other Director of the Company.</td><td>0</td></tr>
<tr><td>Independent Director Jerry Chiou</td><td>0</td></tr>
<tr><td>Independent Director Chia-Hua Hsu</td><td>0</td></tr>
</table>

2. Operating status of the Remuneration Committee

(1) The Company's Remuneration Committee consists of three members.

(2) The term of the 5th term of member is from July 29, 2021 through July 14, 2024.

(3) The Remuneration Committee held 4 meetings (A) in 2022. The qualification of members and the status of attendance are as follows:

Title	Name	Attendance in person (B)	By proxy	Rate of attendance in person (%) (B/A) (Note)	Note
Convener	Ching-Tien Tsai	4	0	100%	
Member of the Committee	Jerry Chiou	4	0	100%	
Member of the Committee	Chia-Hua Hsu	4	0	100%	

Other matters that require reporting:

I. When the Board Meeting rejects or modifies the recommendations made by the Remuneration Committee, please expressly state the date and session of the Board Meeting, motion contents, the resolved by the Board Meeting, and settlement on the opinions of the Remuneration Committee: none.

II. When there are any of members expressing adverse opinion or qualified opinion with records or with written statements for resolutions by the Remuneration Committee, state the date and session of the Remuneration Committee meeting, motion contents, all the members' opinions and the settlement on their opinions:

Remuneration Committee	Motion contents and further handling	Resolution result	The Company's response to the Audit Committee's opinions
The 5th term Second meeting (2022.02.24)	1. Managers' compensation and remuneration as well as position adjustment. 2. 2021 remuneration distribution for Employees and Directors. 3. Amendment to the Employees Remuneration Distribution Regulations.	All attending members approved the motion without any dissenting opinion	Was submitted to the Board Meeting and all attending Directors have approved
The 5th term Third meeting (2022.04.28)	1. The remuneration package for managers in 2021. 2. 2021 annual remuneration distribution to Directors.	All attending members approved the motion without any dissenting opinion	Was submitted to the Board Meeting and all attending Directors have approved
The 5th term Fourth meeting (2022.07.27)	1. Managers' compensation and remuneration as well as position adjustment.	All attending members approved the motion without any dissenting opinion	Was submitted to the Board Meeting and all attending Directors have approved
The 5th term Fifth meeting (2022.10.27)	1. Managers' compensation and remuneration as well as position adjustment.	All attending members approved the motion without any dissenting opinion	Was submitted to the Board Meeting and all attending Directors have approved
The 5th term Sixth meeting (2023.02.22)	1. 2022 remuneration distribution for Employees and Directors. 2. Revision of the "Remuneration Measures for Directors and Members of Functional Committee".	All attending members approved the motion without any dissenting opinion	Was submitted to the Board Meeting and all attending Directors have approved

The 5th term Seventh meeting (2023.04.26)	1. The remuneration package for managers in 2022. 2. 2022 annual remuneration distribution to Directors. Managers' compensation and remuneration as well as position adjustment.	All attending members approved the motion without any dissenting opinion	Was submitted to the Board Meeting and all attending Directors have approved

Note:(1) If a member of the Remuneration Committee resigns before the end of a fiscal year, state the service termination date in the remarks section, and the rate of attendance in person is calculated by the number of the Remuneration Committee meetings and his attendance in person during his service period.

(2) If a Remuneration Committee re-election is held before the end of a fiscal year, the name of former and newly-elected members should all be listed, and also state the status of the members: former, newly-elected or re-elected, and the re-election date in the remarks section. The rate of attendance in person (%) is calculated by the number of the Remuneration Committee meetings and the attendance in person during his service period.

(V) The promotion of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor:

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the board of directors, which supervises the implementation?	V		To align with the vision and commission of ESG policy, the Company appointed its “Corporate Governance and Sustainable Development Committee” to be the highest decision-making center with respect to ESG matters. The committee is chaired by the Chairman and co-chaired by the President, with the Vice President of the Administrative Center being the management representative; they work with each unit and high-level executives to jointly examine and formulate the Company’s sustainable plan and implementation roadmap. The “Corporate Governance and Sustainable Development Committee” continues to attend to sustainable development trend at home and abroad and identify sustainable issues in relation to the Company’s operations and of concern to stakeholders. Through the five task forces (Environmental Friendliness, Social Inclusion, Corporate Governance, Information Security, and Supply Chain Collaboration), the Company continues to launch sustainability projects and track the implementation results, so as to ensure the ESG strategy is fully implemented in daily operations. In addition, the Board of Directors will be briefed on the implementation results and future work plans at least once a year.	None
II. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to company operations as per the principle of materiality? Has the Company formulated	V		The Company assesses the risks entailed in environmental, social, and governance issues in relation to the Company’s operations based on the principle of materiality, to identify risk events that might impact the Company’s sustainable development. The Company also plans to set up a risk management organization in 2023, which will manage, coordinate, and implement cross-organization risk control projects. Information on the risks identified by the Company is also disclosed in its sustainability report and official website. Material topic: Environmental	None

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
relevant risk management policies or strategies?			Risk assessment indicator: climate change risk Risk management policy or strategy: All the Company's plants have passed the certification of ISO 14001, ISO46001, and ISO50001 management system certification, and we manage and continuously improve issues, such as energy, water resources, waste, and air pollution through the operation of responsible units and management organizations. By offering education and training, we enrich employees' knowledge to increase the Company's emergency response capability and reduce the risks of operations disruption as a result of natural disaster, environmental incidents, and climate change. Material topic: Social Risk assessment indicator: raw materials price risk and supply chain risk Risk management policy or strategy: We have formulated the supplier management regulations to ensure that suppliers meet the needs and expectations of the Company and clients through operating process management and by requiring suppliers to sign an undertaking of supplier code of conduct. In the selection of suppliers, we conduct evaluations in multiple aspects to ensure that the supply of raw materials is normal and the quality and delivery time meet the requirements. We work with two suppliers for non-exclusive important raw materials to avoid the risk of supply chain disruption caused by natural disasters, environmental factors, or force majeure factors. We require relevant suppliers to conduct conflict mineral investigations to ensure that the Company's products do not contain any conflict minerals. Risk assessment indicator: Operation risk hazard Risk management policy or strategy: All factories of the Company have passed ISO 45001, CNS45001 management system certification. The Company conducts hazard identification and risk assessment procedures for the operating environment, equipment, machinery, services, among others, in the factories every year, and determines the risk level according to the severity of hazards, frequency of occurrence, and probability of accidents. We have also drafted appropriate management plans for the immediate implementation of risk management measures in high risk operating environments in order to reduce risk in the work environment. Furthermore, we have identified factory areas exposed to high risks, i.e., ionic radiation, sound, hazardous chemical and dust pollution. In addition, our staff working in such areas are provided with training and education, personal protection equipment, and regular health checks, and we monitor their health conditions and ensure their health at workplace. Material topic: Governance Risk assessment items: financial risk and investment risk Risk management policy: The Company monitors interest rate trends at any moment, and assesses whether to lend at fixed rates or floating rates, in order to reduce risk of an	

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
	V		increase in costs. In addition, we also keep a close eye on the fluctuating market price at any given time, have a positive interaction with customers and suppliers and gather information about inflation and the government's consumer price policy at any given time in order to make the appropriate purchase. Risk assessment indicator: information security risks Risk management policy or strategy: The Company has been incorporating the ISO27001 since 2022 and has established a sound information security management system; we further added and adjusted operating procedures and management systems. We expect to complete the ISO27001:2022 certification by 2023. In addition, a disaster recovery exercise is conducted at least every year to verify the effectiveness of emergency plans, improve the coordination of operations and the strength of colleagues, and improve the recovery capacity upon an accident. In addition, a social engineering drill is conducted at least quarterly to raise employees' information security awareness. Employees who fail the drill must take refresher education courses and tests until they pass the tests. Please refer to the Company's website for more details: https://www.ose.com.tw/about/about-ose/contact/#downloads	
III. Environmental Issues (I) Has the company established an appropriate environmental management system based on the characteristics of its industry?	V		The Company has established a environment and safety and health management system and acquired ISO 14001: 2015 (valid until 2022), ISO 45001: 2018 (valid until 2022), and CNS 45001: 2018 (valid until 2022) certifications. We have also formulated measurable goals and management programs, regularly review the goals and the effectiveness of the management programs.	None
(II) Is the Company committed to improving energy efficiency and adopting recycled materials with low environmental impact?	V		The Company has passed ISO50001 energy management system and ISO46001 water resources efficiency management system verification, and will continue to put water/electricity/energy/resources systems into operation, monitor the state of use, set a plan to phase out energy-consuming equipment, and set up process water recovery system, among other energy conservation and carbon reduction plans, to increase energy and resources use efficiency.	None
(III) Does the company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?	V		The Company set up its ESG Committee and appointed it to be the highest governance body over climate change issues The Company established a framework for managing climate change issues disclosing information by referencing the Task Force on Climate-Related Financial Disclosures (TCFD) framework issued by the Financial Stability Board (FSB). In addition, The Company has established GHG inventories-related operation standard according to ISO 14064-1:2018 standard, and implemented all the projects of energy conservation and carbon reduction, e.g., replacement of cooled water chiller and vacuum machines and installation of a photovoltaic system according to ISO 500001 standard.	None

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(IV) Does the Company maintain statistics on greenhouse gas emission, water usage and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water and waste?	V		1. OSE continues to promote energy saving, carbon reduction, water saving, and waste reduction measures based on the management system framework of ISO 14001, ISO 46001, and ISO 50001. (1) Energy saving and reduction of carbon emissions: The reduction of greenhouse gas emissions is necessary to prevent climate change. The Company conducts and monitors the inventory of greenhouse gases to obtain a basis for reduction effectiveness and continous improvement. All factories of the company have completed the 2022 ISO 14064-1 greenhouse gas inventory, and will further undergo a third-party verification conducted by BSI. Setting of base year and target: The base year is 2021, and the target is to reduce electricity consumption intensity by 0.8% by 2023. Total greenhouse gas emissions in 2021: Scope 1: 1,364.58 metric tons of C02-e; Scope 2: 82,740.87 metric tons of C02-e; Scope 2 emission intensity: 5.19 metric tons of C02-e "i.e., emissions per unit of revenue (millions)". Scope 3: 3,806,574.23 metric tons of C02-e. Total greenhouse gas emissions in 2022: Scope 1: 310.64 metric tons of C02-e; Scope 2: 84,899.57 metric tons of C02-e; Scope 2 emission intensity: 5.46 metric tons of C02-e "i.e., emissions per unit of revenue (millions)". Scope 3: 2,753,985.07 metric tons of C02-e. Target of greenhouse gas emissions in 2023: Scope 1: 1,335.93 metric tons of C02-e; Scope 2: 82,132.84 metric tons of C02-e; Scope 2 emission intensity:5.14 metric tons of C02-e "i.e., emissions per unit of revenue (millions)". Scope 3: No reduction target set. In 2022, the Company's Scope 1 and Scope 3 emissions of greenhouse gases reduced due to the reduction in production capacity compared with the previous year, while Scope 2 emissions and emission intensity showed an increase. In addition, the Company implemented various energy-saving plans in 2022, including the installation of photovoltaic systems (in progress), and the replacement of two cooled water chiller and one vacuum compressor (already installed), and will formulate energy-saving and carbon reduction targets. In 2023 we will work to achieve a goal of reducing energy consumption and carbon emissions. (2) Water resource management: The Company has completed the ISO 14046 product water footprint verification. Through the water footprint inventory, we establish the water footprint information for the organization or product, understand the current situation of our water consumption, formulate relevant water use, water conservation and water resource development strategies, improve water utilization, and reduce water consumption and discharge year by year, to reduce the possible impact of unstable water supply on operating activities. Base year → Water intake intensity in 2021: 0.098 million	None

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			liters "water intake per unit revenue (millions)"; waste water recovery rate 24% Target setting → Reduce water intake intensity by 8.9% and reach a waste water recycling rate of 30% in 2023. (3) Waste management: In terms of the management of wastes, the Company sorts waste by its characteristics, collects the waste and put it in the storage area according to sorting results, and then commissions a qualified waste disposal company recognized by the Environment Protection Agency for the collection and disposal of waste. To grasp the whereabouts of waste, the Company dispatches auditors to carry out an audit, checks licenses and documents, and verifies the operation, so as to ensure that waste is properly disposed of. Target setting → General waste recycling rate > 34.5% in 2023.	
IV. Social Issues (I) Has the Company established related management policies and procedures in accordance with relevant laws and international conventions on human rights?	V		1. The Company has formulated the Human Rights Policy of Orient Semiconductor Electronics in compliance with the government’s Labor Standards Act and with reference to the internationally accepted basic labor human rights principles (including the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Universal Declaration of Human Rights, and the RBA Code of Conduct) to be committed to issues, such as freedom to choose an occupation, young labor, working hours, wage and benefits, humane treatment, non-discrimination, and freedom of association, while having formulated human resources rules and regulations and work rules as the standards for human resources management. Please visit the website (https://www.ose.com.tw/about/csr/) for the Human Rights Policy of Orient Semiconductor Electronics. 2. Human rights protection management approaches: (1) Human rights assessment: We adopt the Responsible Business Alliance(RBA) Self-Assessment Questionnaire to conduct self-assessment of labor, environment, and ethical risks every year. (2) Workplace bullying and sexual harassment prevention: We have formulated the Management Regulations on Illegal Harm Prevention During the Performance of Duties, to allow employees to understand the Company's solemn position on relevant incidents. (3) Education and training: We offer corporate social responsibility education, training, and tests, to convey the concepts related to human rights to all employees. (4) Gender equality: We comply with the Labor Standards Act and the Act of Gender Equality in Employment, and our female employees can apply for menstrual leave, prenatal check-up leave, maternity leave, abortion leave, and paternity leave depending on individuals’ needs. We adjust shifts for pregnant employees on night shift to avoid night shifts during pregnancy and postpartum lactation We have formulated the Unpaid Leave Management	None

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			Regulations, and employees with needs for childcare can apply for unpaid parental leave before their children turn three years old.	
(II) Has the Company developed and implemented reasonable Employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in Employees' remuneration?	V		1. The Company has formulated and implemented reasonable employee benefit measures. Please refer to V. Labor relations (page 77). 2. As per Article 26 of the Company's Articles of Incorporation, after the Company compensates the cumulative deficit in the year, it shall set aside 10–15% of the balance, if any, for employee remuneration to motivate employees to have better performance and maintain the Company's remuneration competitiveness. 3. Salary adjustment system: (1) Salary level in the market: We participate in market salary surveys and adjust salary with reference to the market levels and business trends. (2) Performance standards: We adjust employees' salaries as per the Company's operational performance and personal performance. (3) Promotion mechanism: We offer a range of salary for each job category at each level to give outstanding employees with room for salary adjustment and promotion opportunities. (4) The average salary adjustment in 2022 is between2.5~5.0%. 4. We have established a dual-track promotion system and review employees' abilities and performance results at all levels for promotion through a general review mechanism or the Human Resources Committee mechanism to provide employees with suitable career development opportunities. 5. We pay out quarterly bonuses according to the achieving status of the Company's operational goals in the quarter. 6. We pay out employee remuneration according to the Company's earnings at the end of the year. 7. We pay an annual salary of 14 months (including bonus for the three major festivals) to employees who did not do anything wrong by the closing of the year. We design various incentive measures and bonuses to motivate employees to achieve better performance and be more committed to work, thereby creating mutually beneficial and win-win environment, remuneration, and benefits for both employer and employees.	None
(III) Has the Company provided the Employees with a safe and healthy work environment and arranged regular safety and health education for Employees?	V		1. The Company has established an occupational safety and health management system and obtained ISO 45001: 2018 and CNS 45001: 2018 certification. Through hazard identification and risk evaluation and control, automatic inspection, environmental safety inspection, and operating environment monitoring, education, and training, we aim to achieve the goal of preventing occupational accidents and ensuring employees' safety. 2. A total of 5,415 people participated in the environmental safety and health education and training for new and	None

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<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td></td><td></td><td></td><td>in-service employees held in 2022. In addition, a total of 6,437 people participated in 80 safety and health education and training sessions (such as training for supervisors for hazardous work, evacuation exercises, and firefighting safety training and radiation worker education and training) held as per law or the organization’s needs. Please refer to “Safe Workplace” of the corporate social responsibility report for details.
3. To achieve the "zero accident" management goal and establish a safe and healthy work environment, the Company holds an Environmental Safety and Health Management Committee meeting on a quarterly basis in accordance with the law to discuss the implementation of the occupational safety and health management plan, the internal and external audits of the environmental safety and health system, corrective and preventive measures, and communication on issues raised by employees, as well as a total of 8 safety and health improvement proposals.
4. The fire equipment of the entire plant is maintained on a regular basis; a fire maintenance report form is submitted and an inspection is carried out in accordance with the regulation of the competent authority each year.
5. Security, control access, monitoring and alarm system have been put in place at various important entrances and exits, environmental safety and health patrol is enforced and self-inspection is carried out as required by the law to strengthen the safety within the plant.
6. Participating in occupational safety and health weekly events and performing various safety and health educational and training in accordance with the government’s occupational safety and health education and training laws and regulations.
7. To increase employees’ physical fitness and promote their physical and psychological health, the Company has organized various sports and activities and obtained the Exercise Enterprise Certification from the Sports Administration.</td><td></td></tr>
<tr><td>(IV) Has the Company established an effective career development plan for Employees?</td><td>V</td><td></td><td>1. Employee development is an indispensable key factor for the Company's growth. The Company is committed to creating a diverse learning and development environment and has adopted he TTQS, linked with the Company's business strategy to establish a systematic strategic training system, and we implement a continuous improvement mechanism for training quality through an evaluation cycle of plan, design, do, review, and outcome, to strengthen our employees’ competitiveness and the Company’s sustainable development.
2. Our employees will train in a training and development system on the first day of work, and we implement pre-employment training and care for new employees and provide offline training, online training, and self-development training according to the learning map (engineering and technical positions, administrative positions, and managerial positions). 3. We provide different level of training to employees in different positions. We</td><td>None</td></tr>
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Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			examine employees' skills gap and plan and arrange training sessions to enhance their abilities and develop talents every year based on the organization's and each department's needs and personal career needs, while providing them with a complete training and cultivation blueprint.	
(V) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interest?	V		1. To protect clients' health and safety, the Company has obtained the SONY Green Partner Certificate. The Company's products also do not contain materials that contain substances prohibited or restricted by international laws (EU RoHS, REACH directive, Stockholm Convention on Persistent Organic Pollutants (POP), International Electrotechnical Commission's Halogen Free specification, etc.); such declaration of compliance is also disclosed on the Company's official website simultaneously. 2. We sign confidentiality agreements with suppliers and clients to ensure confidentiality of the information exchanged between both parties for business needs to protect both parties' rights. As for trade secrets, they are protected by the Company's "Regulations for Management of Trade Secrets", which requires that company personnel and other affiliate or third party obliged to keep the Company's information secrete manage and protect trade secrets, not confide such information at will to others, and not misappropriate other person's trade secrets. In addition, the Company also developed information security measures by the same regulations. 3. The Company is a professional semiconductor packaging and testing foundry and does not directly provide end products to consumers, so there is such a problem related to product and service labeling. 4. We have established the Code of Ethics to require our personnel to comply with the relevant rules of fair trade, treat the Company's suppliers and clients, competitors, and employees fairly, and not to manipulate, conceal, or abuse the information they learn about through their jobs to obtain improper benefits by making false statements about important matters or engaging in other unfair trade practices. We have also disclosed the complaint email (internal 580@ose.com.tw/external csr@ose.com.tw) on the Company's official website for internal and external personnel. 5. To meet the clients' requirements for product quality, hazardous substances, yield, technology, delivery time, and service, the Company has established relevant processing procedures. Relevant responsible units have established communication channels with clients in accordance with such procedures to handle clients' complaints in a timely and effective manner, thereby protecting their rights and interests.	None

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<tr><td>(VI) Has the Company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance?</td><td>V</td><td></td><td>1. The Company has established Supplier Management Regulations with clear rules of supplier selection, assessment, audit, and guidance.
2. When selecting new suppliers, the Company requires them to fill out the basic information form first and provide relevant verification information on quality, hazardous substances, and environmental safety and health management system and water and energy management system for evaluation and review. After the review results are qualified and approved, they will be listed as qualified suppliers, and we will implement subsequent management.
3. The Company requires suppliers and subcontractors that met specific criteria to sign the Supplier Integrity Commitment and Integrity Policy. The Company also conducts supplier/subcontractor CSR risk assessment and audit every year to ensure that they duly implement the code of conduct as required and do not infringe on employees' rights to freedom of association, prohibition of child labor, prohibition of forced labor, and collective bargaining
4. Please refer to "Supply Chain Management" of the Company's corporate social responsibility report for the supplier management policy and implementation.</td><td>None</td></tr>
<tr><td>V. Has the Company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that discloses the Company’s non-financial information? Have the reports mentioned previously obtained the assurance of third party verification?</td><td>V</td><td></td><td>The Company compiles its sustainability report every year by the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and GRI standards. Given changes in laws and regulations, the Company will also evaluate the requirement of each international standards, and will disclose the same in the 2022 sustainability report for reference. In addition, the Company will commission PwC Taiwan to provide assurances for the 2022 sustainability report, so as to enhance the quality and credibility of the sustainability report.</td><td>None</td></tr>
<tr><td colspan="5">VI. Where the Company has formulated its own sustainable development code in accordance with the Sustainable Development Best Practice Principles, please specified the differences between the implementation and the principles: The Company has established the Corporate Governance and Sustainable Development Committee in 2022, put in place internal management and operation regulations to promote sustainable development, and provided education and training on a continuous basis to facilitate the understanding of ESG. Relevant units responsible for the implementation of sustainable development continue to examine relevant laws, regulations and requirements of the system and to formulate relevant objectives or plans for action. The Company compiles the "Sustainability Report" (formerly the Corporate Social Responsibility Report) every year in accordance with the law, and discloses it on the Company's official website and the Market Observation Post System.</td></tr>
<tr><td colspan="5">VII. Other important information that facilitates the understanding of the promotion of sustainable development:
(I) Environmental protection, safety and sanitation, energy, and water resources:
1. The Company has established the air pollution control and wastewater treatment equipment according to the laws, it assigned the qualified companies to dispose of or recycle the industrial waste, and has set up the wastewater recycling system. In response to the government's policy, the Company launched activities such as the energy conservation and carbon reduction, the garbage classification and recycling and the green procurement, and has been awarded “the First Place of the 2008 Building Renovation and</td></tr>
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Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
Maintenance Rating," "2013 Excellent Water-Saving/Energy-Saving Company," "2016 Resources Recycling Quality Award" by the Export Processing Zone of the Ministry of Economic Affairs, awarded"2011 Kaohsiung City Enterprise Energy-saving Rating Competition Excellent Award," "2011 Green Restaurant" by the Kaohsiung City Government, and awarded the "Exceptional Participant in Implementing Water-saving Improvement Plans" by the Water Resources Agency, MOEA in 2021. 2. We have launched healthy workplace activity, promoted to quit smoking, encouraged the Employees to participate in the hiking activities held by the government that can improve the health, and we have been awarded "Healthy Workplace Accreditation" by the Heath Promotion Administration, Ministry of Health and Welfare in 2010, 2012,2016, 2019, and 2021, respectively. 3. We participated in the evaluation of the series activities in the occupational safety and health week and were awarded "Judges' list award," "participation certificate" in 2012/2013/2014/2015/2016, respectively, by the Ministry of Labor of the Executive Yuan. 4.We participated in the "2022 Nanzi Science and Technology Park Hybrid-disaster Emergency Response and Regional Joint Defense Drill" and provided relevant emergency response facilities to achieve regional joint defense in the park to reduce losses. (II) The community participation, social contribution, social services and so on: 1. The Company assisted and provided the police with materials recorded by monitoring equipment around the factories to conduct the investigation of the cases, participated in the Zone Defense Organization of the Kaohsiung Export Processing Zone to actively maintain the community order and was awarded "2015/2017 Accident Prevention Measures Quality Award" by the Export Processing Zone. 2. The Company regularly launches internship opportunities during the school year and the summer vacation to make the students who are going to enter the workforce adapt to the life in the work place in advance and know about the Company, job responsibilities for the preparation for the future. 3. The Company has various clubs for activities, so the Employees can participate in the community activities or take part in the activities in the official nonprofit organization to relieve the stress for them. 4. In 2022, the Company collaborate with the Youth Bureau Of KCG on a project in which the Company provided its wastes, including PCBA, plastic tape and reel, and trays, to young artists for them to make brand new art works out of disposed materials. Aside from being committed to sustainable environmental issues, we also support young artists in creation. By combining art with business, we create a positive cycle of social effect and foster and nurture the artistic potential of young people. (III) Social welfare: 1.We attend to environmental and sustainability issues and actively engage with communities. For instance, we gave out 1,100 Taiwanese native saplings to personnel of the Company, supply chain, and nearby communities free of charge. In addition, by holding a parent-child beach cleaning activity in Keziliao Fishery Wharf, we picked up 198 kg of waste from the ocean while purchasing local ingredients as souvenirs to promote the development of local economy and a sustainable environment. 2. The Company made purchases in a total amount of NT$10,600 thousand in compliance with environmental labels, an increase from 2021. 3. The Company invites the public welfare groups and underprivileged groups to put on performances in the year-end banquet, if any, and take their seats every year. The Employees join the Export Processing Zone Association according to their personal preference, and make regular monthly donations to help the Employees or their dependents in need in the zone. From time to time, the Company cooperates with blood donation center to hold blood donation events in the factory. The Company also arranges for underprivileged groups to work inside the factory and purchase related gifts, in order to do its best to contribute to society. 4. The Company worked with Kaohsiung City Government's Kaohsiung Film Archive to incorporate "Movie Optional" into image education in elementary schools, those in remote area other than mountain or city. Movie is broadcast twice in one event every year, so as to enable children to get in touch with image anesthetics and foster movie appreciation ability; by providing such channel of anesthetics, we hope movie appreciation can inspire children's thinking. (IV) Human Rights: 1. To take care of the disadvantaged groups, we employ a certain number of people with disabilities; we have re-designed jobs and diversified job opportunities to provide people with disabilities with more job choices. Meanwhile, we work with professional institutions, groups, and relevant units, to effectively help people with disabilities to overcome work obstacles, improve their adaptability at work, and jointly help				

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
more disadvantaged people to join the workforce. Over the past two years, we have employed more people with disabilities than as required by law. 2. In line with the government's efforts to strengthen the workability of students after graduation, the Company works with three schools in the dual-track training flagship program, the industry-academia cooperation program, the 3-3 rounds of specialized classes for higher education construction and education of overseas Chinese students, innovation program of the College of Semiconductor and Advanced Technology Research, fall session of the mater program of big data analytics and information security, and Engineering International Graduate Program, to provide students with internship opportunities, allowing students to adapt to the industry and workplace environment in advance, and to cultivate the Company's future technical personnel to achieve a win-win situation for both industry and academia. In addition, the motivate more interns to stay with the Company, the Company holds an internship workshop every quarter, which offers courses fostering their soft power and hard power and provides a place for them to interact and showcase their capability, thereby increasing their affiliation towards the Company. 3. In 2022, there were 42 lecture activities and courses provided to universities and research institutes in Southern Taiwan, and the total number of attendances reached 1,212. Also, the Company was invited by government officials (e.g. Kaohsiung City Social Bureau, Employment Service Stations, etc.) to plan 11lecture courses for general job seekers, and the total number of attendances reached 290. Through visits and lectures, students and general job seekers were able to understand the job market situation in advance.				

(VI) The variations and causes of variations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:

Evaluation item	Operation status			The variations and causes of variations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary Description	
I. The establishment of the ethical management policies and plans				
(I) Has the Company demonstrated its ethical management policies in its regulations and external documents, and stated in its Memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the Board of Directors and the management committed in fulfilling this commitment?	V		(I) "Sincerity, honesty" is the Company's most crucial core value, and the Company engages in all business activities with the principle of ethical standards. For this purpose, the Company established the Company's "Code of Conduct for Integrity Management" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and the related implementation rules, which was approved by the Board Meeting on May 7, 2020 and implemented . The first revision was approved by the Board of Directors meeting dated February 22, 2023.	No significant difference.
(II) Has the Company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within their business scope on a regular basis which are at a higher risk of being involved in unethical behavior, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(II) Article 7, Paragraph 2 of the Company's Ethical Corporate Management Best Practice Principles puts in place preventive measures specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies. We prohibit the Company's directors, managers, employees, people appointed, or ultimate controllers from bribery, illegal political contributions, improper charity donations or sponsorships, offering or acceptance of unreasonable gifts, hospitality, or other illegitimate interests, as well as infringement of trade secrets, trademark, patents, copyrights, or other intellectual property rights. In addition, the Company has established relevant operating procedures for employees to follow.	No significant difference.
(III) Has the Company specified operational procedures, behavioral guidelines, disciplines of violations, as well as an appeal system in the program against unethical behavior, and implemented such programs, and reviewed and revised the previous program on a regular basis?	V		(III) The Company has established the "Ethical Corporate Management Best Practice Principles" which is being promoted upon Directors and managerial officers and is listed as the annual performance assessment.	No significant difference.
II. The implementation of the ethical management				
(I) Does the Company evaluate the ethical records of its transaction parties and	V		(I) The Company has expressly stated the prevention measures for violating the ethical principles and the punishment clauses in the	No significant difference.

Evaluation item	Operation status			The variations and causes of variations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary Description	
explicitly include clauses on ethical conduct in contracts signed with its transaction parties?			commercial contracts.	
(II) Has the Company set up a dedicated responsible unit to promote corporate ethical management under the Board of Directors, and has such unit reported its execution in terms of ethical management policy and preventive programs against unethical behaviors and the supervision status to the Board of Directors on a regular basis (at least once a year)?		V	(II) The Company has set up a dedicated responsible unit, which will formulate and implement corporate ethical management policy. In the future, the Company will regularly (once a year) reported to the board of directors on the implementation situation.	The future will be based on the Company's development needs and legal regulations.
(III) Has the Company established and implemented the policy to prevent the conflicts of interest and provide the suitable channels for reporting such conflicts?	V		(III) The rules of procedure for the Board Meeting expressly state the recusal system for the Directors. If the motions proposed by the Board of Directors have conflict of interest with the Directors or the legal person investors they represent, where there is a likelihood that the interests of the Company would be prejudiced, they may state their opinions and answer the questions, but they may not participate in the discussion or vote on those motions and shall recuse themselves from any discussion and voting, and may not exercise voting rights as proxy on behalf of another Director. we have set up a mailbox for whistleblowing as a channel for complaints. If any illegal act is discovered, it can be reported directly to the Company and handled by dedicated personnel	No significant difference.
(IV) Has the Company established an effective accounting system and internal control system in order to implement ethical management, and propose relevant audit plans according to the assessment results of the risks of unethical behaviors, and review the compliance status of the prevention of unethical behaviors, or entrust an account to carry out the review?	V		(IV) To ensure the implementation of ethical management, the Company has established an effective accounting system and an internal control system. The internal auditors perform audits as per the internal audit plan and internal audit implementation rules. If any material anomalies are discovered, the internal auditors will immediately report to the Chairman and independent directors while reporting to the Board of Directors for reference.	No significant difference.
(V) Does the company regularly organize the internal and external education training	V		(V) "Integrity, pragmatism, and sustainable development" are the Company's entrepreneurial spirit and business	No significant difference.

Evaluation item	Operation status			The variations and causes of variations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	<u>Summary Description</u>	
activities for the ethical management?			philosophy. We regularly organize education and training in connection with applicable policy of corporate social responsibility to enhance employees' knowledge of corporate social responsibility and regulations. Please refer to Table 1 for the 2022 social responsibility education and training results.	
III. The operating status of the corporate whistleblower system				
(I) Has the Company established the explicit whistleblower system, the incentive scheme and the convenient whistleblowing channels, and assign the appropriate personnel to investigate the target of the whistleblower complaint?	V		(I) The Company has established a specific whistleblowing system. Response methods include verbal notification, suggestion box, grievance hotline and email correspondence, and a dedicated staff is responsible for handling the matter in an impartial and confidential manner to resolve and improve problems.	No significant difference.
(II) Has the Company implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct?	V		(II) The Company has established procedures for accepting reports, which specify that in order to protect the whistleblowers' rights during the investigation process, each case will be handled in a confidential manner and that the name of whistleblowers or other relevant information that identifies whistleblowers will not be disclosed.	No significant difference.
(III) Has the Company establish the measures to protect the whistleblowers against the retaliation?	V		(III) The Company also prohibits, in the procedures, any retaliation against a complainant, informant, or person who assists in an investigation, and penalize offenders according to the severity of the situation.	No significant difference.
IV. Reinforcing the information disclosure (I) Has the Company disclosed its ethical management principles and effectiveness on its website and the Market Observation Post System website?	V		(I) The Company has disclosed its "Ethical Corporate Management Best Practice Principles" on MOPS and its website (www.ose.com.tw). (II) There was no violation of the "Ethical Corporate Management Best Practice Principles" in 2022. (III) The Company has dedicated personnel to gather and disclose company information.	No significant difference.
V. If the Company has its own Code of Integrity pursuant to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the differences between its operation and the Code: The Code of Conduct established and operated by the Company is consistent with the provisions of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".				
VI. Other important information for understanding the integrity of the Company's operations: (e.g., when the Company reviews and amends its Code of Conduct on Integrity): The Company reviews the Company's Code of Conduct on Integrity in conjunction with the revision of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" . . The Company has established a Ethical Corporate Management Best Practice Principles, a Code of Ethical Conduct and a Sustainability Report (formerly known as Corporate Social Responsibility Report), available on the Company's website at www.ose.com.tw.				

Table 1: the results of 2022 CSR education and training is as follows:

Course category	Name of class	Method of lecturing	Numbers of students
Enterprise operation laws program	Education and training on trade secrets for RD.	Internal training	52
	Education and training on commissioned processing and confidentiality contract.	Internal training	34
	ISO27001 information security management system	Internal training	38
	Analysis of the Latest Corporate Governance Policy and Corporate Governance Evaluation Practices	External training	2
	Processes and Practices of Self-prepared Financial Reports by Enterprises	External training	1
	Supervisors' and Executives' Supervision of ESG Implementation.	External training	1
	Intellectual Property Protection Issues Facing the Industry	External training	2
	Ten Corporate Governance Courses.	External training	1
	Practical Measures to Refine the "Three Lines of Defense of Internal Control"	External training	1
	ISSB S1 Standards "General Requirements for Disclosure of Sustainability-Related Financial Information"	External training	1
Human Rights Program	RBA v7.1 Responsible Business Alliance Code of Conduct	Internal training	5,012
	RBA v7.1 Responsible Business Alliance Code of Conduct - Internal Auditor Training	Internal training	67
Sustainable development	Sustainability Development Counseling Project Kickoff Meeting and ESG Trend Course	Internal training	41
	Lecture on Technology Innovation of Cyclic Low Carbon Silicon Carbide Wafer Process	External training	3
	Talent Sustainability Forum	External training	1
	Sustainable Development and Carbon Analysis Planning Officer Training Course	External training	1
New employees orientation	Education and training on trade secrets for new recruits.	Internal training	383
	RBA terms, prevention of sexual harassment, ethics, Personal Data Protection Act.	Internal training	996

(VII) If the Company has established corporate governance guidelines and related regulations, please disclose the methods to access them:

The Company has established measures including the "Rules of Procedure for Shareholders' Meetings", "Rules of Procedure for Board of Directors Meetings", ""Rules for Director Elections", "Procedures for Ethical Management and Guidelines for Conduct" and the "Ethical Corporate Management Best Practice Principles". Please see the Company's website (www.ose.com.tw)→Investor Relations→Corporate Governance→Major Internal Policies.

(VIII) Other material information that helps increase the understanding of the implementation status of corporate governance:

Please refer to "Implementation status of corporate governance and the variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies- page 23."

(IX) Implementation status of the internal control system

1. Internal control system statement

Orient Semiconductor Electronics, Limited

Internal control system statement

Date: February 22, 2023

According to the results of the 2022 self-evaluation of the internal control system, the Company hereby declares as follows:

I. The Company acknowledges and understand that it is the responsibility of the Board of Directors and Managerial Officers to establish, implement and maintain the internal control system and it has established such system. The purpose of such system is to reasonably ensure that the following objectives are achieved: the effectiveness and efficiency of operations (including profits, performance and safeguard of asset security), the reliability, timeliness and transparency of reporting and the compliance with applicable laws, regulations.

II. There are inherent limitations to the internal control system, no matter how it is perfectly designed. An effective internal control system can only reasonably ensure the achievement of the aforementioned 3 objectives. Moreover, the effectiveness of the internal control system may differ according to the different environments and situation. The internal control system contains self-monitoring mechanisms, the Company can take immediate corrective actions against any defects once identified.

III. The Company assesses the effectiveness of design and implementation of the internal control system based on the criteria specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to below as “the Regulations”). The criteria adopted by “the Regulations” divide the internal control system into five elements according to the process of control management: 1. environment control, 2. risk assessment, 3. control operation, 4. information and communication, and 5. monitoring operation. Each element is composed of several other items. Please refer to “the Regulations” for the aforementioned items

IV. The Company has assessed the effectiveness of design and implementation of the internal control system according to the aforementioned criteria.

V. Based on the results of the aforementioned assessment, the Company believed that, on December 31, 2022, the design and implementation of the internal control system (that includes the supervision and management of subsidiaries) were reasonable to ensure the objectives were achieved: the effectiveness and efficiency of operations, the reliability, timeliness, and transparency of reporting, and the compliance with applicable laws, regulations, and bylaws.

VI. This statement is an integral part of the annual report and the prospectus, and will be made public. If there is any fraud, concealment, or other illegality in the aforementioned content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Company's Board of Directors on February 22, 2023. Among the six directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Orient Semiconductor Electronics, Limited

Chairman Signature or seal

Chairman Signature or seal

2. If the Company assigned a CPA to audit its internal control system, it shall disclose the CPA audit report: none.

(X) The punishments that the Company and its internal Employees received by the laws, the punishments for its internal Employees violating the internal control system by the company, where the outcome of the penalty may have a significant impact on shareholders' equity or the price of securities, and the improvements in the most recent year and by the date of the annual report publication: none.

(XI) Material resolutions made by the Shareholders' Meetings and the Board Meetings in the most recent year and by the date of the annual report publication:

1. The General Meeting of Shareholders was held on June 10, 2022, the material resolutions and the implementation status in the meeting:

Category	The resolutions of the General Meeting of Shareholders	Implementation status
General Meeting of the Shareholders	Adoption: 1. 2021 Business Report and Financial Statements. 2. Motion of 2021 Earnings Distribution. Discussion: 1. Revision of some provisions of the "Operating Procedure for Assets Acquisition and Disposal." 2. Formulation of the Procedures for Engagement in Derivatives Trading.	Adoption: 1. Approval by voting. 2. Approval by voting. Ex-dividend record date: July 27, 2022; payable date: August 18, 2022. Discussion: 1. The motion was approved by voting. Act by the revised rules. 2. The motion was approved by voting. Act by the revised rules.

2. Material resolutions in the Board Meeting:

Meeting Time	Category	Material resolutions
2022.02.24	Board Meeting	Discussion: 1. 2021 remuneration distribution for Employees and Directors. 2. 2021 individual and consolidated financial reports. . 3. The effectiveness of the internal control system and provision of "Internal Control System" for 2021. 4. 2022 Business Plan. 5. Convening of 2022 General Shareholders' Meeting. 6. Revision of some provisions of the "Operating Procedure for Assets Acquisition and Disposal." 7. Formulation of the Procedures for Engagement in Derivatives Trading. 8. Proposal on Bank Credit Line for 2022 Q1. 9. OSE Phils' guarantee of fixed deposits for loans. 10. Loan from subsidiary, Coreplus (HK) Limited, to Valueplus Technology (suzhou) Co., Ltd. 11. To set a capital reduction base date to offset the Company's restricted Employee rights, which the Company has withdrawn. 12. Evaluation of the CPA's independence and appropriateness. 13. Review of the appointment and remuneration of CPAs. 14. Managers' compensation and remuneration as well as position adjustment. 15. Amendment to the Employees Remuneration Distribution Regulations.
2022.04.28	Board Meeting	Discussion: 1. 2021 earnings distribution. 2. The compensation package for managers in 2021. 3. 2021 Annual remuneration distribution to Directors. 4. 2022 Q1 consolidated financial statements. 5. Proposal for 2022 Q1 earning distribution. 6. "ATP Electronics Taiwan Inc." equity disposal. 7. The second quarter of 2022 "Proposal on Bank Credit Line". 8. To set a capital reduction base date to offset the Company's

Meeting Time	Category	Material resolutions
		restricted Employee rights, which the Company has withdrawn.
2022.07.27	Board Meeting	Discussion: 1. 2022 Q2 consolidated financial statements. 2. 2022Q2 Earnings Distribution Proposal. 3. Proposal to retroactively register the common shares privately placed in 2007 and to list such shares on the stock exchange. 4. Proposal on Bank Credit Line for 2022 Q3. 5. To set a capital reduction base date to offset the Company's restricted Employee rights, which the Company has withdrawn. 6. Proposal to revise the "Risk Management Policy and Operating Procedures".. 7. Managers' compensation and remuneration as well as position adjustment.
2022.10.27	Board Meeting	Discussion: 1. 2022Q3 consolidated financial statements. 2. 2022Q3 Earnings Distribution Proposal. 3. Proposal on the Company's diamond plan, which is to invest in construction of factories in Kaohsiung Nanzih Technology Industrial Park. 4. Proposal on the Company's increasing investment in Ennoconn International Investment Co., Ltd. 5. Proposal to waive the creditors' right to the part of funds loaned to the subsidiary Orient Semiconductor Electronics Philippines, Inc. but uncollectible. 6. To set a capital reduction base date to offset the Company's restricted Employee rights, which the Company has withdrawn. 7. The fourth quarter of 2022Q4 "Proposal on Bank Credit Line". 8. 2023 audit plan. 9. Revision of some internal control systems and implementation details of internal audits. 10. Amendment to the "Internal Material Information Processing Operating Procedure". 11. Amendment to the "Rules of Procedure for Board of Directors Meetings" 12. Managers' compensation and remuneration as well as position adjustment.
2023.02.22	Board Meeting	Discussion: 1. 2022 remuneration distribution for Employees and Directors. 2. 2022 parent company only and consolidated financial reports. 3. The effectiveness of the internal control system and provision of "Internal Control System" for 2022. 4. 2023 Business Plan. 5. Convening of 2023 General Shareholders' Meeting. 6. Revision of some provisions of the "Articles of Incorporation." 7. Proposal on amendment to the "Ethical Corporate Management Best Practice Principles". 8. Revision of the "Remuneration Measures for Directors and Members of Functional Committee". 9. Proposal to formulate the "Operating Procedures for Compiling and Verifying Sustainability Report". 10. Proposal on Bank Credit Line for 2023 Q1. 11. Loan from subsidiary, Coreplus (HK) Limited, to sub-subsidiary Valueplus Technology (suzhou) Co., Ltd. for refinancing purpose. 12. To set a capital reduction base date to offset the Company's restricted Employee rights, which the Company has withdrawn.

Meeting Time	Category	Material resolutions
		13. Evaluation of the CPA's independence and appropriateness. 14. Review of the appointment and remuneration of CPAs. 15. Proposal on preapproval of non-assurance services provided by attesting CPAs, the CPAs' firm, or the firm's affiliates to the Company and subsidiaries.
2023.04.26	Board Meeting	Discussion: 1. 2022 earnings distribution. 2. The compensation package for managers in 2022. 3. 2022 annual remuneration distribution to Directors. 4. 2023 Q1 consolidated financial statements. 5. Proposal for 2023 Q1 earning distribution. 6. Issuance of restricted shares by the Company to employees 7. Revision of some provisions of the internal control systems and implementation details of internal audits. 8. Revision of the "Procedures for Ethical Management and Guidelines for Conduct". 9. Formulation of the Sustainable Development Best Practice Principles. 10. Update the reason for convening the 2023 Annual General Meeting of Shareholders of the Company. 11. Managers' compensation and remuneration as well as position adjustment.

(XII) In the most recent year and by the date of the annual report publication, the material resolutions approved by the Board Meetings for which the Directors or Supervisors expressed the adverse opinion or qualified opinion with records or with written statements, and its main content: none.

(XIII) In the most recent year and by the date of the annual report publication, the resignation or dismissal of the company's key individuals including the Chairman, General Manager, Accounting Head, Chief Financial Officer, Chief Internal Auditor and R&D Supervisor: None.

V. Information of CPA fee

Unit: NTD thousand

Name of CPA firm	Name of CPA	Audit period	Audit fee	Non-audit fee (note)	Total	Note
PwC Taiwan	Kuo-Hua Wang	2022.01.01~2022.12.31	6,750	540	7,290	
	Tsai-Yen Chiang					

(Note) The non-audit fees are for the bonded warehouse audit NT $150 thousand, industrial and commercial registration NT $100 thousand, and transfer pricing NT $290 thousand.

VI. Replacement of CPAs:

(I) About the former accountant.

<table>
<tr><td>Date of Change</td><td colspan="4">It was resolved in the Board Meeting on March 10, 2021.</td></tr>
<tr><td>Reason and explanation of change</td><td colspan="4">Needs of internal control.</td></tr>
<tr><td rowspan="3">Indicate whether the appointment is terminated or not accepted by the appointor or accountant</td><td colspan="2">Counterparty / Situation</td><td>Certified Public Accountant</td><td>Appointees</td></tr>
<tr><td colspan="2">Proactive termination of appointment</td><td>-</td><td>V</td></tr>
<tr><td colspan="2">No longer accepting (continuing) appointment</td><td>-</td><td>-</td></tr>
<tr><td>Opinions on audit reports issued within the last two years with any reservation and its reasons</td><td colspan="4">Not applicable</td></tr>
<tr><td rowspan="7">Any disagreement with the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting Principles or Practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of Financial Reports</td></tr>
<tr><td></td><td colspan="2">Checking the scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Other disclosures (those that shall be disclosed under paragraphs 1(4) to 1(7) of Article 10(6) of this Provision)</td><td colspan="4">None</td></tr>
</table>

(II) About the new accountant.

Name of the firm	PwC Taiwan
Name of the Accountants	Kuo-Hua Wang and Tsai-Yen Chiang
Date of Appointment	It was resolved in the Board Meeting on March 10, 2021.
Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements prior to the appointment	None
Written opinion of the successor accountant on matters which they disagreed with the predecessor accountant	None

(III) Previous accountants' responses to Article 10's paragraph 6(1) and (2)-3 of this Provision: none.

VII. The Chairman, General Manager or Managerial Officers in charge of finance or accounting served at the firms or affiliates of CPAs in the most recent one year: none

VIII. Changes in the transfer or pledge of shares by Directors, Supervisors, Managerial Officers, and Shareholders holding over 10% of the shares:

(I) Changes in the shareholdings of Directors, Supervisors, managers and major Shareholders:

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Types of stocks</th><th colspan="2">2022</th><th colspan="2">2022 up to April 11, 2022</th></tr>
<tr><th>Increase (decrease) in shareholdings</th><th>Increase (decrease) in pledged shares</th><th>Increase (decrease) in shareholdings</th><th>Increase (decrease) in pledged shares</th></tr>
<tr><td>Director and CEO</td><td>Yueh-Ming Tung</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Director</td><td>CHIPBOND TECHNOLOGY CORPORATION Representative: Huo-wen Gao</td><td rowspan="3">Common shares Preferred Shares B Preferred Shares C</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td></tr>
<tr><td>Director</td><td>CHIPBOND TECHNOLOGY CORPORATION Representative: Shi-wei Luo</td></tr>
<tr><td>Shareholders with more than 10% of shareholding</td><td>CHIPBOND TECHNOLOGY CORPORATION</td></tr>
<tr><td>Independent Director</td><td>Ching-Tien Tsai</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Jerry Chiou</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Chia-Hua Hsu</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>General Manager</td><td>Jia Rong Tu</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Senior Vice General Manager</td><td>Tzu Ming Liu</td><td>Common shares</td><td>40,000</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Vice General Manager</td><td>Liang-Chung Wu</td><td>Common shares</td><td>24,000</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Vice General Manager</td><td>Chin-Chiu Wang</td><td>Common shares</td><td>32,000</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Vice General Manager</td><td>Chen-Ling Lai</td><td>Common shares</td><td>32,000</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Vice General Manager</td><td>Min-Lang Tsai</td><td>Common shares</td><td>32,000</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Assistant Manager</td><td>Jia Ming Yang</td><td>Common shares</td><td>32,000</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Assistant Manager</td><td>Che-Kuang Liu</td><td>Common shares</td><td>32,000</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Assistant Manager</td><td>Chen-Chung Sun</td><td>Common shares</td><td>32,000</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Assistant Manager</td><td>Tseng-Chih Chi</td><td>Common shares</td><td>32,000</td><td>0</td><td>0</td><td>0</td></tr>
</table>

Title	Name	Types of stocks	2022		2022 up to April 11, 2022	
			Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares
Assistant Manager	Hung-Tai Mai	Common shares	32,000	0	0	0
Chief Financial Officer	Simon Hung	Common shares	12,800	0	0	0
Head of Accounting Corporate Governance Officer	Shu-Yung Chu	Common shares	16,000	0	0	0
Director	Phison Electronics Corp. (Date of resignation: 2022.11.07)	Common shares	0	0	0	0
Vice General Manager	Kuan-Tien Shen (Date of dismissal: 2022/09/17	Common shares	(30,000)	0	0	0
Senior Assistant Manager	Wen-Pin Yang (Date of dismissal: 2023/02/08	Common shares	32,406	0	0	0

(II) If the party to whom the shares are transferred or pledged is a stakeholder, the name of the stakeholder, the relationship with the Company, Directors, Supervisors, Managers and Shareholders holding more than 10% of the shares, and the information on the transfer of shares acquired shall be disclosed:

1. Information on shares transferred: None.
2. Shareholding pledge information: None.

IX. Information of relationship between the Company's top 10 Shareholders who are mutually stakeholders, spouses or relatives within the second degree of kinship (common shares):

Name	Personal shareholdings		Shareholdings of spouse, minor children		Shareholdings by nominee arrangement		Name and relationship between the Company's top 10 Shareholders who are mutually stakeholders, spouses or relatives within the second degree of kinship	
	Share	Proportion of shareholdings	Share	Proportion of shareholdings	Share	Proportion of shareholdings	Name	Relationship
CHIPBOND TECHNOLOGY CORPORATION	163,995,498	29.53%	0	0	0	0	None	None
Phison Electronics Corp.	7,336,369	1.32%	0	0	0	0	None	None
JPMorgan Chase Bank, Taipei Branch is entrusted with the custody of the Vanguard Emerging Markets Stock Index Fund managed by the Vanguard Group.	6,664,792	1.20%	0	0	0	0	None	None
Total International Stock Index Fund Investment Account of PGIA under custody of JPMorgan Chase Bank, N.A., Taipei Branch	6,328,208	1.14%	0	0	0	0	None	None
JPMorgan Chase Bank in custody for investment account of NOREGS BANK	4,691,931	0.84%	0	0	0	0	None	None
Polunin Emerging Markets Fund Account under custody of Citibank Taiwan	4,629,000	0.83%	0	0	0	0	None	None
PGIA Trust Stock Index II Investment Account under custody of JPMorgan Chase	3,198,000	0.58%	0	0	0	0	None	None
Standard Chartered as the custodian of "Standard Chartered - External Account Manager JPMorgan Chase".	2,977,000	0.54%	0	0	0	0	None	None
HSBC as the custodian of Mitsubishi UFJ's Morgan Stanley Securities Trading Account	2,246,000	0.40%	0	0	0	0	None	None
Jui-Ching Lin	2,100,000	0.38%	0	0	0	0	None	None

X. The shareholdings of the same investee held by the Company, Directors, Supervisors, Managerial Officers, and the business entities directly or indirectly controlled by the company, and calculation of the consolidated proportion of shareholdings of the above categories:

Unit: Shares; %; December 31, 2022

Investee (Note)	Shareholdings of the Company (1)		Shareholdings of Directors, Supervisors, Managerial Officers, and business entities directly or indirectly controlled by the Company (2)		Syndicated shareholdings (1)+(2)	
	Share	Proportion of shareholdings	Share	Proportion of shareholdings	Share	Proportion of shareholdings
OSE PHILIPPINES	Common 3,680,365	93.67%	Common 248,660	6.33%	Common 3,929,025	99.99%
OSE PROPERTIES, INC.	Common 7,998	39.99%	Common 0	0	Common 7,998	39.99%
OSE INTERNATIONAL LTD.	Common 16,000,000	100.00%	Common 0	0	Common 16,000,000	100.00%
COREPLUS (HK) LTD.	Common 7,500,000	100.00%	Common 0	0	Common 7,500,000	100.00%
Ennoconn International Investment Co., Ltd.	Common 138,993,437	100.00%	Common 0	0	Common 138,993,437	100.00%

(Note): Investments accounted for using the equity method

IV. Fund raising overview

I. Capital and shares

(I) Sources of capital

April 11, 2023

Year/month	Issuance price	Authorized capital		Paid-in capital		Note		
		Share (Thousand shares)	Amount (NTD thousand)	Share (Thousand shares)	Amount (NTD thousand)	Sources of capital	Subscription of capital stock with assets other than cash	Others
April 1996	10	200,000	2,000,000	200,000	2,000,000	Capital increase by cash NT$353,213 thousand.	None	None
June 1996	10	420,000	4,200,000	261,325	2,613,250	Capital increase by the retained earnings NT$ 376,000 thousand, capital increase by the capital reserve NT$ 224,000 thousand, capital increase by the Employee bonus NT$ 13,250 thousand.	None	None
April 1997	10	420,000	4,200,000	270,949	2,709,487	Transfer of the convertible bonds to the common stock NT$96,237 thousand.	None	None
June 1997	10	526,000	5,260,000	375,899	3,758,987	Capital increase by the retained earnings NT$593,378 thousand, capital increase by the capital reserve NT$436,227 thousand, capital increase by the Employee bonus NT$ 19,895 thousand.	None	None
July 1997	10	526,000	5,260,000	407,987	4,079,867	Transfer of the convertible bonds to the common stock NT$320,880 thousand.	None	None
June 1998	10	1,000,000	10,000,000	586,876	5,868,671	Capital increase by the retained earnings NT$943,387 thousand, capital increase by the Employee bonus NT$25,618 thousand, capital increase by the capital reserve NT$ 650,172 thousand, transfer of the convertible bonds to the common stock NT$169,626 thousand.	None	None
July 1999	10	1,000,000	10,000,000	710,532	7,105,324	Capital increase by the retained earnings NT$586,867 thousand, capital increase by the capital reserve NT$586,867 thousand, transfer of the convertible bonds to the common stock NT$10,104 thousand, capital increase by the Employee bonus NT$52,815 thousand.	None	None
October 1999	10	1,000,000	10,000,000	810,532	8,105,324	Capital increase by cash NT$ 1,000,000 thousand	None	None
August 2000	10	1,400,000	14,000,000	993,143	9,931,428	Capital increase by the retained earnings NT$777,828 thousand, capital increase by the capital reserve NT$818,767 thousand, transfer of the convertible bonds to the common stock NT$160,684 thousand, capital increase by the Employee bonus NT$68,825 thousand.	None	None
June 2001	10	1,400,000	14,000,000	1,091,383	10,913,826	Capital increase by the capital reserve NT$ 982,398 thousand	None	None
September 2001	10	1,400,000	14,000,000	1,241,383	12,413,826	Issuance of the preferred stock for capital increase totaled NT$1,500,000 thousand.	None	None
January 2003	10	2,000,000	20,000,000	1,391,383	13,913,826	Issuance of the common stock for capital increase totaled NT$1,500,000 thousand at a discount.	None	None
March 2003	10	2,000,000	20,000,000	1,458,259	14,582,589	Transfer of the convertible bonds to the common stock NT$668,763 thousand at a discount.	None	None
September 2003	10	2,000,000	20,000,000	1,601,043	16,010,425	Transfer of the convertible bonds to the common stock NT$1,427,836 thousand at a discount.	None	None
December 2003	10	2,000,000	20,000,000	1,590,298	15,902,975	Retirement of the treasury stock NT$107,450 thousand.	None	None
December 2003	10	2,000,000	20,000,000	1,704,902	17,049,017	Transfer of the convertible bonds to the common stock NT$1,146,042 thousand at a discount.	None	None
February 2004	10	2,000,000	20,000,000	1,734,625	17,346,245	Transfer of the convertible bonds to the common stock NT$297,228 thousand at a	None	None

Year/month	Issuance price	Authorized capital		Paid-in capital		Note		
		Share (Thousand shares)	Amount (NTD thousand)	Share (Thousand shares)	Amount (NTD thousand)	Sources of capital	Subscription of capital stock with assets other than cash	Others
						discount.		
August 2004	10	2,000,000	20,000,000	861,714	8,617,141	Capital reduction NT$8,729,104 thousand for making up the losses	None	None
December 2005	10	2,000,000	20,000,000	876,016	8,760,158	Transfer of the convertible bonds to the common stock NT$143,017 thousand at a discount.	None	None
May 2007	10	2,000,000	20,000,000	1,056,016	10,560,158	Issuance of the common stock by the private placement for capital increase totaled NT$1,800,000 thousand at a discount.	None	None
June 2008	10	2,000,000	20,000,000	606,016	6,060,158	Capital reduction NT$4,500,000 thousand for making up the losses	None	None
September 2011	10	2,000,000	20,000,000	806,016	8,060,158	Issuance of the common stock for capital increase totaled NT$2,000,000 thousand at a discount.	None	None
September 2018	10	2,000,000	20,000,000	552,329	5,523,285	Capital reduction NT$2,536,872 thousand for making up the losses	None	None
December 2019	10	2,000,000	20,000,000	557,329	5,573,285	NT$50,000 thousand of new restricted Employee shares	None	None
July 2020	10	2,000,000	20,000,000	557,215	5,572,145	NT$1,140 thousand of restricted Employee rights share are recovered and cancelled.	None	None
September 2020	10	2,000,000	20,000,000	557,115	5,571,145	NT$1,000 thousand of restricted Employee rights share are recovered and cancelled.	None	None
December 2020	10	2,000,000	20,000,000	557,043	5,570,425	NT$720 thousand of restricted Employee rights share are recovered and cancelled.	None	None
January 2021	10	2,000,000	20,000,000	827,313	8,273,125	Cash capital increased through private placement of NT$900,900 thousand of Preferred Stock B and NT$1,801,800 thousand for Preferred Stock C. The actual subscription prices for both Preferred Stock B and Preferred Stock C were $11.10 per share.	None	None
April 2021	10	2,000,000	20,000,000	827,131	8,271,310	NT$1,815 thousand of restricted Employee rights share are recovered and cancelled.	None	None
August 2021	10	2,000,000	20,000,000	827,082	8,270,820	NT$490 thousand of restricted Employee rights share are recovered and cancelled.	None	None
November 2021	10	2,000,000	20,000,000	825,702	8,257,019	NT$13,801 thousand of restricted Employee rights share are recovered and cancelled.	None	None
March 2022	10	2,000,000	20,000,000	825,687	8,256,867	NT$152 thousand of restricted Employee rights share are recovered and cancelled.	None	None
July 2022	10	2,000,000	20,000,000	825,668	8,256,675	NT$192 thousand of restricted Employee rights share are recovered and cancelled.	None	None
September 2022	10	2,000,000	20,000,000	825,650	8,256,495	NT$180 thousand of restricted Employee rights share are recovered and cancelled.	None	None
November 2022	10	2,000,000	20,000,000	825,600	8,255,999	NT$496 thousand of restricted Employee rights share are recovered and cancelled.	None	None
March 2023	10	2,000,000	20,000,000	825,578	8,255,783	NT$216 thousand of restricted Employee rights share are recovered and cancelled.	None	None

April 11, 2023; Unit: shares

Stock Class	Authorized capital (including the convertible shares of the convertible bonds)					Note
	Outstanding shares			Unissued shares	Total	
	Listed	Unlisted	Total			
Common shares	555,308,333		555,308,333	1,174,421,667	2,000,000,000	
Preference share		270,270,000	270,270,000			Private Placement of Preferred Shares
Total	555,308,333	270,270,000	825,578,333	1,174,421,667	2,000,000,000	

Relevant information of shelf registration: none

(II) Structure of Shareholders

- Common stock

April 11, 2023

Structure of Shareholders / Quantity	Government agencies	Financial institutions	Other legal person investors	Individual	Foreign institutions and individuals	Total
Number of Persons	0	2	206	91,518	127	91,853
Shareholding	0	3,796	174,682,816	323,585,032	57,036,689	555,308,333
Proportion of shareholdings	0.00%	0.00%	31.46%	58.27%	10.27%	100.00%

- Preferred shares

April 11, 2023

Structure of Shareholders / Quantity	Government agencies	Financial institutions	Other legal person investors	Individual	Foreign institutions and individuals	Total
Number of Persons	0	0	1	0	0	1
Shareholding	0	0	Preferred Shares B 90,090,000 Preferred Shares C 180,180,000	0	0	270,270,000
Proportion of shareholdings	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%

(III) Diversity of Ownership of common stock April 11, 2023

Ranking of shareholding	Number of Shareholders	Shareholding	Proportion of shareholdings%
1-999	47,018	8,469,350	1.53%
1,000-5,000	33,522	74,313,653	13.37%
5,001-10,000	6,186	50,580,877	9.11%
10,001-15,000	1,607	20,756,520	3.74%
15,001-20,000	1,243	23,520,254	4.24%
20,001-30,000	844	21,917,920	3.95%
30,001-40,000	402	14,580,352	2.63%
40,001-50,000	252	11,821,961	2.13%
50,001-100,000	458	33,558,078	6.04%
100,001-200,000	171	23,856,385	4.30%
200,001-400,000	84	22,936,335	4.13%
400,001-600,000	29	14,333,249	2.58%
600,001-800,000	7	4,651,026	0.84%
800,001-1,000,000	4	3,414,661	0.61%
1,000,001 shares and more	26	226,597,712	40.80%
Total	91,853	555,308,333	100.00%

Diversity of Ownership of Preferred Shares B and C： April 11, 2023

Ranking of shareholding	Number of Shareholders	Shareholding	Proportion of shareholdings%
1,000,001 shares and more	1	Preferred Shares B 90,090,000 Preferred Shares C 180,180,000	100.00%
Total	1	270,270,000	100.00%

(IV) List of major Shareholders

- Common stock

April 11, 2023

Shar / Name of major Shareholders	Shareholding	Proportion of shareholdings
CHIPBOND TECHNOLOGY CORPORATION	163,995,498	29.53%
Phison Electronics Corp.	7,336,369	1.32%
JPMorgan Chase Bank, Taipei Branch is entrusted with the custody of the Vanguard Emerging Markets Stock Index Fund managed by the Vanguard Group.	6,664,792	1.20%
Total International Stock Index Fund Investment Account of PGIA under custody of JPMorgan Chase Bank, N.A., Taipei Branch	6,328,208	1.14%
JPMorgan Chase Bank in custody for investment account of NOREGS BANK	4,691,931	0.84%
Polunin Emerging Markets Fund Account under custody of Citibank Taiwan	4,629,000	0.83%
PGIA Trust Stock Index II Investment Account under custody of JPMorgan Chase	3,198,000	0.58%
Standard Chartered as the custodian of “Standard Chartered - External Account Manager JPMorgan Chase”.	2,977,000	0.54%
HSBC as the custodian of Mitsubishi UFJ’s Morgan Stanley Securities Trading Account	2,246,000	0.40%
Jui-Ching Lin	2,100,000	0.38%

- Preferred shares

April 11, 2023

Shar / Name of major Shareholders	Shareholding	Proportion of shareholdings
CHIPBOND TECHNOLOGY CORPORATION	Preferred Shares B 90,090,000 Preferred Shares C 180,180,000	100.00%

(V) The market price, net value, earning, dividends and relevant information in the two most recent years

<table>
<tr><th colspan="3">Item / Fiscal Year</th><th>2021</th><th>2022</th><th>2023Q1</th></tr>
<tr><td rowspan="3">Market price per share</td><td colspan="2">Highest</td><td>33.30</td><td>26.70</td><td>21.20</td></tr>
<tr><td colspan="2">Lowest</td><td>13.50</td><td>14.70</td><td>17.40</td></tr>
<tr><td colspan="2">Average</td><td>21.58</td><td>19.16</td><td>19.42</td></tr>
<tr><td rowspan="2">Net value per share</td><td colspan="2">Before distribution</td><td>12.20</td><td>13.26</td><td>12.95</td></tr>
<tr><td colspan="2">After distribution</td><td>11.20</td><td>12.41</td><td>No resolution has yet been made</td></tr>
<tr><td rowspan="2">EPS</td><td colspan="2">Weighted average of shares</td><td>553,735,533</td><td>553,894,968</td><td>555,308,333</td></tr>
<tr><td colspan="2">EPS</td><td>2.24</td><td>2.02</td><td>0.25</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>1.00</td><td>0.85</td><td rowspan="7">Not applicable</td></tr>
<tr><td rowspan="2">Stock dividends</td><td>From retained earnings</td><td>0</td><td>0</td></tr>
<tr><td>From capital reserve</td><td>0</td><td>0</td></tr>
<tr><td colspan="2">Accumulated unpaid dividends for the preferred stock</td><td>0</td><td>0</td></tr>
<tr><td rowspan="3">Analysis on ROI</td><td colspan="2">Price to earnings ratio</td><td>9.63</td><td>9.49</td></tr>
<tr><td colspan="2">Price to dividends ratio</td><td>21.58</td><td>22.54</td></tr>
<tr><td colspan="2">Cash dividends yield</td><td>4.63%</td><td>4.44%</td></tr>
</table>

Note 1: It’s based on the number of shares outstanding at the end of the year and the distribution resolved at board meeting or the following year's shareholders' meeting

Note 2: the amount of distribution of cash dividends for 2022 was approved by the board of directors on April 26, 2023.

Note 3: Calculation formula

(1) Price to earnings ratio ＝ Average share price／EPS

(2) Price to dividend ratio ＝ Average share price／Cash dividend per share

(3) Cash dividends yield ＝ Cash dividends per share／Average share price

*If there is a surplus or additional paid-in capital to increase the capital allotment, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued shall be disclosed.

(VI) Dividends policy and implementation status

1. Dividends policy

Article 26-1, Paragraph 1 of the Company’s Articles of Incorporation states the following: According to the Company's annual final accounts, the earnings shall, if any, be first provided for taxation and offset to the accumulated losses, followed by 10% of legal reserve as well as the provision or reverse of the special reserve pursuant to the laws or the regulations of the competent authority; the remaining earnings, if any, adding up the accumulated undistributed earnings in the previous years, shall be proposed by the board of director for the distribution and shall be reported to the shareholders' meeting for resolution.

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

2. The dividend distribution proposed on the general meeting of shareholders: The Board of Directors, on April 26, 2023, approved the distribution of cash dividends from the 2022 undistributed earnings in the amount of NT$0.85 per share, totaling NT$625,165,083.

3. Any expected material changes in the dividends policy: None

(VII) Impacts of the stock grants proposed by the current Shareholders Meeting on the Company's operations and EPS: Not applicable.

(VIII) Remuneration for Employees, Directors and Supervisors:

1. The percentage or range of remuneration for Employees and Directors in the Articles of Incorporation:

   After the Company deducts the remuneration of the Employees, the Director and the Supervisors from its income before tax, and also offsets the accumulated deficits , it should set aside the Employees bonus at 10%～15% and the Directors and Supervisors bonus not more than 1% from the remaining income before tax.

   The proportion of the remuneration distribution for the Employees, the Director and the Supervisors or the bonus distribution by cash or stock should both be decided in the Board Meeting where at least two-thirds or more of all the members of the Board of Directors should attend and more than half of the attending members should approve the motion and the resolution should be reported in the Shareholders' Meeting as well.

   The Employees of parent or subsidiaries who receive the remuneration in the form of cash or stock should meet certain requirements.

2. Bases for estimating the remuneration for the employees, Directors and Supervisors of the period, bases for calculating the compensation in stock for the employees, and accounting solution for variation between actually distributed amount and estimated amount: The Company estimates a certain percentage of profits as employee remuneration and director remuneration. If the estimated amount differs from the distributed amount, the difference is accounted for as changes in accounting estimates and will be recognized in the year in which distribution is made.

3. Information on the adoption of the remuneration distribution by the Board of Directors:

   (1) The amount of the remuneration distributed in cash or stock for the Employees, Directors and Supervisors. Any discrepancy between the annual recognized distributed amount and figure, the difference, reason and response should be disclosed: On February 22, 2023, the Board of Directors resolved to distribute NT$197,500,000 for employees' remuneration and NT$19,740,000 for directors' remuneration in cash for 2022. There is no difference between the between the estimated amounts and the amounts to be distributed in the year in which such amounts recognized in expenses.

   (2) The proportion of the amount of the remuneration distributed in stock for the Employees in the net income after tax in the individual financial statement of the period and the total amount of the remuneration for the Employees: Not applicable.

4. If there is variation in the actual status of remuneration (including number of shares, amount, and stock price) distributed to the Employees, Directors, and Supervisors in the previous year, state the variation amount, causes, and settlement of variation.

   (1) Remuneration for the Employees: No difference.

   (2) Remuneration for the Directors: No difference.

(IX) Status of shares buyback: None.

II. Status of corporate bonds: None.

III. Status of preferred shares

April 11, 2023

<table>
<tr><td colspan="3">Issue (Processing) Date (Note 2)
Items</td><td>December 3, 2020
Private Placement of Preferred Shares B (Note 3)</td><td>December 3, 2020
Private Placement of Preferred Shares C (Note 3)</td></tr>
<tr><td colspan="3">Face value</td><td>NT$10 per share</td><td>NT$10 per share</td></tr>
<tr><td colspan="3">Issuance Price</td><td>NT$11.10 per share</td><td>NT$11.10 per share</td></tr>
<tr><td colspan="3">Number of Shares</td><td>90,090,000 Shares</td><td>180,180,000 Shares</td></tr>
<tr><td colspan="3">Total amount</td><td>NT$900,900,000</td><td>NT$1,801,800,000</td></tr>
<tr><td rowspan="4">Rights and obligations</td><td colspan="2">Distribution of dividends and bonus</td><td>Interest rate 2% per annum (cumulative)</td><td>Interest rate 2% per annum (non-cumulative)</td></tr>
<tr><td colspan="2">Distribution of the remaining property</td><td>Preferred Shares B has priority over common shares and Preferred Shares C, to the extent that each share does not exceed the issue price plus the total amount of dividends payable.</td><td>Preferred Shares C has priority over common shares but not Preferred Shares B, to the extent that each share does not exceed the issue price plus the total amount of dividends payable.</td></tr>
<tr><td colspan="2">Exercise of voting rights</td><td colspan="2">No voting rights and no election rights for the common Shareholders' Meeting.</td></tr>
<tr><td colspan="2">Others</td><td>None</td><td>None</td></tr>
<tr><td rowspan="3">Outstanding preferred shares</td><td colspan="2">Recovered or transferred numbers of shares</td><td>0</td><td>0</td></tr>
<tr><td colspan="2">Unrecovered shares or the remaining of transferred shares</td><td>90,090,000 Shares</td><td>180,180,000 Shares</td></tr>
<tr><td colspan="2">Clause on recovery and transfer of shares</td><td>1. The issuance period for Preferred Shares B is five years. Holders of Preferred Shares B do not have the right to demand early redemption on Preferred Shares B. However, the Company may redeem all or part of the Preferred Shares B at their original issue price at any time after three years from the date of issuance, by cash or other methods permitted by laws and regulations.
2. If the Company is unable to recover all or a part of the Preferred Shares B due to force majeure or circumstances not attributable to the Company after the expiration of the Preferred Share B issuance period, the rights of the Preferred Shares B that have not been recovered shall continue to be exercised in accordance with the conditions of issuance set forth in the preceding paragraph.</td><td>1. Holders of Preferred Share C may, after five years since the issuance date, be converted into common stock at the ratio of one preferred share to one common stock (conversion ratio 1:1). The rights and obligations (except for conversion restrictions and unlisted shares prescribed by laws and regulations) of the converted common stock from Preferred Share C are the same as the Company's other issued common stock.
2. There is no expiration date for Preferred Share C. Holders of Preferred Share C do not have the right to demand redemption of Preferred Share C or demand the Company for an early conversion of preferred shares to common stock. However, the Company may redeem all or part of the Preferred Share C at their original issue price at any time after three years from the date of issuance, by cash, mandatory conversion of new issue of shares or other methods permitted by laws and regulations.</td></tr>
<tr><td colspan="2" rowspan="3">2021</td><td>Maximum</td><td colspan="2" rowspan="6">This issue of preferred shares is not yet outstanding in the market and is therefore not applicable.</td></tr>
<tr><td>Minimum</td></tr>
<tr><td>Average</td></tr>
<tr><td colspan="2" rowspan="3">2022
(Note 4)</td><td>Maximum</td></tr>
<tr><td>Minimum</td></tr>
<tr><td>Average</td></tr>
</table>

<table>
<tr><th colspan="2">Issue (Processing) Date (Note 2)
Items</th><th>December 3, 2020
Private Placement of Preferred Shares B (Note 3)</th><th>December 3, 2020
Private Placement of Preferred Shares C (Note 3)</th></tr>
<tr><td rowspan="2">Other equity</td><td>Amount of shares converted or subscribed as of the printing date of the annual report</td><td colspan="2">Years left before conversion date.</td></tr>
<tr><td>Methods on issuance and conversion or stock option</td><td colspan="2">Same as the foregoing recovery or conversion terms.</td></tr>
<tr><td colspan="2">Effect of issue conditions on the interests of Preferred Shareholders, possible dilution of shareholdings and effect on the interests of existing Shareholders</td><td colspan="2">None.

The Preferred Shares B may not be converted into common stock, and the Preferred Stock C shall not be converted into common stock until dividends from the Preferred Shares B and C are distributed in preference to dividends of the common stock. If the Preferred Shares C is converted into common stock, the earnings per share and voting rights of common stock holders will be diluted, depending on the number of shares converted to common stock, but the dilution of earnings per share will be limited and shall not have a significant impact on Shareholders' equity.</td></tr>
</table>

Note 1: Preferred shares include public and private placement preferred shares in process. Publicly traded preferred shares are those that have been validated (approved) by the Shareholders' Meeting; privately placed preferred shares are those that have been approved by the Board Meeting.
Note 2: The number of columns are adjusted according to the actual number.
Note 3: Private placements shall be marked in a prominent manner.
Note 4: Current year information as of the printing date of the annual report shall be included.

IV. Status of global depositary receipts: None

V. Status of Employee stock option plan: None

VI. Status on restricting Employees from applying new shares

(I) As of the publication date of the annual report, the issuance of restricted stock awards that are not fully vested and the impact thereof on shareholders' rights and interests: None.

(II) As of the publication date of the annual report, the names of the managers who have obtained restricted stock awards and the names of the top ten employees with the most restricted stock awards and the details of their restricted stock awards:

Unit: Thousand shares/NTD thousand

Title	Name	Number of restricted stock awards obtained	Ratio of the number of restricted stock awards obtained to the total number of shares issued	Restrictions lifted				Restrictions not yet lifted			
				Number of shares with restrictions lifted	Issuance price	Issue amount	Ratio of number of shares with restrictions lifted to the total number of shares issued	Number of shares with restrictions not yet lifted	Issuance price	Issue amount	Ratio of number of shares with restrictions not yet lifted to the total number of shares issued
Senior Vice General Manager	Tzu Ming Liu	872,000	0.16%	872,000	0	0	0.16%	0	0	0	0.00%
Vice General Manager	Liang-Chung Wu										
Vice General Manager	Chin-Chiu Wang										
Vice General Manager	Chen-Ling Lai										
Vice General Manager	Min-Lang Tsai										
Chief Financial Officer	Simon Hung										
Head of Accounting	Shu-Yung Chu										
Assistant Manager	Che-Kuang Liu										
Assistant Manager	Chen-Chung Sun										
Assistant Manager	Tseng-Chih Chi										
Assistant Manager	Hung-Tai Mai										
Assistant Manager	Jia Ming Yang										

VII. Status of new share issuance relating to the merger, acquisition, and transfer of shares: None

VIII. Implementation status of capital utilization plan : None.

V. Operation Overview

I. Business content

(I) Business scope

1. Business scope of the Company includes:
   (1) Integrated circuit and semiconductor parts
   (2) Electronic, computer, communication circuit Boards
   (3) Hardware, software, system, and peripheral equipment of computer and communication products.
   (4) R&D, design, manufacturing, assembly, processing, testing and after-sale services for all the aforementioned products.
   (5) Import and export business (except special approval business)
2. Proportion of operations

Product item	proportion of operations (%)
	2022
Plastic integrated circuit	64.21
EMS	35.79
Total	100.00

3. The current products(services) of the Company and the new products(services) we plan to develop:
   (1) IC packaging and testing services
   The items of services include: Packaging and testing services for IC and semiconductor parts.
   (2) Electronics manufacturing services (EMS/CEM)
   The items of services include: PCB Assembly, Box build and System integration, and the Company also provides the customers with Prototype and Pilot run services to advance the products introduction.

(II) Current status of the industry

1. Current status and development of the industry

Semiconductor Group

(1) NAND Flash:

The market as a whole in the second half of 2021 shifted from short supply to structural mismatch of supply and demand, pushing up inventory level of enterprises. In 2022, with the onset of the Russian-Russian War, China's zero-Covid policy, global inflation, and a strong increase in interest rates by the Federal Reserve of the United States, the world economy continued its downward spiral. This has led to a decline in demand for electronics products, such as smartphones and computers, pushing up the already high inventory level, thereby causing a fall in flash memory prices. The Company's most popular product on the market - 512 GB Flash - fell by a total of 54% during December 2022.

Product Market Price

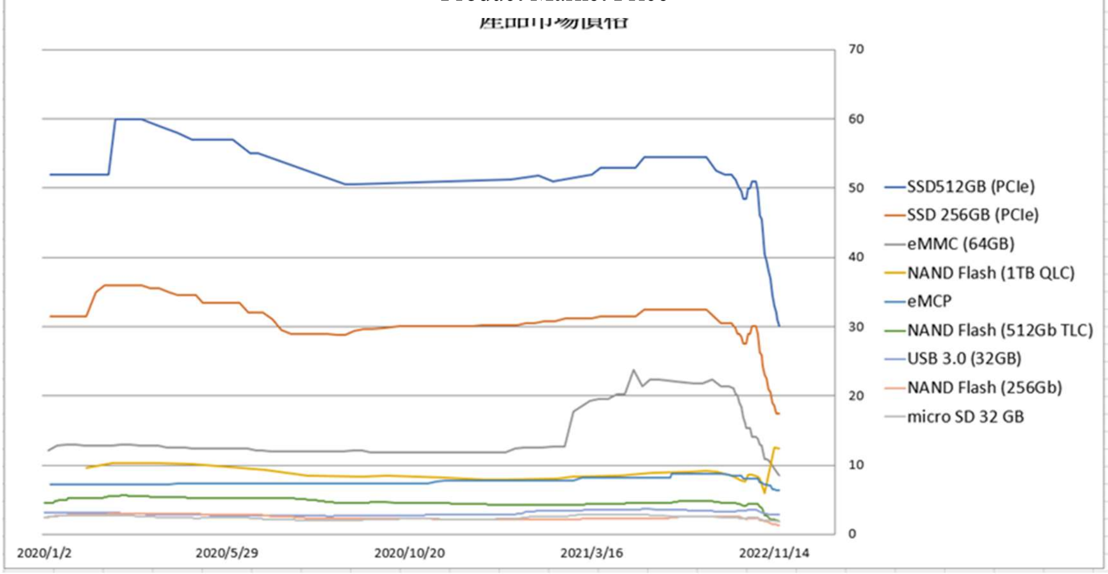

Figure 1 (Product Market Price)

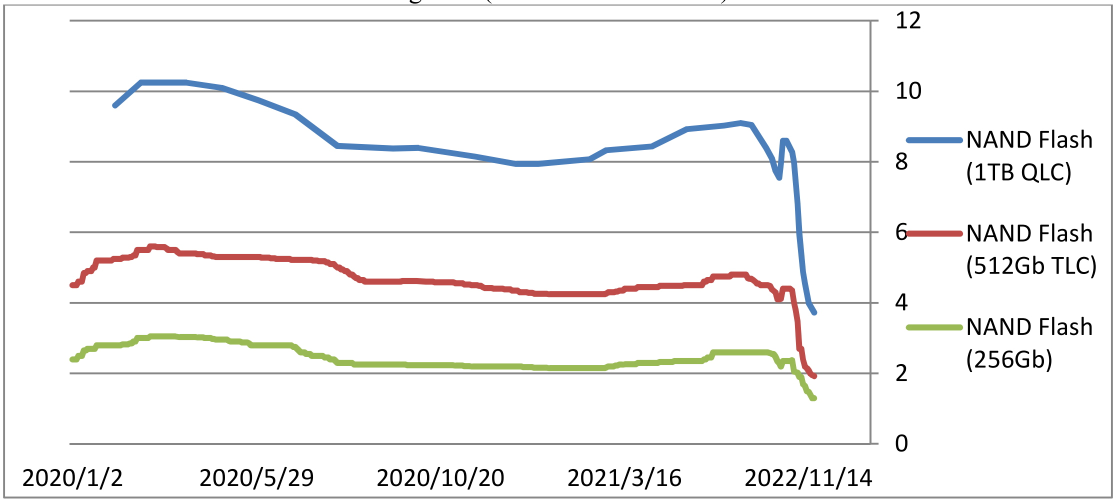

Figure 2 (NAND Flash price index trend)

The 3D NAND flash remains a popular product in the market, and competitors are able to mass produce 100-plus-layer NAND flash. The original manufacturers, such as Micron, Hynix, and Yangtze Memory Technology Corp, released 3D NAND flash with a total of 200 plus layers, for customers' validation in 2022Q4, and the mass production is expected in 2023.

Despite the persistent Russia-Ukraine war and inflationary pressure, it is expected that the price of NAND Flash in the first half of 2023 will not significantly change because original manufacturers had reduced production and capital investment and the price of NAND Flash had long declined to the original cost. It is expected that in 2023, after the complete opening-up of China, economic activity will return gradually to normal and, with the end of the de-stocking effect, the prices of the NAND flash will increase. For the packaging industry, market demand in the second half of 2023 might be able to return to the level before 2020.

NAND Flash itself has the advantages of being small, light weight and low power consumption, making Notebooks and other products abandon the use of traditional hard drives and use SSDs as storage devices instead. In 2022, although demand for computer equipment continued declining due to subsidence of the epidemic, the prevailing capacity of the SSD rose from 512 to 256 GB - 512 GB. Therefore, according to the statistical results of IEK(as figure 3), SSD accounts for 56.7% in the overall proportion despite of dropping 3.2% compared with 2021. In 2023, in addition to being driven by factors, such as the continuous surge in demand for AI systems and big data management and the destocking effect, SSD will grow by more than 3%, thereby driving the increase in the demand for Flash BGA.

For mobile phone memory (eMMC/eMCP/eUFS), the demand for Chromebooks has greatly decreased due to opening-up of the world and slowed demand for mobile phones, slashing the eMMC price by more than 50% in 2022. However, as more mobile phones support the 5G network, demand for the EUFS system continues to grow, which, in turn, drives demand for the Flash-dead system in the EUFS system. As per the statistics of IEK, the percentage of the entire mobile phone memory in NAND flash memory applications has slightly increased from 28.5% in 2021 to 29.0% in 2022. It is estimated in the second half of the year 2023 that, owing to the inflation pressure and the conflict between Russia and Ukraine, the mobile phone market will continue its decline. In the second half of 2023, due to a recovery in economic activity associated with China’s opening-up and the ease of inflation and the war between Russia and Ukraine, the major suppliers of mobile phones will continue to intensify their efforts in the launch of mobile phones in 5G, which is expected to continue to increase demand for eUFS. The eMMC segment is also expected to continue to grow due to the rising demand for smart white household appliances, so that eMMC demand will not decrease due to the switch to eUFS in mobile phones.

In the case of memory cards, although a shortage of controllers has disappeared by 2022, demand for the end consumer products slowed down due to inflation. The proportion of cards in the NAND flash applications dropped from 2.7% in 2021 to 2.0% in 2022. In 2023, the percentage of memory card will be around 2.0 %, due to market demand and the changes in consumer's usage habits.

Self-driving is the key point for the automobile development. The sensor, radar, AI, navigation, traffic performance analysis, multimedia entertainment and computing platform have transformed the automobile into a mobile data center. The NAND Flash enjoys the advantages of high efficiency, reliability, stability, and durability, it will become the best choice for the storage in the automobile industry. Since intelligent driver assistance system has become a piece of standard equipment in cars, in-vehicle memory as a percentage of the whole reached 1.0%. It is estimated that as the proportion of electric vehicles continues to increase, the automotive memory will become the top three NAND flash applications in terms of demand.

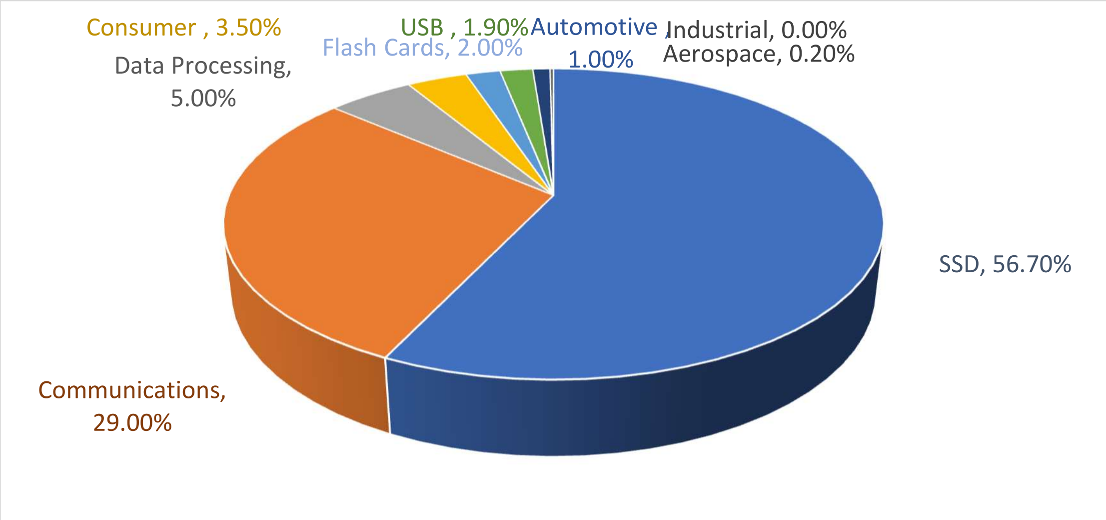

Figure 3 (proportion of Flash applications)

(2) For other IC:

According to IEK's current research, although the global economic recovery in 2022 slowed due to China's zero-Covid policy, the Russian-Ukraine war, inflation, and the increase in interest rates, the demand for chips in 2021 crept its way into 2022, leading to a positive growth cycle in the global semiconductor industry. In 2022, the output value of the global semiconductor industry reached US$618.5 billion, up 4.0% from 2021. According to the IEK's study, given the persistent effect of inflation, interest rate hikes, and de-stocking on the global semiconductor market in 2023, the demand for automotive electronics and servers will continue to rise, but the output of the global semiconductor sector in 2023 will declined to USD596.4 billion, a negative growth of 3.6%. Driven by the growing demand associated with advanced process, the output of Taiwan's semiconductor industry in 2022 grew by 15.6% from 2021, and is expected to grow by 6.1% in 2023 owning to the effect of de-stocking and the opening of China.

Electronics Manufacturing Services Group

(1) For SSD cards:

In 2022, although market demand was inhibited by the COVID-19 epidemic, whether the market will continue to be impacted by the COVID-19 epidemic, de-stocking, and geopolitical climate still remains to be seen.

(2) For petroleum exploration:

The oil price, despite being weighed by the pandemic, the booming demand for electric vehicles, and the adjusted international energy policies, is expected to grow substantially in 2023, given the prospect of soaring demand due to soaring oil price effected by the Russia-Ukraine war in 2022.

(3) For servers:

The digitalization of enterprises is one of the key elements to enhance competitiveness. The artificial intelligence of the IoT (AIoT) and 5G mobile broadband will have an increasingly large demand for data processing, resulting in year-on-year growth in demand for computing servers. Throughout 2022, the demand recovered, corporate users surged, and the increasing orders from clients sustained. The market anticipates business users' demand for high-end servers in 2023 to decline from the previous year, given that the inflation-effected crowding out effect on budget slowed the demand for replacement; however, such demand still remains to be seen.

2. Relationship of upstream, midstream, and downstream in the Industry

The key parts of flash memory include flash memory and memory controller. The Company can support all the products produced by the top six global flash memory suppliers currently, we also have built the direct communication channels with some flash memory suppliers, we can understand the current situation of the flash memory in the market and its technology development in the future by communicating with them directly.

In addition, in terms of the memory controller, the Company have cooperated closely with the domestic/foreign memory controller companies with cost advantage and strong functionalities, so we enjoy certain advantages in the quality, cost and customer support.

3. Trends and competition situation of products

We will continue to focus on adjusting its marketing position and restructuring internal organizations, creating the Company's core value. We strive to further develop the niche market of flash memory packaging by investing a large amount of capital expenditure and production resources. At present, the monthly shipments can reach more than 50–60 million pieces. Looking ahead to the future, the Company will meet clients' demand for quality, productivity, and cost of flash memory packaging based on the changes in the needs of the market with our competitive advantages listed below.

(1) Technique integration and quality yield rate:

It is necessary not only to adopt FEOL of packaging but also SMT manufacturing process for flash memory. The Company has the technique and production capacity of the packaging for semiconductor and the assembly for the electronics, we can finish manufacturing the products rapidly. Furthermore, as the Company adopts one-stop production process, the Company enjoys advantage on controlling of the quality yield rate relatively.

(2) Complete supply chain lowers the material cost constantly:

In terms of flash memory cards, the key parts of flash memory cards include flash memory and memory controller. The Company irregularly discusses with the top six global flash memory suppliers and memory controller suppliers about the future trends of the products, and it also regularly discusses with the related memory controller suppliers about the relevant techniques. We will also form a complete supply chain with relevant material suppliers and continue to seek low-cost materials and processes through collaborative development between both sides.

(3) Complete products development team:

The Company will continue to investment on software and hardware of product development, while at the same time assisting in flash memory-related customers to conduct the electrical and thermal analysis and help them develop the relevant customized products.

(III) Current status of technology and R&D

1. R&D expenses invested

Unit: NTD thousand

Fiscal Year / Item	2021	2022	2023Q1
R&D expenses	302,028	340,002	87,429
Operating revenue	15,948,138	15,531,669	3,253,411
R&D expenses as a percentage of revenue	1.89%	2.19%	2.69%

2. Technologies or products developed successfully

◆ Semiconductor Group

(1) Put 12nm wafer into mass production.
(2) Completed verification for the third-generation semiconductor GaN.
(3) Completed verification for low temperature solder balls.
(4) Put PCIE Gen 4 SSD BGA into mass production.
(5) Successfully developed memory of new specifications for use in 5G mobile phones.
(6) Put wearable memory into mass production.
(7) Completed verification for WiFi 6 SiP.
(8) Put Flip chip QFN for in-vehicle use into mass production.
(9) Put the 232-layer flash memory into mass production.

◆Electronics Manufacturing Services Group

(1) Cooperate with the government policy and direction and successfully cooperate to complete the mission of satellite launch.
(2) The technique of manufacturing process over IPC class 3 for manufacturing standard regulation enters the mass production stage, and is applied to the petroleum exploration, aerospace and satellite industries and so on.
(3) Develop and make use of automation for SSD production lines.

(IV) Long-term and short-term business plans

1. Short-term business plan:

Semiconductor Group: The short-term business plan will mainly focus on constant further development for the customer relationship, creating strategic partners, utilizing the current resources completely, strengthening the reduction of cost and select the niche market with caution. The main competitive products are lead frame products (QFN), CSP products, Flash, and LPDDR-related products.

Regarding Electronic Manufacturing Services (EMS) Group, there are three focus areas: (1) SSD cards, (2) special electronic products whose manufacturing standard regulation exceeds IPC-610 Class 3, which is applied to the medical, aerospace and other special fields, and (3) other niche products or future star products like Netcom, AOIT and e-sports.

2. Long-term business plan:

The long-term business plan will focus on continuing development on the niche products (like electric cars and wireless communication products) in combination with the technique of the semiconductor packaging, testing and electronic assembly, and strengthening the relationship with the customers to bring more profits.

II. Market, production, and sales overview

(I) Market analysis

1. Sales regions of major products (services)

Unit: NTD thousand

Area \ Fiscal Year		2021		2022	
		Sales amount	%	Sales amount	%
Foreign sales	America	1,845,289	11.57	2,777,381	17.88
	China	2,333,719	14.63	2,994,265	19.28
	Others	3,178,230	19.93	2,594,208	16.70
Sub-total		7,357,238	46.13	8,365,854	53.86
Domestic sales		8,590,900	53.87	7,165,815	46.14
Total		15,948,138	100.00	15,531,669	100.00

2. Market share

Unit: NTD 100 million

Industry category	Fiscal Year	OSE packaging revenue	Output value of packaging industry in Taiwan	Market share
IC packaging	2020	75.89	3,775	2.01%
	2021	105.29	4,354	2.42%
	2022	90.70	4,660	1.95%

Source: TSIA; Institute of Industrial Technology Research Institute IEK (March 2023). .

3. Demand, supply, and growth status in the future

- Semiconductor Group

The future growth of the semiconductor will still be driven by the mobile communication. In addition, the automotive electronics, 5G and AI will also blow up continually. We will strengthen the development of CSP/ BGA market and improve the production efficiency; we will further enhance the development of memory market (especially LPDDR and DDR). the Company will also expand the development of IoT and automotive electronics-related markets to maintain its combativeness and boost its revenue sources.

- Electronics Manufacturing ServicesGroup

The major growth in the future for the Company's Electronics Manufacturing Services Group mainly comes from three major product lines:

(1) Continued demand of SSD cards.

(2) Increase of the high-end class 3 technology, allowing extensive production application range.

(3) The enterprise digitalization results in the increase of data or materials. In addition, the

increase of data is also driven by IoT, 5G mobile broadband services, improvement of AI technique and application, the accumulated data will become bigger and bigger, which results in the growing demand for computing servers year by year.

4. Niche for competition:
   (1) Rapid integration and complete R&D team.
   (2) Combine with packaging, testing and SMT technology to create the synergy.
   (3) Construct the highly integrated MIS to become the customer's "virtual factory."
   (4) The excellent NPI services optimize the design complying with the production to lower the cost for the customers in the early stage of the product development.
   (5) The strict and careful management for the materials and work-in-process inventory lowers the inventory risk for the customers.

5. Advantages, disadvantages, and responsive strategy in the long-term development
   ◆ Advantages
      (1) The big companies of device integration will increase the proportion of outsourcing constantly to drive the demand for the packaging and testing.
      (2) The international packaging companies conduct the merger continually, so the customers look for other packaging companies for the cooperation.
      (3) The global original equipment manufacturers focus on the core abilities like the brand and R&D, and outsource the manufacturing for the products.
      (4) The demand for mobile communication products continue increasing, which cause the demand for the key peripherals to grow as well.
      (5) The strong demand for the server motherboard, SIP module, PDA, smartphone assembly Board and the products for the leading companies in the niche market will drive the demand for packaging, testing and EMS in the market.
      (6) The introduction of OLPC will drive the demand for flash memory.
      (7) The development of IoT and smart home causes the related products to become the mainstream in the coming five years, driving the growth of the entire semiconductor industry.
      (8) The construction of 5G communication is about to be finished, so there will be a machine-replacing wave and the demand for semiconductor will increase day by day.
   ◆ Disadvantages
      (1) The products life cycle becomes shorter and the functions get more complicated day by day, it is not easy to get back the return on investment on the machines and equipment.
      (2) The competition of the price and the increase of the materials cost cause the margin pressure.
      (3) Due to the impact of geopolitics worldwide, some customers in Taiwan and foreign countries request the Company not to use materials from mainland China, driving relevant materials cost up and profits down.
      (4) In response to the rapid drop for the price of the electronic products, many customers find the low manufacturing cost solutions in China, so many Taiwanese products in the mid and low price range are no longer competitive because of the manufacturing cost
      (5) Customers reduced placed orders because they were destocking, driving our revenue down.
   ◆ Responsive strategy
      (1) Controlling the cost strictly and decreasing the expenditures.
      (2) Taking advantage of R&D ability to enter the niche market and build the threshold for new technologies.
      (3) Making good use of the decision-making for the investments in manufacturing equipment and fixed assets to maximize the marginal effect.
      (4) Utilizing the effect of flextime to provide the accurate real-time production information, services for products technologies and knowledge.
      (5) Using the technology for multiple layer stacking, so the customers can acquire the memory cards with low cost and high price.
      (6) Bringing out the functionality and the flexibility of the logistics management for the supply chain and strengthen the partnership with the suppliers.
      (7) The strict and careful management for the material inventory to lower the materials inventory risk.
      (8) Using the local materials in Taiwan or look for the alternative materials for spreading the risks.
      (9) Continue to develop new markets.

(II) Important uses and production process of major products

1. Important uses of major products

◆ Semiconductor Group

The major product is IC device packaging which is applied to the computer, communication, network, consumer electronics, telecommunication internet, industrial controller, digital camera, and so on.

◆ Electronics manufacturing services (EMS) Group

It provides the professional electronics manufacturing services (EMS), the OEM products is mainly applied to the servers, SIP modules, instruments and large industrial equipment, storage systems, petroleum exploration, and satellite-related uses.

2. Production process of major products

(1) Production process of packaging products

Die sawing→ Die bonding→ Wire bonding→ Molding→ Marking→ Trimming→ Testing→ Packaging

(2) Production process of electronic products

Parts processing→ SMT assembly → Parts insertion → Auto-soldering→ Auto-cleaning and drying→ Testing→ Case assembly→ Testing→ Packaging→ Shipping

(III) Supply status of major materials

Major material's details	Supply source
PCB	China, Taiwan
Connector	China
AU wire	Korea
Compound	China, Japan, Taiwan
Lead frame	Taiwan
Substrate	China, Taiwan

(IV) Major purchases and sales customer lists in the last two years

1. The supplier code, sales amount, and proportion of sales which accounted for at least 10% of the total sales amount in any of the past two years and the reasons for the increase or decrease:

Unit: NTD thousand

2021				2022				2023Q1			
Name	Amount	Proportion in annual net sales 〔%〕	Relationship with the issuer	Name	Amount	Proportion in annual net sales 〔%〕	Relationship with the issuer	Name	Amount	Proportion in current year's net sales up to the last quarter 〔%〕	Relationship with the issuer
Company A	2,702,514	16.94	None	Company A	3,027,400	19.49	None	Company A	581,867	17.89	None
Company B	3,361,350	21.08	None	Company B	2,746,441	17.68	None	Company B	662,169	20.35	None
Company C	2,439,420	15.30	Key management personnel (Note)	Company C	2,334,387	15.03	Key management personnel (Note)	Company C	379,754	11.67	None
Others	7,444,854	46.68		Others	7,423,441	47.80		Others	1,629,621	50.09	
Net sales	15,948,138	100.00		Net sales	15,531,669	100.00		Net sales	3,253,411	100.00	

Main reasons for changes: Sales amount and sales percentage changed main due to changes in customers' demand. Generally speaking, since the Company sells to a wide variety of customers, it does not face the risk of sales concentration or any other anomaly.

Note: Not a related party of the Company on and after November 7, 2022 on which the person resigned as the Company's director.

2. The vendor code, purchase amount, and proportion of purchase which accounted for at least 10% of the total net purchase amount in any of the past two years and the reasons for the increase or decrease:

Unit: NTD thousand

2021				2022				2023Q1			
Name	Amount	Proportion in annual net purchase 〔%〕	Relationship with the issuer	Name	Amount	Proportion in annual net purchase 〔%〕	Relationship with the issuer	Name	Amount	Proportion in current year's net purchase up to the last quarter 〔%〕	Relationship with the issuer
Company a	1,245,382	15.84	None	Company a	1,184,233	16.44	None	Company a	165,695	11.96	None
Company b	1,191,579	15.16	None	Company b	1,030,379	14.30	None	Company b	110,755	8.00	None
Others	5,423,321	69.00		Others	4,990,371	69.26		Others	1,108,421	80.04	
Net purchase	7,860,282	100.00		Net purchase	7,204,983	100.00		Net purchase	1,384,871	100.00	

Both of the Company's Semiconductor Group and EMS Group belong to the foundry without the own brands, the raw materials are mostly standardized products and it has many suppliers for the raw materials so it does not need to concern about the shortage. The Company will consider the quality and the price first when purchasing unless the customers designate the suppliers. According to the overall purchase proportion, there is no risk for the excessive concentration. Besides, the Company keeps close relationship for the strategic cooperation with the major suppliers and the source of supply is more than two companies at any time. In general, the supply status is stable and there is no abnormal situation.

(V) Production volume and value in the past two years

Unit: thousand pieces / NTD thousand

Year	2021			2022		
Major product \ Production volume and value	Capacity	Volume	Value	Capacity	Volume	Value
Plastic integrated circuit	1,799,999	1,341,103	8,029,039	2,134,913	1,001,552	7,315,914
EMS	138,142	82,296	4,703,246	195,972	120,156	5,320,245
Others	794,392	621,640	566,898	794,392	561,133	684,444
Total	2,732,533	2,045,039	13,299,183	3,125,277	1,682,841	13,320,603

(VI) Sales volume and value in the past two years

Unit: thousand pieces / NTD thousand

Year	2021				2022			
Major product \ Sales volume and value	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plastic integrated circuit	962,706	6,555,128	387,702	3,973,507	668,355	5,110,543	335,031	3,935,386
EMS	7,595	1,363,713	73,692	2,750,463	12,045	1,405,459	94,651	3,740,726
Others	443,426	672,059	194,882	633,268	372,337	649,813	186,346	689,742
Total	1,413,727	8,590,900	656,276	7,357,238	1,052,737	7,165,815	616,028	8,365,854

III. Profile of Employees

Employee \ Fiscal Year		2021	2022	Up to March 31 of the current year
Number of Employees	Direct	3,323	2,955	2,815
	Indirect	1,977	2,035	2,031
	Total	5,300	4,990	4,846
Average age		36.75	37.43	37.43
Average seniority		8.97	9.60	8.5
Education distribution (%)	Doctor	0.00%	0.02%	0.04%
	Master	4.32%	5.05%	5.03%
	University/College	63.68%	66.21%	66.22%
	Senior high school	28.32%	25.57%	25.57%
	Less than Senior high school	3.68%	3.15%	3.15%

IV. Environmental protection expenditure

(I) The losses (including compensation) and penalty due to the environment pollution in the most recent year and by the date of the annual report publication: None.

(II) Future countermeasures (including improvement actions) and possible expenditure: The investment on the maintenance and renewal for the pollution treatment equipment in each factory is about NT$61.84 million.

(III) Countermeasures for RoHS 2.0 of EU:

In response to the implementation for RoHS 2.0 of EU, the Company have actively conducted all the transformation works since several years. The Company currently has finished constructing the management system for RoHS 2.0 and gained the certification from the international famous enterprises, so it can fully provide the customers with the products complying with RoHS 2.0.

V. Labor relations

(I) The measures of Employee welfare, retirement system and its implementation status, and labor-management agreements:

1. The measures of Employee welfare:

OSE considers the talents to be the most valuable assets for the enterprises, the Company will review the supply/demand status for the talents market and remuneration to provide the remuneration appropriate to the value of the talents, and it will also distribute the incentive bonus based on company's operating performance to achieve the purpose of encouragement and talents retention.

(1) Establish the Employee Welfare Committee to implement all the welfare measures for the Employees.
(2) If the Employee is dead, disabled, injured or sick due to the occupational accidents, he will be compensated according to the regulation regarding the compensation for accidents in the Labor Standards Act.
(3) Establish the Occupational Safety and Health Committee and management unit to be in charge of the matters of the occupational safety, health and the Employee medical checkup.
(4) Implement the Employee education training to increase the professional knowledge for the Employees so they can be devoted to their works.
(5) Provide all kinds of subsidies for the marriage, death, hospitalization, child birth.
(6) Employee restaurant provides the meals with convenience, health, nutrition and low price.
(7) Provide the work environment with safety, comfort and clean.
(8) The Employees can apply for an unpaid military leave or an unpaid parental leave.
(9) The Company implements the corporate medical insurance and accident insurance for its entire Employees.
(10) Establish the nursery room in the Company to provide the postpartum Employees with the excellent environment for nursing.
(11) Construct a health station inside the company to give employee health consultation services.
(12) Hold domestic and overseas travels, family days, speeches and year end banquets for the Employees.
(13) Encourage and assist the Employees to set up the clubs and hold relevant activities.
(14) The Company provides gift certificates for the three main holidays, scholarships, and birthday gifts for Employees.
(15) Provide the leaves that are better than the regulations of the Labor Standards Act such as: leaves for helping deal with wedding affairs.
(16) Give gifts to the senior Employees for their hard work.
(17) Hold labor-management meetings regularly to harmonize labor relations.
(18) We establish diverse communication channels, to allow colleagues (line leaders, section chiefs, and new employees) to directly express their opinions to the Company and have their problems solved through fair, confidential, and effective handling procedures; and we plan two-way communication with senior managers and Coffee Sessions to enable employees to directly convey their ideas to senior managers.
(19) In order to encourage Employees, the Company regularly organizes events to select excellent Employees and publicly awards them. By encouraging the Employees who meet the core value of the Company, they will also further inspire other Employees.

2. Further study and educational training for Employees:

(1) We value our human resources and put lots of effort on talent cultivation and plan the annual education and training program for employees according to the organizational development and the Company's annual strategic targets and select the development focus of the year.
(2) By establishing OSE e-Academy, a digital learning platform, we provide colleagues with diverse learning methods and environments, enabling them to learn new knowledge according to their needs without being constrained by time and space and grasp their learning status and progress.
(3) Establish standardized orientation, pre-employment training, and professional training programs in conjunction with a counselor system for new recruits to help them adapt to the working environment and quickly integrate into the team.
(4) Aside from internal learning resources, we also provide colleagues with subsidies for external workshops or pursuit of further academic advancement.
(5) Establish the internal trainer system to cultivate the Employees to serve as the internal trainers for the Company to pass down the professional knowledge and capability.
(6) Implement the dual-career project to provide technical training and multiple general education courses for the students who participate in Industry-Academe Collaboration Program.
(7) Encourage Employees to show their best at work. The Company promotes its continous

improvement programs (CIP) and provides relevant trainings. In carrying out CIP events, the Company encourages Employees to continue improving their performance and quality and pass down what they know onto other Employees.

(8) In 2022, we offered education and training to a total of 11,620 people, the training expenses totaled NT$2,855,884, and the satisfaction score was 91.8 points, enabling employees to develop their professional abilities according to their positions and demonstrate such abilities at work.

Course Category	Total number of people	Total hours	Total expense(NT$)
Training of New Employees	996	7,033	2,855,884
Professional Training Program	7,985	13,238	
Managerial Program	2,639	6,690	
Total	**11,620**	**26,962**	

3. Retirement system:

According to the Labor Pension Act, for those who choose the new system, we make a contribution equal to 6% of their salary to their individual accounts of the Bureau of Labor Insurance according to the law. For those who choose the old system and those who choose the new system while retaining the length of service under the old system, we have established the Supervisory Committee of Labor Retirement Reserve according to law and make a monthly contribution to the labor retirement reserve at the Bank of Taiwan to safeguard employees' life after retirement. Before the end of each year, we estimate the balance of the account for the labor retirement reserve. If the balance is not sufficient to cover the pension for employees who are expected to meet the retirement criteria in the following year, we will make up for the difference in a lump sum before the end of March of the following year and submit it to the Supervisory Committee of Labor Retirement Reserve for review.

4. Other important agreements:

(1) Formulated the Employee reporting system to provide the Employees with the reporting channels.

(2) The Company can communicate with the cadres of the industrial labor union at any time and it has established the Employee suggestion box, grievance hot line, grievance e-mail, so Employees can express their opinions completely.

(II) Losses suffered from labor disputes in the most recent year and as of the date of printing of the annual report (including labor inspection results in violation of the Labor Standards Act, which shall include the date of penalty, the number of the penalty received, the provision of the violation, the content of the violation, and the content of the penalty): None.

(III) The estimated amount of current and potential future liabilities and contingency measures, and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated: It is estimated that in the future, if the Company continues to promote and implement the various Employee welfare measures, there shall be no labor disputes that would result in losses.

VI. Information and Communication Security Management

(I) Information security risk management framework

To improve information security management, the Company has set up an information security team to handle and report information security incidents, regularly raise employees' awareness of information security, and perform audits of information security to strengthen management efficiency.

(II) Information security policy

1. Formulate information security management measures in accordance with laws and regulations, provide appropriate protection measures for the Company's information assets, and ensure confidentiality, integrity, availability, and compliance.
2. Regularly evaluate the impact of various man-made natural disasters on the Company's information assets, and formulate disaster prevention measures and disaster recovery plans for important and key information assets.
3. Supervise employees' information security protection work and establish a correct concept of information security protection.
4. Require all employees and clients or suppliers who use the Company's computer system to strictly comply with the Company's information security regulations. Any violation will be subject to relevant legal liabilities.

The Company’s cyber security policy is “to preserve the confidentiality, integrity, availability, and compliance of the Company’s cyber security systems lest human errors, vandalism, and natural disaster occur and lead to improper use, leak, tampering, damage, disappearance of the Company’s cyber security system and assets, which bears on the Company’s operations and impairs the Company’s interests.” The Company will introduce the ISO27001 Information security management system in 2023. In doing so, it will strengthen its ability to deal with information security events and protect the assets of the Company and customers.

(III) Specific management plan

1. To fully protect the Company's intellectual property and the data on stakeholders, including employees, clients, suppliers, and shareholders, the Company has formulated information security management regulations and established relevant management systems, while clearly defining the seven major operating procedures for information asset management and information system access control, physical security of information equipment, information system operational security, network communication security, information security anomaly response, security software development management and formulating and implementing relevant management regulations, forms, and work instructions.
2. As information security insurance is an emerging type of insurance, after considering the synergy of issues, such as insurance coverage, claims, claim identification, and qualifications of identification agencies, the Company does not purchase asset security insurance for now. However, in response to the challenges to information security, we will perform social security and information security incident exercises every year to increase the employees' awareness of information security crises and information security personnel’s abilities to respond, in order to prevent and effectively detect and curb any incident in the first place. In addition, we offer information security education and training for all employees and train those with information security certificates step by step.
3. The Company has established a document control procedure, which defines the confidentiality level and permissions to access documents, and has also established a document management center and document management system, while protecting important documents with encryption software.
4. Strengthen the management of personnel. As per the Signed Non-Disclosure Agreement Management Regulations, new employees shall sign an employee agreement containing the confidentiality clauses. If the work or job involves specific trade secrets or specific projects involve confidential information, employees shall additionally sign the Specific Employee Non-Disclosure Agreement or the Specific Person Project Personnel Non-Disclosure Agreement. Such signed agreements shall be entered into the signed non-disclosure agreement management system for archiving after signing.

(IV) Please specify the losses and potential impacts caused by material information security incidents and countermeasures in the last year and up to the publication date of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be specified: None.

VII. Significant contracts: List the parties to the supply and sales contracts, technical cooperation contracts, engineering contracts, long-term loan contracts and other significant contracts affecting Shareholders' equity, their main contents, restrictive clauses and dates of expiration as of the printing date of the annual report.

Type of contract	Counterparty	Contract period	Major contents	Restriction
Land lease	Export Processing Zone Administration	2018.07.01–2030.02.28	1. Leasing 10 plots of land in the Kaohsiung Nanzih Technology Industrial Park from others (based on the lease agreements); the actual leased area is 72,231m^2 2.Rental and payment	
Investment and construction	Export Processing Zone Administration	2021.08.12–2024.12.31	1. Invested in the establishment of plants on the land leased from the Kaohsiung Nanzih Technology Industrial Park 2. Plant building guarantee deposit	Note 1
Technology Collaboration	CHIPBOND TECHNOLOGY CORPORATION	Commenced on January 6, 2021, and it is subject to termination in accordance to the terms in the contract	1. Co-development of technologies 2. Vesting of interests and profit sharing method	
Trading of factories	ASE	2022.06.22~ Completion of remittance of payment of the final installment.	Sell OSE's factory (on land plot No.608) to ASE in line with the diamond plan.	

Note 1: The land lease agreement (4,276m^2) of the land lot 600 leased by the Company from the Administration should be terminated before December 31, 2024, and after the ownership of the registered buildings on the land should be transferred to the Administration for free, the Company obtained the lease agreement on land lot No. 605 (11,085m^2).

VI. Financial Information

I. Condensed balance sheet and statement of comprehensive income in the past five years

(I) Condensed balance sheet and statement of comprehensive income－consolidated financial statements

1. Condensed balance sheet—consolidated financial statements

Unit: NTD thousand

Item \ Fiscal Year		Financial information in the past five years (Note 1)					
		2018	2019	2020	2021	2022	Year-to-date through March 31, 2023
Current assets		6,267,273	6,258,470	6,047,594	8,925,236	9,475,031	8,451,895
Property, plant and equipment		7,063,908	6,264,246	5,285,569	5,403,685	5,220,775	5,128,296
Intangible assets		89,633	58,445	34,706	32,972	47,547	79,246
Other assets		3,316,629	3,337,589	3,143,880	2,656,596	2,203,431	2,531,681
Total assets		16,746,443	15,918,750	14,511,749	17,018,489	16,946,784	16,191,118
Current liabilities	Before distribution	9,031,180	8,263,388	4,677,296	5,695,853	4,684,321	3,594,858
	After distribution	9,031,180	8,263,388	4,677,296	5,675,250	4,664,321 (Note 2)	3,574,858 (Note 2)
Non-current liabilities		2,212,663	1,589,207	2,231,685	2,350,571	2,511,687	2,448,820
Total liabilities	Before distribution	11,243,843	9,852,595	6,908,981	8,046,424	7,196,008	6,043,678
	After distribution	11,243,843	9,852,595	6,908,981	8,025,821	7,176,008 (Note 2)	6,023,678 (Note 2)
Equity attributed to owners of the parent company		5,502,600	6,066,155	7,602,768	8,972,065	9,750,776	10,147,440
Capital		5,523,285	5,573,285	7,372,225	7,356,119	7,355,099	7,354,883
Capital reserve		20,104	45,711	220,723	234,897	238,171	238,387
Retained earnings	Before distribution	(44,832)	537,191	160,707	1,545,928	2,350,299	2,530,020
	After distribution	(44,832)	454,342	160,707	812,012	1,725,134 (Note 2)	1,904,855 (Note 2)
Other equity		4,043	(90,032)	(150,887)	(164,879)	(192,793)	24,150
Treasury stock		—	—	—	—	—	—
Non-controlling interest		—	—	—	—	—	—
Total equity	Before distribution	5,502,600	6,066,155	7,602,768	8,972,065	9,750,776	10,147,440
	After distribution	5,502,600	5,983,306	7,602,768	8,238,149	9,125,611 (Note 2)	9,522,275 (Note 2)

(Note 1): The financial information in the aforementioned years (quarters) has been audited and certified by CPA.

(Note 2): Amount approved by the Board of Directors meeting dated April 26, 2023.

2. Condensed statement of comprehensive income－consolidated financial statements

Unit: NTD thousand

Fiscal Year / Item	Financial information in the past five years (Note 1)					
	2018	2019	2020	2021	2022	Year-to-date through March 31, 2023
Operating revenue	15,188,192	17,515,145	13,851,909	15,948,138	15,531,669	3,253,411
Operating margin	532,137	1,772,942	697,353	2,936,744	2,522,924	321,407
Operating profit(loss)	(406,063)	776,472	(186,030)	1,876,281	1,433,300	101,004
Non-operating income and expenses	43,527	(39,879)	(57,178)	62,895	334,988	(3,255)
Net income (loss) before tax	(362,536)	736,593	(243,208)	1,939,176	1,768,288	97,749
Net income(loss) from continuing operations	(111,548)	587,960	(266,123)	1,530,581	1,448,653	179,721
Loss of discontinued operations	－	－	－	－	－	－
Net income (loss)	(111,548)	587,960	(266,123)	1,530,581	1,448,653	179,721
Other comprehensive income/loss (net of tax)	(45,907)	(28,711)	(141,994)	(169,503)	54,197	216,943
Total comprehensive income (loss)	(157,455)	559,249	(408,117)	1,361,078	1,502,850	396,664
Net income attributed to the owner of parent company	(111,548)	587,960	(266,123)	1,530,581	1,448,653	179,721
Net income attributed to non-controlling interest	－	－	－	－	－	－
Total comprehensive income attributed to the owner of parent company	(157,455)	559,249	(408,117)	1,361,078	1,502,850	396,664
Total comprehensive income attributed to non-controlling interest	－	－	－	－	－	－
EPS	(0.20)	1.06	(0.48)	2.24	2.02	0.25

(Note 1): The financial information in the aforementioned years (quarters) has been audited and certified by CPA.

(II) Condensed balance sheet and statement of comprehensive income－individual financial statements

1. Condensed balance sheet－individual financial statements

Unit: NTD thousand

Item \ Fiscal Year		Financial information in the past five years (Note 1)					Year-to-date through March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		5,676,071	5,755,448	5,638,487	8,090,775	8,314,260	Not Applicable
Property, plant and equipment		7,012,652	6,220,127	5,246,877	5,349,052	5,173,917	
Intangible assets		89,266	58,192	34,553	32,421	47,163	
Other assets		3,843,431	3,838,398	3,471,938	3,396,864	3,325,517	
Total assets		16,621,420	15,872,165	14,391,855	16,869,112	16,860,857	
Current liabilities	Before distribution	8,906,255	8,273,415	4,564,321	5,546,942	4,585,000	
	After distribution	8,906,255	8,273,415	4,564,321	5,526,339	4,565,000 (Note 2)	
Non-current liabilities		2,212,565	1,532,595	2,224,766	2,350,105	2,525,081	
Total liabilities	Before distribution	11,118,820	9,806,010	6,789,087	7,897,047	7,110,081	
	After distribution	11,118,820	9,806,010	6,789,087	7,876,444	7,090,081 (Note 2)	
Equity attributed to owners of the parent company		5,502,600	6,066,155	7,602,768	8,972,065	9,750,776	
Capital		5,523,285	5,573,285	7,372,225	7,356,119	7,355,099	
Capital reserve		20,104	45,711	220,723	234,897	238,171	
Retained earnings	Before distribution	(44,832)	537,191	160,707	1,545,928	2,350,299	
	After distribution	(44,832)	454,342	160,707	812,012	1,725,134 (Note 2)	
Other equity		4,043	(90,032)	(150,887)	(164,879)	(192,793)	
Treasury stock		—	—	—	—	—	
Non-controlling interest		—	—	—	—	—	
Total equity	Before distribution	5,502,600	6,066,155	7,602,768	8,972,065	9,750,776	
	After distribution	5,502,600	5,983,306	7,602,768	8,238,149	9,125,611 (Note 2)	

(Note1): The financial information in the aforementioned years has been audited and certified by CPA.

(Note 2): Amount approved by the Board of Directors meeting dated April 26, 2023.

2. Condensed statement of comprehensive income－individual financial statements

Unit: NTD thousand

Item \ Fiscal Year	Financial information in the past five years (Note 1)					
	2018	2019	2020	2021	2022	Year-to-date through March 31, 2023
Operating revenue	14,924,371	17,235,914	13,567,698	15,670,942	15,227,957	Not Applicable
Operating margin	443,813	1,697,504	666,801	2,913,953	2,506,597	
Operating profit(loss)	(397,969)	763,309	(124,361)	1,919,509	1,452,443	
Non-operating income and expenses	28,349	(29,308)	(121,032)	9,528	305,309	
Net income before tax	(369,620)	734,001	(245,393)	1,929,037	1,757,752	
Net income of continuing operations in this period	(111,548)	587,960	(266,123)	1,530,581	1,448,653	
Loss of discontinued operations	－	－	－	－	－	
Net income (loss)	(111,548)	587,960	(266,123)	1,530,581	1,448,653	
Other comprehensive income /loss (net of tax)	(45,907)	(28,711)	(141,994)	(169,503)	54,197	
Total comprehensive income (loss)	(157,455)	559,249	(408,117)	1,361,078	1,502,850	
Net income attributed to the owner of parent company	(111,548)	587,960	(266,123)	1,530,581	1,448,653	
Net income attributed to non-controlling interest	－	－	－	－	－	
Total comprehensive income attributed to the owner of parent company	(157,455)	559,249	(408,117)	1,361,078	1,502,850	
Total comprehensive income attributed to non-controlling interest	－	－	－	－	－	
EPS	(0.20)	1.06	(0.48)	2.24	2.02	

(Note1): The financial information in the aforementioned years has been audited and certified by CPA.

(III) CPA's audited opinion in the past five years

Fiscal Year	Name of CPA	Name of CPA	Audit Opinion
2018	Fang Wen Li	Cheng-Chu Chen	Unqualified opinion
2019	Zhi-Zheng Chen	Cheng-Chu Chen	Unqualified opinion
2020	Zhi-Zheng Chen	Cheng-Chu Chen	Unqualified opinion
2021	Kuo-Hua Wang	Tsai-Yen Chiang	Unqualified opinion
2022	Kuo-Hua Wang	Tsai-Yen Chiang	Unqualified opinion

II. Financial analysis in the past five years

(I) Financial analysis in the past 5 years—consolidated financial statements:

Analysis item (Note 3) \ Year (note 1)		Financial analysis inthe pas five years					Year-to-date through March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Liabilities to assets ratio	67.14	61.89	47.61	47.28	42.46	37.33
	Long-term capital to property, plant and equipment ratio	102.15	111.28	186.06	209.54	234.88	245.62
Solvency %	Current ratio	69.50	75.74	129.30	156.70	202.27	235.11
	Quick ratio	51.57	59.96	103.53	122.93	161.15	189.80
	Interest coverage ratio	(1.88)	7.36	(2.17)	59.48	69.25	12.08
Operating performance	Account receivable turnover (time)	5.36	6.06	5.38	5.51	4.87	4.33
	Average collection days	68	60	68	66	75	84
	Inventory turnover (time)	9.79	11.17	11.00	8.77	7.14	7.02
	Account payable turnover (time)	4.43	4.84	4.81	4.64	4.11	4.25
	Average days for sales	37	33	33	42	51	52
	Property, plant and equipment turnover (time)	2.06	2.63	2.40	2.98	2.92	2.51
	Total assets turnover (time)	0.91	1.07	0.91	1.01	0.91	0.79
Profitability	Return on assets (%)	(0.06)	4.17	(1.34)	9.88	8.65	1.13
	Return on equity (%)	(2.00)	10.16	(3.89)	18.47	15.47	1.81
	Net income before tax to paid-in capital ratio(%)	(6.56)	13.22	(3.30)	26.36	24.04	1.33
	Net profit margin (%)	(0.73)	3.36	(1.92)	9.60	9.33	5.52
	EPS (NT$)	(0.20)	1.05	(0.48)	2.24	2.02	0.25
Cash flow	Cash flow ratio (%)	2.61	36.73	15.28	52.36	59.09	(7.47)
	Cash flow adequacy ratio (%)	83.56	114.61	123.05	162.53	160.71	33.16
	Cash re-investment ratio (%)	0.95	13.09	2.39	10.36	6.68	(0.86)
Leverage	Operation leverage	(11.59)	8.07	(23.73)	3.46	4.22	11.23
	Financial leverage	0.76	1.18	0.71	1.02	1.02	1.10

Analysis of changes in the percentage of increase or decrease of more than 20%:

Solvency/Operating performance

1. Current ratio/Interest coverage ratio: The Company continued to strive to improve the financial structure, leading to a decrease in current liabilities in 2022.
2. Inventory turnover rate/average days for sales: The inventory turnover decreased from last year, mainly due to the increase in orders in 2021 that necessitated materials preparation, and due to increase in average inventory in 2022 as a result of the slowdown in the second half of 2022.
3. Cash reinvestment ratio: The Company continued to strive to improve the financial structure, leading to a decrease in current liabilities and increase in working capitals in 2022.

Operating performance/Cash flow/Leverage:

Mainly due to operating revenue in 2022 decreasing year on year.

Note 1: The financial information in the aforementioned years (quarters) has been audited and certified by CPA.
Note 2: The calculation formula for the financial analysis:

1. Financial structure
   (1) Liabilities to assets ratio = total liabilities/ total assets.
   (2) Long-term capital to property, plant and equipment ratio = (total equity + non-current liabilities)/ net worth of property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets – inventory – pre-payments)/current liabilities
   (3) Interest coverage ratio= net income before income tax and interest expenses /interest expense for current period.
3. Operating performance
   (1) Receivables (including account receivable and Note receivable from operation) turnover = net sales/balance of average receivables (including account receivable and Note receivable from operation).
   (2) Average collection days = 365/ receivables turnover.
   (3) Inventory turnover = cost of sales /average inventory.
   (4) Payables (including account payable and Note payable from operation) turnover = cost of sales /balance of average payables (including account payable and Note payable from operation).
   (5) Average days for sales = 365/inventory turnover
   (6) Property, plant and equipment turnover = net sales /average net worth of property, plant and equipment.
   (7) Total assets turnover = net sales/average total assets.
4. Profitability
   (1) Return on assets = [profit/loss after tax + interest expenses x (1-tax rate)]/average total assets.
   (2) Return on equity = profit/loss after tax / average total equity.
   (3) Net profit ratio = profit, loss after tax /net sales
   (4) EPS = (Profit and loss attributable to owners of the parent company – dividends from preferred stocks)/weighted average number of outstanding shares
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities/ current liabilities
   (2) Net cash flow adequacy ratio = net cash flow from operating activities in the past five years/(capital expenditures + inventory increase + cash dividends) in the past five years.
   (3) Cash re-investment ratio = (net cash flow from operation activities – cash dividends)/ (gross property, plant and equipment + long-term investment + other non-current assets + working capital)
6. Leverage:
   (1) Operation leverage = (net operating revenue – variable operating costs and expenses)/operating profit
   (2) Financial leverage = operating profit/(operating profit-interest expenses).

(II) Financial analysis in the past five years — individual financial statements:

Analysis item (Note 3) / Year (Note 1)		Financial analysis inthe pas five years					Year-to-date through March 31, 2022
		2018	2019	2020	2021	2022	
Financial structure (%)	Liabilities to assets ratio	66.89	61.78	47.17	46.81	42.17	Not Applicable
	Long-term capital to property, plant and equipment ratio	102.90	112.07	187.30	211.67	237.26	
Solvency %	Current ratio	63.73	69.57	123.53	145.86	181.34	
	Quick ratio	49.17	56.33	99.95	114.42	145.14	
	Interest coverage ratio	(1.93)	7.45	(2.32)	62.24	69.08	
Operating performance	Account receivable turnover (time)	5.34	6.03	5.36	5.48	4.81	
	Average collection days	68	61	68	67	76	
	Inventory turnover (time)	11.83	13.49	11.36	9.55	7.91	
	Account payable turnover (time)	4.54	4.83	4.75	4.73	4.19	
	Average days for sales	31	27	32	38	46	
	Property, plant and equipment turnover (time)	2.04	2.61	2.37	2.96	2.89	
	Total assets turnover (time)	0.90	1.06	0.90	1.00	0.90	
Profitability	Return on assets (%)	(0.04)	4.18	(1.37)	9.96	8.71	
	Return on equity (%)	(2.00)	10.16	(3.89)	18.47	15.47	
	Net income before tax to paid-in capital ratio(%)	(6.69)	13.17	(1.69)	26.22	23.90	
	Net profit margin (%)	(0.75)	3.41	(1.96)	9.77	9.51	
	EPS (NT$)	(0.20)	1.05	(0.48)	2.24	2.02	
Cash flow	Cash flow ratio (%)	2.93	36.55	11.67	52.90	61.36	
	Cash flow adequacy ratio (%)	84.05	105.68	120.49	158.41	162.90	
	Cash re-investment ratio (%)	1.07	13.21	1.72	10.28	6.85	
Leverage	Operation leverage	(11.62)	8.07	(35.09)	3.35	4.11	
	Financial leverage	0.76	1.18	0.63	1.02	1.02	

Analysis of changes in the percentage of increase or decrease of more than 20%:
Solvency/Operating performance

1. Current ratio/Interest coverage ratio: The Company continued to strive to improve the financial structure, leading to a decrease in current liabilities in 2022.
2. Inventory turnover rate/average days for sales: The inventory turnover decreased from last year, mainly due to the increase in orders in 2021 that necessitated materials preparation, and due to increase in average inventory in 2022 as a result of the slowdown in the second half of 2022.
3. Cash reinvestment ratio: The Company continued to strive to improve the financial structure, leading to a decrease in current liabilities and increase in working capitals in 2022.

Operating performance/Cash flow/Leverage:
Mainly due to operating revenue in 2022 decreasing year on year.

Note 1: The financial information in the aforementioned years has been audited and certified by CPA.
Note 2: The calculation formula for the financial analysis:

1. Financial structure
   (1) Liabilities to assets ratio = total liabilities/ total assets.
   (2) Long-term capital to property, plant and equipment ratio= (total equity + non-current liabilities)/ net worth of property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets – inventory – pre-payments)/current liabilities
   (3) Interest coverage ratio= net income before income tax and interest expenses /interest expense for current period.
3. Operating performance
   (1) Receivables (including account receivable and Note receivable from operation) turnover = net sales/balance of average receivables (including account receivable and Note receivable from operation).
   (2) Average collection days = 365/ receivables turnover.
   (3) Inventory turnover = cost of sales /average inventory.
   (4) Payables (including account payable and Note payable from operation) turnover = cost of sales /balance of average payables (including account payable and Note payable from operation).
   (5) Average days for sales = 365/inventory turnover
   (6) Property, plant and equipment turnover = net sales /average net worth of property, plant and equipment.
   (7) Total assets turnover = net sales/average total assets.
4. Profitability
   (1) Return on assets = [profit/loss after tax + interest expenses x (1-tax rate)]/average total assets.
   (2) Return on equity = profit/loss after tax / average total equity.
   (3) Net profit ratio = profit, loss after tax /net sales
   (4) EPS = (Profit and loss attributable to owners of the parent company – dividends from preferred stocks)/weighted average number of outstanding shares
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities/ current liabilities
   (2) Net cash flow adequacy ratio = net cash flow from operating activities in the past five years/(capital expenditures + inventory increase + cash dividends) in the past five years.
   (3) Cash re-investment ratio = (net cash flow from operation activities – cash dividends)/ (gross property, plant and equipment + long-term investment + other non-current assets + working capital)
6. Leverage:
   (1) Operation leverage = (net operating revenue – variable operating costs and expenses)/operating profit
   (2) Financial leverage = operating profit/(operating profit-interest expenses).

Audit Committee's Review Report

The Board of Directors has prepared the 2022 parent company only and consolidated financial statements, which have been audited by Kuo-Hua Wang and Tsai-Yen Chiang, CPAs at PwC Taiwan, by whom an audit report has been issued. The financial statements, business report, and the earnings appropriation proposal have been reviewed by the Audit Committee without inappropriate disclosures with respect to the above identified, and the Audit Committee hereby issues this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

To

The 2023 Orient Semiconductor Electronics's Annual General Shareholders' Meeting

Orient Semiconductor Electronics, Limited

Convener of the Audit Committee: Chia-Hua Hsu

April 26, 2023

IV. The consolidated financial statements for the most recent year

<u>Orient Semiconductor Electronics, Limited</u>

<u>Representation letter on the consolidated financial statements of affiliated enterprises</u>

In the fiscal year of 2022 (from January 1, 2022 to December 31, 2022), the consolidated entities within the consolidated financial statement of affiliated enterprises in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are identical to the entities within the consolidated financial statement in accordance with the International Financial Reporting Standards NO. 10. All information that is required to be disclosed in the consolidated financial statements of affiliated enterprises and subsidiaries is the same as the information required to be disclosed in the consolidated financial statements of affiliated enterprises.

Therefore, the Company would not prepare the consolidated financial statement of affiliated enterprises separately.

Hereby declares

Name of the Company: Orient Semiconductor Electronics

Responsible Person: Yueh-Ming Tung

February 22, 2023

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:

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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 offseting 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.

<u>How our audit addressed the matter</u>

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.

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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 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
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	**Current Assets**		9,475,031	56	8,925,236	52
	Non-current assets					
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	**Non-current assets**		7,471,753	44	8,093,253	48
1XXX	**Total assets**		$ 16,946,784	100	$ 17,018,489	100

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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 AMOUNT	%	December 31, 2021 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)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
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

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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)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
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)
	Components of other comprehensive income that will be reclassified to profit or loss					
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	**Total other comprehensive income (loss) for the year**		$ 54,197	1	($ 169,503)	(1)
8500	**Total comprehensive income for the year**		$ 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)

		Equity attributable to owners of the parent									
		Share capital			Retained earnings			Other equity interest			
	Notes	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	Total equity
Year 2021											
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
Year 2022											
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)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,768,288	$ 1,939,176
Adjustments			
Adjustments to reconcile profit (loss)			
Deprecication 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)	(30,567)	(41,612)
Loss on disposal of property, plant and equipment	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)	-	(3,550)
Loss on decline in market value	6(6)	22,620	18,720
Gain arising from lease modifications		(2,172)	(1,324)
Reclassification of exchange differences on translation of foreign financial statements to foreign exchange losses		(5,956)	6,439
Other losses		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		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

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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
CASH FLOWS FROM INVESTING ACTIVITIES			
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)
CASH FLOWS FROM FINANCING ACTIVITIES			
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)
Increasee (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		$ 3,945,818	$ 2,723,171

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:

			Ownership(%)		
Investor	Name of subsidiary	Main business activities	December 31, 2022	December 31, 2021	Description
Orient Semiconductor Electronics Limited	OSE Philippines INC. ("OSEP")	(a) Integrated circuit and semiconductor components. (b) Research, design, manufacture, assembly, processing, test and after-sales service of aforementioned products.	93.67%	93.67%	Notes 1 and 2
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. (b) Research, design, manufacture, assembly, processing, test and after-sales service of aforementioned products.	6.33%	6.33%	Notes 1 and 2
Corplus (HK) Limited	Value–Plus Technology (Suzhou) Co. (Value–Plus (Suzhou))	Adhesive processing, plug-in welding processing and related test, combination processing, technique maintenance and after-sale service of the surface of base plate of electronic components	100%	100%	-

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:

(a) The amount of the initial measurement of lease liability; and

(b) 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

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

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
	$ 1,021,427	$ 314,683

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
	$ 245,600	$ 11,465

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	-	-
	$ 155	$ 146
Accounts receivable	$ 3,035,158	$ 2,898,319
Less: Loss allowance	(13,071)	(5,521)
	$ 3,022,087	$ 2,892,798
Accounts receivable due from related parties	$ 399	$ 458,409
Less: Loss allowance	-	-
	$ 399	$ 458,409

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	40,867	28,139
	2,099,756	2,129,518
Less: Allowance for valuation loss	(281,728)	(303,527)
	$ 1,818,028	$ 1,825,991

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)
	$ 13,008,745	$ 13,011,394

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	7,831	(2,427)
At December 31	$ 1,843	$ 467,174

	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%
	$ 1,843		$ 467,174	

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	$ 35,766	$ 40,045

(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
	$ 5,220,775	$ 5,403,685

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A. Property, plant and equipment for self-use

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under installation	Total
Cost and revaluation increment:							
January 1, 2022 (Note)	$ 7,031,115	$ 14,745,469	$ 4,187	$ 59,325	$ 376,097	$ 927,623	$ 23,143,816
Additions	-	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	$ 7,083,750	$ 15,393,819	$ 3,188	$ 58,341	$ 418,410	$ 645,318	$ 23,602,826
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	$ 4,920,862	$ 13,051,014	$ 2,937	$ 58,009	$ 350,059	$ -	$ 18,382,881

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under installation	Total
Cost and revaluation increment:							
January 1, 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	$ 7,031,115	$ 14,745,469	$ 4,187	$ 59,325	$ 376,097	$ 927,623	$ 23,143,816
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	$ 4,809,885	$ 12,524,278	$ 3,930	$ 58,965	$ 344,036	$ -	$ 17,741,094
Carrying amount, net:							
December 31, 2022	$ 2,162,888	$ 2,342,805	$ 251	$ 332	$ 68,351	$ 645,318	$ 5,219,945
December 31, 2021	$ 2,221,230	$ 2,221,191	$ 257	$ 360	$ 32,061	$ 927,623	$ 5,402,722

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
Cost and revaluation increment:			
January 1 and December 31, 2022	$ 10,721	$ -	$ 10,721
Depreciation and impairment:			
1-Jan-22	$ 9,758	$ -	$ 9,758
Depreciation	133	-	133
December 31, 2022	$ 9,891	$ -	$ 9,891
Cost and revaluation increment:			
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
Depreciation and impairment:			
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
	$	166,755	$	256,264

	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
	$	27,563	$	26,491

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			
Items affecting profit or loss	2022		2021	
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 (Excluding expense on leases of low-value assets of short-term lease)		2,964		3,634
Gains arising from lease modifications (shown as 'other gains and losses')		1,894		-
Gains arising from lease modifications (shown as 'other income and expenses - net')		54		-

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	-
	$ 14,107	$ 14,561

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

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

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

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

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

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

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

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

(16) Other payables

	December 31, 2022	December 31, 2021
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
	$ 1,299,565	$ 1,637,483

(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:

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

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

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 1,102,913	($ 615,713)	$ 487,200
Current service cost	6,244	-	6,244
Interest (expense) income	6,948	(3,879)	3,069
	1,116,105	(619,592)	496,513
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	15,189	-	15,189
	(74,479)	(45,981)	(120,460)
Pension fund contribution	-	(190,395)	(190,395)
Paid pension	(85,468)	85,468	-
At December 31	$ 956,158	($ 770,500)	$ 185,658

	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
	962,152	(570,920)	391,232
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	226,114	-	226,114
	192,104	(8,703)	183,401
Pension fund contribution	-	(87,433)	(87,433)
Paid pension	(51,343)	51,343	-
At December 31	$ 1,102,913	($ 615,713)	$ 487,200

(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
	$ 985,583

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

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

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

	December 31, 2022	December 31, 2021
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
	$ 238,171	$ 234,897

(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
	$ 15,531,669	$ 15,948,138

A. Disaggregation of revenue from contacts with customers

Year ended December 31, 2022	Semiconductor Group	EMS Group	Total
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
	$ 9,972,295	$ 5,559,374	$ 15,531,669
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
	$ 9,972,295	$ 5,559,374	$ 15,531,669

Year ended December 31, 2021	Semiconductor Group	EMS Group	Total
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
	$ 11,355,661	$ 4,592,477	$ 15,948,138
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
	$ 11,355,661	$ 4,592,477	$ 15,948,138

B. Contract assets and liabilities

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

	December 31, 2022	December 31, 2021
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
	$ 77,879	$ 88,971

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

	Year ended December 31	
	2022	2021
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
	$ 11,102	$ 3,831

(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
	$ 166,048	$ 97,403

(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
	$ 153,180	($ 47,993)

(28) Finance costs

	Year ended December 31	
	2022	2021
Interest expense on borrowings from financial institutions	$ 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
	32,499	35,686
Less: Capitalisation of qualifying assets	(6,590)	(2,528)
	$ 25,909	$ 33,158

(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
	$ 4,164,179	$ 4,171,915

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	$ 118,673	$ 10,139
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	200,962	398,456
Income tax expense	$ 319,635	$ 408,595

(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)
	$ 31,821	($ 60,644)

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	$ 319,635	$ 408,595

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
	$ 1,205,821	($ 200,962)	($ 31,821)	$ 30	$ 973,068

	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
	1,550,989	(398,456)	53,298	(10)	1,205,821
Deferred tax liabilities:					
- Temporary differences:					
Gain on financial assets at fair value through other comprehensive income	(7,346)	-	7,346	-	-
	$ 1,543,643	($ 398,456)	$ 60,644	($ 10)	$ 1,205,821

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)
Basic earnings per share			
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)	$ 1,118,169	553,895	$ 2.02
Diluted earnings per share			
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	330,484	180,180	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,448,653	748,185	$ 1.94

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
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)	$ 1,239,024	553,736	$ 2.24
Diluted earnings per share			
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	291,557	180,180	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,530,581	743,442	$ 2.06

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	$ 1,092,284	$ 1,053,077

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	$ 195	$ 40,992
Prepayments for business facilities transferred to property, plant and equipment	$ 7,770	$ 148,533
Prepayments for business facilities transferred to intangible assets	$ 140	$ 6,856
Long-term borrowings, current portion	$ -	$ 60,700

(34) Changes in liabilities from financing activities

	January 1, 2022	Cash flows	Changes in foreign 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

	January 1, 2021	Cash flows	Changes in foreign 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
	$ 2,160,418	$ 2,581,668

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
	$ 3,561	$ 1,337

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
	$ 399	$ 458,409
Other receivables:		
Properties	$ -	$ 46,986
Entities with significant influence to the Group	-	4,977
Associate	-	4,533
Key management personnel of the Group	-	100
	$ -	$ 56,596

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

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

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:

	Year ended December 31	
	2022	2021
Key managenment personnel of the Group	$ 360	$ 56,824

(b) Disposal of property, plant and equipment:

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

(c) Acquisition of intangible assets:

	Year ended December 31, 2021
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:

	December 31, 2021
Lease liabilities - current	$ 1,564
Lease liabilities - non - current	57,439
	$ 59,003

ii. Interest expense

	Year ended December 31, 2021
PROPERTIES	$ 1,354

G. Lease transactions－lessor

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

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

	December 31, 2022	December 31, 2021
Outstanding balance	$ -	$ 85,839

	Year ended December 31	
	2022	2021
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 Infofab

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

(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
	$ 87,600	$ 88,301

8. Pledged Assets

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Current financial assets at amortised cost - time deposits	$ -	$ 9,685	Short-term borrowings
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
	$ 1,116,477	$ 1,440,567	

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:

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 201,515	$ 203,667

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:

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
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
	$ 7,269,862	$ 6,441,419
Financial liabilities		
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
	$ 6,515,529	$ 6,963,054
Lease liability (including current and non-current)	$ 161,310	$ 249,042

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								
					Sensitivity analysis				
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)		Degree of variation	Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)									
Financial assets									
Monetary items									
USD:NTD	$	119,925	30.70	$	3,681,698	1%	$	36,817	$ -
JPY:NTD		805,561	0.2325		187,293	1%		1,873	-
Non-monetary items									
USD:NTD		20,714	30.70		635,907	1%		-	6,359
Financial liabilities									
Monetary items									
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								
					Sensitivity analysis				
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)		Degree of variation	Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)									
Financial assets									
Monetary items									
USD:NTD	$	154,483	27.67	$	4,274,545	1%	$	42,745	$ -
JPY:NTD		434,991	0.2405		104,615	1%		1,046	-
Non-monetary items									
USD:NTD		20,127	27.67		556,909	1%		-	5,569
Financial liabilities									
Monetary items									
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:

December 31, 2022		Overdue					
IC semiconductor group	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Gross carrying amount (Note)	$ 1,846,741	$ 136,782	$ 47,621	$ 182	$ 604	$ -	$ 2,031,930
Lifetime expected credit losses	(4,270)	(4,402)	(4,500)	(17)	(84)	-	(13,273)
Carrying amount	$ 1,842,471	$ 132,380	$ 43,121	$ 165	$ 520	$ -	$ 2,018,657
Loss ratio	0%～0.36%	0%～3. 73%	0%～9. 45%	0%～9. 55%	0%～13.89%	100%	

		Overdue					
Electronics manufacturing services group	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Gross carrying amount	$ 1,184,157	$ 61,291	$ 29,805	$ 1,462	($ 817)	$ 132	$ 1,276,030
Lifetime expected credit losses	-	-	50	78	206	(132)	202
Carrying amount	$ 1,184,157	$ 61,291	$ 29,855	$ 1,540	($ 611)	$ -	$ 1,276,232
Loss ratio	0%	0%	0%	0%	0%～25.27%	100%	

December 31, 2021		Overdue					
IC semiconductor group	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Gross carrying amount (Note)	$ 2,445,447	$ 68,416	$ 6,157	$ 8,815	$ 2,752	$ -	$ 2,531,587
Lifetime expected credit losses	(1,325)	(712)	(713)	(1,240)	(1,456)	-	(5,446)
Carrying amount	$ 2,444,122	$ 67,704	$ 5,444	$ 7,575	$ 1,296	$ -	$ 2,526,141
Loss ratio	0%～0.13%	0%～2.48%	0%～13.55%	0%～14.07%	52.91%	100%	

		Overdue					
Electronics manufacturing services group	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Gross carrying amount	$ 1,085,375	$ 28,737	$ 7,911	($ 891)	$ 126	$ 119	$ 1,121,377
Lifetime expected credit losses	-	-	-	74	(30)	(119)	(75)
Carrying amount	$ 1,085,375	$ 28,737	$ 7,911	($ 817)	$ 96	$ -	$ 1,121,302
Loss ratio	0%	0%	0%	0%～7.85%	0%～24.04%	100%	

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

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

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

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.

	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
December 31, 2022					
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
December 31, 2021					
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:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$1,010,814	$ -	$ 10,613	$1,021,427

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
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
	$ 274,804	$ 14,304	$ 26,836	$ 315,944

(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
Financial assets						
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
Financial assets						
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

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 5.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 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	$ 9,972,295	$ 5,741,600	$ -	($ 182,226)	$ 15,531,669
Segment income	$ 1,419,301	$ 382,232	$ 58,550	($ 91,795)	$ 1,768,288

	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	$ 11,356,424	$ 4,787,873	$ -	($ 196,159)	$ 15,948,138
Segment income	$ 1,817,374	$ 118,881	$ 30,408	($ 27,487)	$ 1,939,176

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
	$ 15,531,669	$ 6,481,587	$ 15,948,138	$ 6,647,406

(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
	$ 8,108,228		$ 8,503,284	

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 December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Footnote
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)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Orient Semiconductor Electronics,Limited	STRATEDGE's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	5,135	$ -	-	$ -	-
Orient Semiconductor Electronics,Limited	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)

					Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	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 (USD 12,726)	$ 529,741 (USD 17,595)	$ 529,741 (USD 17,595)	$ 58,009 (USD 1,927)	MICROSEMI SEMICONDUCTORS-MANILA (PHILIPPINES),INC.	Non-related party	Effectively use of the Group's resource	Appraisal report and mutual agreement	None

Note: 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)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Orient Semiconductor Electronics,Limited	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

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

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Orient Semiconductor Electronics,Limited	OSE PHILIPPINES, INC.	1	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.

Orient Semiconductor Electronics, Limited and Subsidiaries

Information on investees

Year ended December 31, 2022

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 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 abovemetioned 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: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022: Remitted back to Taiwan	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
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)

	Sale (purchase)		Service revenue		Accounts receivable (payable)		Other receivables		Provision of endorsements/guarantees or collaterals		Financing				Other
Investee in Mainland China	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.

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED

PARENT COMPANY ONLY 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.

pwc 資誠

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying balance sheets of Orient Semiconductor Electronics, Ltd. (the "Company") as at December 31, 2022 and 2021, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the 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 parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the 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 Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Existence of sales revenue recognition of top 10 customers

Description

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

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

How our audit addressed the matter

Our audit procedures performed included the following:

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

Realisability of deferred tax assets

Description

Please refer to Note 4(29) of parent company only financial statements for details of accounting policies on the recognition of deferred income tax assets. As of December 31, 2022, the amount of the Company's deferred income tax assets was NTD 971,147 thousand, please refer to Note 6(30) of parent company only financial statements for details.

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

How our audit addressed the matter

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

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

Other matter-Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for using the equity method which were audited by other auditors. Therefore, our opinion expressed herein, in so far as it relates to the amounts included in respect of these investees is based solely on the reports of the other auditors. The credit balances of these investments accounted for using the equity method amounted to NTD 1,843 thousand and NTD 0 thousand, constituting 0.01% and 0% of the total assets, and the credit balances of these investments accounted for using the equity method amounted to NTD 13,490 thousand and NTD 46,536 thousand, constituting 0.19% and 0.59% of the total liabilities as at December 31, 2022 and 2021, respectively, and the comprehensive income of the investees amounted to NTD 41,929 thousand and NTD 2,158 thousand, constituting 2.79% and 0.16% of the total comprehensive income for the years then ended, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Wang, Kuo-Hua Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan
February 22, 2023

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

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 3,314,126	20	$ 2,498,233	15
1136	Current financial assets at amortised cost	6(4) and 8	-	-	11,465	-
1140	Current contract assets	6(23)	272,248	2	296,090	2
1150	Notes receivable, net	6(5)	155	-	146	-
1170	Accounts receivable, net	6(5)	2,967,570	18	2,847,170	17
1180	Accounts receivable due from related parties, net	6(5) and 7	38,925	-	473,491	3
1200	Other receivables		38,975	-	55,489	-
1210	Other receivables due from related parties	7	1,865	-	15,492	-
130X	Current inventories	6(6)	1,559,517	9	1,655,024	10
1410	Prepayments		99,910	-	88,878	-
1460	Non-current assets or disposal groups classified as held for sale, net	6(12)	-	-	136,137	1
1479	Other current assets, others		20,969	-	13,160	-
11XX	**Current assets**		8,314,260	49	8,090,775	48
	Non-current assets					
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)	10,613	-	39,879	-
1550	Investments accounted for using equity method	6(7)	2,138,629	13	1,136,804	7
1600	Property, plant and equipment	6(8) and 8	5,173,917	31	5,349,052	32
1755	Right-of-use assets	6(9)	166,755	1	193,395	1
1780	Intangible assets	6(11) and 7	47,163	-	32,421	-
1840	Deferred tax assets	6(30)	971,147	6	1,203,930	7
1915	Prepayments for business facilities		20,581	-	167,490	1
1920	Guarantee deposits paid	8	16,291	-	133,479	1
1940	Long-term notes and accounts receivable due from related parties	7	-	-	518,507	3
1990	Other non-current assets, others		1,501	-	2,119	-
15XX	**Non-current assets**		8,546,597	51	8,778,337	52
1XXX	**Current tax assets**		$ 16,860,857	100	$ 16,869,112	100

(Continued)

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Current borrowings	6(13) and 8	$ -	-	$ 290,000	2
2110	Short-term notes and bills payable	6(14)	-	-	49,986	-
2130	Current contract liabilities	6(23)	77,872	1	88,151	1
2150	Notes payable		-	-	59,087	-
2170	Accounts payable		2,920,733	17	3,084,424	18
2180	Accounts payable to related parties	7	855	-	1,039	-
2200	Other payables	6(15)	1,257,121	7	1,585,528	10
2220	Other payables to related parties	7	20,000	-	20,602	-
2230	Current tax liabilities		113,131	1	-	-
2250	Current provisions		14,439	-	10,356	-
2280	Current lease liabilities		27,958	-	28,240	-
2320	Long-term liabilities, current portion	6(16) and 8	-	-	60,700	-
2365	Current refund liabilities		21,068	-	24,820	-
2399	Other current liabilities, others	7	131,823	1	244,009	2
21XX	**Current liabilities**		4,585,000	27	5,546,942	33
	Non-current liabilities					
2540	Non-current portion of non-current borrowings	6(16) and 8	1,148,962	7	587,694	4
2580	Non-current lease liabilities		133,352	1	166,602	1
2635	Non-current preference share liabilities	6(18)	1,003,851	6	1,005,149	6
2640	Net defined benefit liability, non-current	6(17)	185,658	1	487,200	3
2645	Guarantee deposits received		39,768	-	56,924	-
2650	Credit balance of investments accounted for using equity method	6(7)	13,490	-	46,536	-
25XX	**Non-current liabilities**		2,525,081	15	2,350,105	14
2XXX	**Liabilities**		7,110,081	42	7,897,047	47
	Equity					
	Share capital	6(19)(20)				
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(21)				
3200	Capital surplus		238,171	1	234,897	1
	Retained earnings	6(22)				
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)
3XXX	**Equity**		9,750,776	58	8,972,065	53
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 16,860,857	100	$ 16,869,112	100

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 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	Operating revenue	6(23) and 7	$ 15,227,957	100	$ 15,670,942	100
5000	Operating costs	6(6)(11)(28)(29) and 7	(12,721,360)	(83)	(12,756,989)	(82)
5900	Gross profit from operations		2,506,597	17	2,913,953	18
	Operating expenses	6(11)(28)(29)				
6100	Selling and administrative expenses		(706,379)	(5)	(707,908)	(4)
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)	(7,827)	-	15,492	-
6000	Operating expenses		(1,054,208)	(7)	(994,444)	(6)
6500	Net other income (expenses)	6(9)	54	-	-	-
6900	Net operating income		1,452,443	10	1,919,509	12
	Non-operating income and expenses					
7100	Interest income	6(24)	11,942	-	11,346	-
7010	Other income	6(25) and 7	81,749	-	65,617	-
7020	Other gains and losses	6(26)	130,294	1	(50,132)	-
7050	Finance costs	6(27)	(25,820)	-	(31,499)	-
7055	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	-	-	(33,664)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(7)	107,144	1	47,860	-
7000	Non-operating income and expenses		305,309	2	9,528	-
7900	**Profit before income tax**		1,757,752	12	1,929,037	12
7950	Income tax expense	6(30)	(309,099)	(2)	(398,456)	(2)
8200	**Profit for the year**		$ 1,448,653	10	$ 1,530,581	10
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(17)	$ 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)	(7,185)	-	(34,626)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(7)	(65,051)	(1)	(7,758)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	(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)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(7)	37,794	-	(2,795)	-
8380	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(7)	-	-	(1,567)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(30)	(7,819)	-	16,498	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		29,975	-	12,136	-
8300	**Other comprehensive income (loss)**		$ 54,197	-	($ 169,503)	(1)
8500	**Total comprehensive income**		$ 1,502,850	10	$ 1,361,078	9
	Basic earnings per share	6(31)				
9750	Basic earnings per share		$	2.02	$	2.24
9850	Diluted earnings per share		$	1.94	$	2.06

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Share capital			Retained earnings			Other equity interest			
	Notes	Ordinary share	Preference share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on remeasurements of defined benefit plan	Total equity
Yea r ended December 31, 2021											
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 (loss) income for the year		-	-	-	-	-	(146,721)	12,136	(34,918)	-	(169,503)
Total comprehensive income (loss)		-	-	-	-	-	1,383,860	12,136	(34,918)	-	1,361,078
Distribution of 2020 earnings:	6(22)										
Special reserve		-	-	-	-	88,258	(88,258)	-	-	-	-
Share-based payment transactions	6(19)	(16,106)	-	14,174	-	-	-	-	-	10,151	8,219
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	-	1,361	-	(1,361)	-	-
At December 31, 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
Yea r ended December 31, 2022											
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 (loss) income for the year		-	-	-	-	-	96,368	29,975	(72,146)	-	54,197
Total comprehensive income (loss)		-	-	-	-	-	1,545,021	29,975	(72,146)	-	1,502,850
Distribution of 2021 earnings:	6(22)										
Legal reserve		-	-	-	138,522	-	(138,522)	-	-	-	-
Special reserve		-	-	-	-	50,369	(50,369)	-	-	-	-
Cash idvidends		-	-	-	-	-	(733,916)	-	-	-	(733,916)
Share-based payment transactions	6(19)	(1,020)	-	483	-	-	-	-	-	7,523	6,986
Disposal of investments accounted for under the equity method		-	-	2,791	-	-	-	-	-	-	2,791
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	-	(6,734)	-	6,734	-	-
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 parent company only financial statements.

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY 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
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,757,752	$ 1,929,037
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(28)	1,095,887	1,261,837
Amortization expense	6(11)(28)	26,554	36,822
Loss on expected credit impairment	7 and 12(2)	7,827	18,172
Loss on financial assets at fair value through profit or loss	6(26)	1,261	5,225
Interest expense	6(27)	25,820	31,499
Interest income	6(24)	(11,942)	(11,346)
Share-based payments	6(19)	6,986	8,219
Share of profit of subsidiaries, associates and joint ventures	6(7)	(107,144)	(47,860)
Gain on disposal of property, plant and equipment	6(26)	(20,501)	(4,704)
Gain on disposal of non-current assets held for sale	6(26)	(6,700)	-
Gain on disposal of investments accounted for using equity	6(26)	-	(3,550)
Loss on decline in market value	6(6)	19,577	19,481
Gain arising from lease modifications		(278)	(1,324)
Reclassification of exchange differences on translation of foreign financial statements to foreign exchange losses		(2,957)	6,439
Other losses	6(26)	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		(128,227)	(665,893)
Decrease (increase) in accounts receivable due from related parties		434,566	(243,570)
Decrease (increase) in other receivables		16,809	(25,225)
Decrease in other receivables due from related		15,706	11,247
Decrease (increase) in inventories		75,930	(656,923)
Increase in other prepayments		(10,837)	(8,649)
Increase in other current assets, others		(7,795)	(931)
Decrease (increase) in other non-current assets -others		588	(1,008)
(Decrease) increase in contract liabilities		(10,279)	62,786
Decrease in notes payable		-	(14,608)
(Decrease) increase in accounts payable		(163,691)	874,392
Decrease in accounts payable to related parties		(184)	(20,260)
(Decrease) increase in other payables		(57,847)	383,521
Increase (decrease) in current provisions		4,083	(2,532)
(Decrease) increase in other current liabilities		(5,378)	63,472
Decrease in net defined benefit liability		(181,082)	(80,447)
Cash inflow generated from operations		2,798,858	2,932,760
Interest received		9,568	1,533
Income tax received		4,994	-
Net cash flows from operating activities		2,813,420	2,934,293

(Continued)

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY 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
CASH FLOWS FROM INVESTING ACTIVITIES			
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
Decrease in current financial assets at amortised cost		11,465	119,580
Acquisition of investments accounted for using equity method	6(7)	(1,209,920)	(290,000)
Proceeds from disposal of investments accounted for using equity		-	13,535
Proceeds from returns of share capital due to liquidation of subsidiaries		-	69,164
Acquisition of property, plant and equipment (including prepayment for equipment)	6(32)	(1,091,294)	(1,028,876)
Proceeds from disposal of property, plant and equipment		31,774	9,731
Decrease in other receivables		117,188	13,861
Decrease (increase) in long-term accounts receivable due from related parties		518,507	(71,415)
Acquisition of intangible assets	6(11)	(41,170)	(27,841)
Proceeds from disposal of non-current assets held for sale		290,005	-
Dividends received	6(7)	-	6,767
Net cash flows used in investing activities		(1,351,363)	(1,152,767)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(33)	1,621,958	3,098,880
Decrease in short-term borrowings	6(33)	(1,911,958)	(3,910,452)
Increase in short-term notes and bills payable	6(33)	-	49,972
Decrease in short-term notes and bills payable	6(33)	(50,011)	-
Proceeds from long-term borrowings	6(33)	863,262	1,255,700
Repayments of long-term borrowings	6(33)	(362,694)	(1,468,906)
(Decrease) increase in guarantee deposits received	6(33)	(17,156)	53,500
Payments of lease liabilities	6(33)	(28,203)	(16,409)
Cash dividends paid	6(22)	(733,916)	-
Interest paid		(27,446)	(13,682)
Other financing activities		-	26,555
Net cash flows used in financing activities		(646,164)	(924,842)
Net increase in cash and cash equivalents		815,893	856,684
Cash and cash equivalents at beginning of year		2,498,233	1,641,549
Cash and cash equivalents at end of year		$ 3,314,126	$ 2,498,233

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
NOTES TO THE PARENT COMPANY ONLY 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 St., Nanzi Processing Export Zone, Kaohsiung City. The Company was 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 and became 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 Company's financial condition and financial performance based on the Company'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 Company

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

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

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income financial assets measured at fair value.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and 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 income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the Company 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.

(4) <u>Classification of current and non-current items</u>

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.

(5) 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.

(6) 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 Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) 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 Company 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 Company measures the financial assets at fair value plus transaction costs. The Company 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 Company and the amount of the dividend can be measured reliably.

(8) 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 Company'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 Company 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.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company 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.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company 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 or contract assetsand verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company 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 Company has transferred substantially all risks and rewards of ownership of the financial asset.

(12) 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.

(13) 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.

(14) Investments accounted for using equity method / subsidiaries, associates and joint ventures

A. Associates are all entities over which the Company 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 Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company 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 Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.

E. When the Company 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.

(15) 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.

(16) 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 Company 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	2 ~ 7 years

(17) 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 Company. 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 Company'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:

(a) The amount of the initial measurement of lease liability; and

(b) 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.

(18) <u>Investment property</u>

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.

(19) <u>Intangible assets</u>

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

(20) <u>Impairment of non-financial assets</u>

The Company 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.

(21) <u>Borrowings</u>

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.

(22) <u>Notes and accounts payable</u>

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.

(23) Preference share liability

Preference share liabilities issued by the Company contain put options. The Company 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.

(24) 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.

(25) 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.

(26) Provisions

Provisions (including warranties, etc.) are recognised when the Company 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.

(27) 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 high-quality corporate 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; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

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 Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) 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.

(29) 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 Company 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.

(30) 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 (See Note 4(23)); 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.

(31) Revenue recognition

A. Package and test service

(a) The Company 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 Company does not adjust the transaction price to reflect the time value of money.

B. Manufacturing service of electronic products

(a) The Company 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 Company 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 Company'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 Company estimated probable warranty obligation and recognised liability provisions.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company'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 parent company only financial statements requires management to make critical judgements in applying the Company'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 Company's accounting policies

Revenue recognition on a net/gross basis

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

A. The Company is primarily responsible for the provision of goods or services;

B. The Company 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 Company 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 Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company 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 Company's inventories was $1,559,517.

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 $971,147.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 120	$ 120
Checking accounts and demand deposits	2,724,546	2,116,569
Time deposits	589,460	381,544
	$ 3,314,126	$ 2,498,233

A. The Company 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 Company'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 Company's financial assets at fair value through profit or loss recognised in net profit or loss, please refer to Note 6(26) other gains and losses.

B. The Company 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

A. The Company 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 $10,613 and $39,879 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 Company 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 Company has financial assets at fair value through other comprehensive income recognised in comprehensive (loss) income due to changes of fair value in the amounts of ($7,185) and ($34,626), respectively.

E. The Company 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:		
Demand deposits - foreign capital special account	$ -	$ 1,780
Pledged time deposits	-	9,685
	$ -	$ 11,465

A. For the years ended 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(24).

B. Details of the Company'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 Company 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	-	-
	$ 155	$ 146
Accounts receivable	$ 2,980,843	$ 2,852,616
Less: Loss allowance	(13,273)	(5,446)
	$ 2,967,570	$ 2,847,170
Accounts receivable due from related parties	$ 38,925	$ 473,491
Less: Loss allowance	-	-
	$ 38,925	$ 473,491

A. For details of the aging analysis of notes and accounts receivable which were based on the dates past due, 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 $2,417,496.

C. The Company 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 Company's notes receivable was $155 and $146, and accounts receivable was $3,006,495 and $3,320,661, respectively.

(6) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 1,323,509	$ 1,532,564
Supplies	157,344	158,991
Work in progress	312,792	233,373
Finished goods	36,546	26,383
	1,830,191	1,951,311
Less: Allowance for valuation loss	(270,674)	(296,287)
	$ 1,559,517	$ 1,655,024

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

	Year ended December 31	
	2022	2021
Cost of goods sold	$ 12,730,163	$ 12,754,638
Scrapping inventory and loss on decline in market value	19,577	19,481
Others	(28,380)	(17,130)
	$ 12,721,360	$ 12,756,989

B. As of December 31, 2022 and 2021, the fire insurance amount of inventories were $15,068,842 and $13,939,684, respectively.

(7) Investments accounted for using equity method

	Year ended December 31	
	2022	2021
At January 1	$ 1,136,804	$ 909,446
Additions of investments accounted for using equity method	1,209,920	290,000
Disposal of investments accounted for using equity method	-	(81,732)
Earnings distribution of investments accounted for using equity method	107,144	47,860
Share of profit or loss of investments accounted for using equity method	-	(6,767)
Transfers to non-current assets held for sale	(257,959)	-
Changes in other equity interest	(24,300)	(18,559)
Others	66	92
	2,171,675	1,140,340
Add (Less): Credit balance of investments accounted for using equity method transferred to (reversed from) non-current liabilities	(33,046)	(3,536)
	$ 2,138,629	$ 1,136,804

	December 31, 2022		December 31, 2021	
	Amount	Shareholding ratio	Amount	Shareholding ratio
Subsidiaries:				
ORIENT SEMICONDUCTOR ELECTRONICS PHILIPPINES,INC. (OSEP)	($ 13,490)	93.67%	($ 46,536)	93.67%
OSE INTERNATIONAL LTD.	325,908	100%	302,372	100%
COREPLUS (H.K.) LIMITED	321,646	100%	301,073	100%
HUA-CHENG INVESTMENT CO.	1,489,232	100%	291,503	100%
	$ 2,123,296		$ 848,412	
Add: Credit balance of investments accounted for using equity method transferred to non-current liabilities	13,490		46,536	
	2,136,786		894,948	
Associates				
OSE PROPERTIES, INC.	1,843	39.99%	-	39.99%
ATP Electronics Taiwan Inc.	-	-	241,856	9.57%
SCS HIGHTECH INC.	-	18.17%	-	18.17%
	1,843		241,856	
	$ 2,138,629		$ 1,136,804	

A. Subsidiaries

(a) Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for the information regarding the Company's subsidiaries.

(b) The Company continued to recognise losses of OSEP proportionate to its ownership, resulting in the credit balance of investments accounted for using equity method, which were transferred to non-current liabilities.

B. Associates

(a) As of December 31, 2021, the Company's long-term equity investments was decreased to $0 and no longer recognised investment loss 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 Company'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 9.57% of ownership for proceeds of $262,365, 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(12) for the details of the transfers to non-current assets held for sale.

(d) As of December 31, 2022 and 2021, there was no investments accounted for using equity method pledged as collaterals.

(e) As of December 31, 2022 and 2021, the Company had no significant associate.

(f) The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

As of December 31, 2022 and 2021, the carrying amount of the Company's individually immaterial associates amounted to $1,843 and $241,856, respectively.

	Year ended December 31			
	2022		2021	
Profit for the year	$	17,909		23,266
Other comprehensive income (loss) , net of tax		2,717	(	819)
Total comprehensive income for the year	$	20,626	$	22,447

(8) Property, plant and equipment

	December 31, 2022		December 31, 2021	
Property, plant and equipment				
- Owner-occupied	$	5,173,087	$	5,348,089
- Operating leases		830		963
	$	5,173,917	$	5,349,052

A. Property, plant and equipment for self-use

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction equipment under acceptance	Total
Cost and revaluation increment:							
January 1, 2022	$ 7,031,115	$ 14,414,955	$ 1,087	$ 54,064	$ 359,079	$ 926,643	$ 22,786,943
Additions	-	-	-	-	-	900,539	900,539
Disposals	(28,720)	(240,964)	(1,047)	-	(9,548)	-	(280,279)
Transfer	81,355	1,058,394	-	-	49,548	(1,181,864)	7,433
December 31, 2022	$ 7,083,750	$ 15,232,385	$ 40	$ 54,064	$ 399,079	$ 645,318	$ 23,414,636
Depreciation and impairment:							
January 1, 2022	$ 4,809,885	$ 12,243,508	$ 1,077	$ 54,064	$ 330,320	$ -	$ 17,438,854
Depreciation expense	131,868	928,666	5	-	13,596	-	1,074,135
Disposals	(20,891)	(239,962)	(1,042)	-	(9,545)	-	(271,440)
Transfer	-	-	-	-	-	-	-
December 31, 2022	$ 4,920,862	$ 12,932,212	$ 40	$ 54,064	$ 334,371	$ -	$ 18,241,549

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction equipment under acceptance	Total
Cost and revaluation increment:							
January 1, 2021	$ 7,119,353	$ 14,147,037	$ 1,087	$ 54,890	$ 372,453	$ 63,697	$ 21,758,517
Additions	-	-	-	-	-	1,337,926	1,337,926
Disposals	(2,521)	(311,458)	-	(826)	(34,104)	-	(348,909)
Transfer (Note)	(85,717)	579,376	-	-	20,730	(474,980)	39,409
December 31, 2021	$ 7,031,115	$ 14,414,955	$ 1,087	$ 54,064	$ 359,079	$ 926,643	$ 22,786,943
Depreciation and impairment:							
January 1, 2021	$ 4,779,640	$ 11,469,113	$ 1,067	$ 54,765	$ 348,798	$ -	$ 16,653,383
Depreciation expense	156,005	1,070,832	10	125	15,626	-	1,242,598
Disposals	(2,401)	(306,460)	-	(826)	(34,104)	-	(343,791)
Transfer (Note)	(123,359)	10,023	-	-	-	-	(113,336)
December 31, 2021	$ 4,809,885	$ 12,243,508	$ 1,077	$ 54,064	$ 330,320	$ -	$ 17,438,854
Carrying amount, net:							
December 31, 2022	$ 2,162,888	$ 2,300,173	$ -	$ -	$ 64,708	$ 645,318	$ 5,173,087
December 31, 2021	$ 2,221,230	$ 2,171,447	$ 10	$ -	$ 28,759	$ 926,643	$ 5,348,089

Note: In July 2021, the Company transferred part of buildings 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(12).

B. Property, plant and equipment for operating lease

	Buildings and structures	Machinery and equipment	Total
Cost and revaluation increment:			
January 1 and December 31, 2022	$ 10,721	$ -	$ 10,721
Depreciation and impairment:			
January 1, 2022	$ 9,758	$ -	$ 9,758
Additions	133	-	133
December 31, 2022	$ 9,891	$ -	$ 9,891
Cost and revaluation increment:			
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
Depreciation and impairment:			
January 1, 2021	$ 143,389	$ 13,713	$ 157,102
Additions	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 Company transferred part of buildings and structures held for operating leases to non-current assets held for sale, and the related cost and accumulated depreciation amounted to $268,621 and $133,764, respectively. Information relating to non-current assets held for sale is provided in Note 6(12).

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 3~51 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 $10,015,334 and $10,133,560, 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 Company leased various assets, including land, 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	$ 148,983
Machinery and equipment	33,711	39,490
Transportation equipment	7,794	4,922
	$ 166,755	$ 193,395

	Year ended December 31	
	2022	2021
	Depreciation expense	Depreciation expense
Land	$ 12,309	$ 12,937
Machinery and equipment	5,779	963
Transportation equipment	3,501	3,773
	$ 21,589	$ 17,673

C. For the years ended December 31, 2022 and 2021, the Company has increases in right-of-use assets of $7,176 and $44,594, respectively.

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

	Year ended Decmeber 31	
Items affecting profit or loss	2022	2021
Interest expense on lease liabilities	$ 3,099	$ 3,145
Expense on short-term lease contracts	2,116	2,114
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 (shown as 'other income and expenses - net')	54	-

E. For the years ended December 31, 2022 and 2021, the total amount of the Company's cash outflow from leasing were $36,382 and $25,302, respectively.

F. The Company 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 Company 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 Decmeber 31	
	2022	2021
Fixed lease payments and related income from variable lease payments determined by indexes or rates:	$ 7,235	$ 7,522

C. The maturity analysis of the undiscounted lease payments in the finance lease 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	-
	$ 14,107	$ 14,561

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

(11) Intangible assets

	Computer software	
	2022	2021
Cost		
At January 1	$ 431,980	$ 397,290
Additions－acquired separately	41,170	27,841
Reclassifications	126	6,849
At December 31	$ 473,276	$ 431,980
Accumulated amortisation		
At January 1	$ 399,559	$ 362,737
Amortisation charge	26,554	36,822
At December 31	$ 426,113	$ 399,559
Book value	$ 47,163	$ 32,421

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

	Year ended December 31	
	2022	2021
Operating costs	$ 14,544	$ 21,228
Administrative expenses	$ 5,846	$ 7,757
Research and development expenses	$ 6,164	$ 7,837

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

(12) 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 Company's Board of Directors to sell the plants for cooperating with the Land Redevelopment Project of Technology Industrial Park Administration. The transaction and ownership transfer are expected be completed within a year. As of 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. The Board of Directors of the Company resolved to dispose all shares of ATP Electronics Taiwan Inc. held by the Group in April 2022. The transaction was expected to be completed and settled within a year. Therefore, the Group transferred related assets to disposal group held for sale. The assets of the disposal group held for sale as at September 30, 2022 amounted to $257,959 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.

C. No impairment loss 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.

(13) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings	$ -	$ 290,000
Interest rate range	-	0.93%~0.98%

For the years ended December 31, 2022 and 2021, the amounts of interest expense recognised in profit or loss were $3,746 and $9,843, respectively.

A. As of December 31, 2022 and 2021, the Company's total unused amounts of short-term borrowings was $4,274,122 and $3,491,050, respectively.

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

(14) Short-term notes and bills payable

	December 31, 2022	December 31, 2021
Commercial paper payable	$ -	$ 50,000
Less: Unamortised discounts	-	(14)
	$ -	$ 49,986
Interest rate range of issuance	-	0.86%

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

(15) Other payables

	December 31, 2022	December 31, 2021
Wages and salaries payable	$ 496,867	$ 551,965
Pension payable	38,321	37,923
Employees' compensation and directors'remuneration payable	221,988	238,420
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	50,837	47,297
	$ 1,257,121	$ 1,585,528

(16) 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 repayable monthly; principal is repayable periodically.	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 repayable monthly; principal is repayable periodically.	0.6%~1.10% (Note 1)	None	$ 558,394
Secured borrowings	Borrowing period is from December 2021 to December 2024; interest is repayable monthly; principal is repayable periodically. (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)	1.10%	Buildings and structures	30,000
				648,394
Less: Current portion				(60,700)
				$ 587,694

Note 1: Some of the Company'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 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 Company made early repayments on the secured loans from banks in September 2022.

Note 3: The Company 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 Company'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.

(17) 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. 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:

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

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

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 1,102,913	($ 615,713)	$ 487,200
Current service cost	6,244	-	6,244
Interest (expense) income	6,948	(3,879)	3,069
	1,116,105	(619,592)	496,513
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	15,189	-	15,189
	(74,479)	(45,981)	(120,460)
Pension fund contribution	-	(190,395)	(190,395)
Paid pension	(85,468)	85,468	-
At December 31	$ 956,158	($ 770,500)	$ 185,658

	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
	962,152	(570,920)	391,232
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	226,114	-	226,114
	192,104	(8,703)	183,401
Pension fund contribution	-	(87,433)	(87,433)
Paid pension	(51,343)	51,343	-
At December 31	$ 1,102,913	($ 615,713)	$ 487,200

(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%	1.50%

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
	$	985,583

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 contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were $120,937 and $113,277, respectively.

(18) Preference share liability

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

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

B. The annual dividend rate of class B preferred shares was 2% which were calculated at the issuance price per share and paid in cash, the ex-dividend date of preferred dividend was authorised to be determined by the Board of Directors. The issuance number in issuance year or quarter and recovered year or quarter were calculated at the actual issuance number of days.

C. If the expected dividend distribution amount of common share exceeds the dividend amount of class B preferred shares in the current year or quarter, the shareholders of class B preferred shares cannot participate in the distribution.

D. Except for aforementioned dividend, the shareholders of class B preferred shares cannot participate in the appropriation of earnings and reserves to shareholders of common share and other types of preference shares.

E. Class B preferred shares were not promised to be transferred to common share.

F. The shareholders of class B preferred shares have no voting right in the common shareholders' meeting and cannot be elected as directors (including independent directors). However, the shareholders of class B preferred shares has voting right in preferred shareholders' meeting and matters of preferred shareholders' right.

G. When it comes to appropriate residual assets of company, class B preferred shares have priority over common shares and class C preferred shares. However, the amount was limited to the issuance price plus total amount of unpaid dividend.

H. The issuance period of class B preferred shares was 5 years, shareholders of class B preferred shares did not have right to demand the Company call back class B preferred shares. However, on the date after 3 years of the issuance date, the Company can call back all or some of class B preferred shares at actual issuance price in cash or other ways which were permitted by regulations. The rights and obligations of class B preferred shares which have not been called will continue until the Company calls back. In the current year of calling back the class B preferred shares, if the Company's shareholders resolve to appropriate dividends, the amount of dividends which have to be distributed as of the date of call back will be calculated according to the number of actual issuance days in the current year.

I. The preemptive rights for stockholders of Class B preferred stocks are the same as of common stocks when the Company increases its capital by issuing shares.

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

K. Class B preferred shares will not be listed in the issuance period.

(19) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Company'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 Company 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 obtaining dividends. Other rights are similar with the capital that has been issued.

(c) Before the employee accomplishes the vesting conditions, the attendance, proposal, speaking, right of voting, and other matters associated with shareholders' meeting were executed based on the trust custody contracts.

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

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

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

Note: For the restricted shares which were called back by the Company 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 Company was $15.8.

D. For the years ended December 31, 2022 and 2021, the Company recognised expenses due to share-based payments transaction in the amounts of $6,986 and $8,219, respectively.

(20) 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 year 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 year	15	24
Restricted shares not yet vested at the beginning of the year	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 year	(22)	(15)
Restricted shares not yet vested at the end of the year	-	(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, 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(18).

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

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

   (a) The distribution of earnings was based on the Company's Articles of Incorporation, current year or current quarter and accumulated undistributable dividend shall be appropriated to class B preferred shares in the first priority, then, appropriated to class C preferred shares in the second priority.

   (b) The annual dividend rate of class C preferred shares was 2% which were calculated at the issuance price per share and paid in cash, the ex-dividend date of preferred dividend was authorised to be determined by the Board of Directors. The issuance number in issuance year or quarter and recovered year or quarter were calculated at the actual issuance number of days.

   (c) If the expected dividend distribution amount of common share exceeds the dividend amount of class C preferred shares in the current year or quarter, the shareholders of class C preferred shares can participate in the distribution until the dividend amount of class C preferred share is the same as common share per share.

   (d) The Company has discretion in dividend distribution of Class A preferred stocks. If the Company has no or has insufficient current year's earnings for distribution or has other necessary considerations, the Company can resolve not to distribute dividend to class C preferred share and it will not default, and the shareholders of class C preferred share cannot object. Class C preferred shares are non-cumulative, and the amount of dividends which were not distributed or insufficient will not be made up in the profitable year or quarter thereafter.

   (e) Starting from the next day of five years after issuance, the shareholders of class C preferred share can transfer the preferred share to common share at a transfer ratio of 1:1. After the transfer of preferred share to common share, the rights and obligations (excluding the transfer restriction by regulation and not listed) were the same as other outstanding common share of the Company. For class C preferred shares which have been transferred into common shares before the ex-right (ex-dividend) date in the current year or quarter can participate in the common share distribution of earnings or reserves in the current year or quarter and cannot participate in the dividend distribution of preferred shares in the current year or quarter. For class C preferred shares which have been transferred into common shares after the ex-right (ex-dividend) date in the current year or quarter can participate in the dividend distribution of preferred share in the current year or quarter and cannot participate in the dividend distribution of earnings or capital reserves in the current year or quarter. Preferred dividends will not be repeatedly appropriated if it is distributed in the same year or quarter with common stock dividends.

(f) The shareholders of class C preferred shares have no voting right in the common shareholders' meeting and cannot be elected as directors (including independent directors). However, the shareholders of class C preferred shares have voting right in preferred shareholders' meeting and matters of preferred shareholders' right.

(g) When it comes to appropriating residual assets of Company, class C preferred shares have priority over common shares and next to class B preferred shares. However, the amount was limited to the issuance price plus total amount of unpaid dividend.

(h) Class C preferred shares have no expiry date, and the shareholders of class C preferred shares have no right to require the Company to call back class C preferred shares or transfer the class C preferred share into common share in advance. However, the Company can call back in cash at actual issuance price, mandatorily transfer by issuing new shares or call back all or some class C preferred shares in other ways permitted by regulations on the next day after three years. The rights and obligations of class C preferred shares which have not been called will continue until the Company calls back. In the current year of calling back the class C preferred shares, if the Company's shareholders resolve to appropriate dividends, the amount of dividends which have to be distributed as of the date of call back will be calculated according to the actual days of issuance in the current year.

(i) The preemptive rights for stockholders of Class C preferred shares are the same as of common shares when the Company increases its capital by issuing shares.

(j) Class C preferred share was not listed and traded in the issuance period, however, if all or some were transferred into common shares, the Board of Directors was authorised to apply for public offering and listing to the authorisation according to the current situation and related regulations.

(21) <u>Capital surplus</u>

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.

	December 31, 2022	December 31, 2021
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
	$ 238,171	$ 234,897

(22) 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 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, and there was no distributable earnings.

(23) Operating revenue

	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	5,187,624	4,275,318
Other operating revenue	138,396	119,833
	$ 15,227,957	$ 15,670,942

A. Disaggregation of revenue from contracts with customers

Year ended December 31, 2022	Semiconductor Group	EMS Group	Total
IC packaging and testing service revenue	$ 9,901,937	$ -	$ 9,901,937
Manufacture of electronic products	-	5,187,624	5,187,624
Other	70,358	68,038	138,396
	$ 9,972,295	$ 5,255,662	$ 15,227,957
Timing of revenue recognition:			
Over time	$ 9,901,937	$ -	$ 9,901,937
At a point in time	70,358	5,255,662	5,326,020
	$ 9,972,295	$ 5,255,662	$ 15,227,957

Year ended December 31, 2021	Semiconductor Group	EMS Group	Total
IC packaging and testing service revenue	$ 11,275,791	$ -	$ 11,275,791
Manufacture of electronic products	-	4,275,318	4,275,318
Other	79,870	39,963	119,833
	$ 11,355,661	$ 4,315,281	$ 15,670,942
Timing of revenue recognition:			
Over time	$ 11,275,791	$ -	$ 11,275,791
At a point in time	79,870	4,315,281	4,395,151
	$ 11,355,661	$ 4,315,281	$ 15,670,942

B. Contract assets and liabilities

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

	December 31, 2022	December 31, 2021
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	9,846	18,244
	$ 77,872	$ 88,151

Note: As of January 1, 2021, the Group recognised current contract liabilities in the amount of $25,365.

(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 $12,365 and $15,985, respectively.

(24) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	$ 9,862	$ 1,521
Interest income from loans to others	2,079	9,776
Interest income from financial assets measured at amortised cost	1	49
	$ 11,942	$ 11,346

(25) Other income

	Year ended December 31	
	2022	2021
Service revenue	$ 26,815	$ 21,481
Rental revenue	7,235	7,522
Other income	47,699	36,614
	$ 81,749	$ 65,617

(26) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposals of investments accounted for using equity method	$ -	$ 3,550
Gains on disposals of property, plant and equipment	20,501	4,704
Gains on disposals of non-current assets held for sale	6,700	-
Net currency exchange gain (losses)	104,875	(53,161)
Losses on financial assets at fair value through profit or loss	(1,261)	(5,225)
Others	(521)	-
	$ 130,294	($ 50,132)

(27) Finance costs

	Year ended December 31	
	2022	2021
Interest expense on borrowings from financial institutions	$ 10,604	$ 12,215
Interest expense on lease liability	3,099	3,145
Dividends on preference share liabilities	18,703	18,663
Others	4	4
	32,410	34,027
Less: Capitalisation of qualifying assets	(6,590)	(2,528)
	$ 25,820	$ 31,499

(28) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	$ 4,069,126	$ 4,043,883
Depreciation charges on property, plant and equipment (Note)	1,074,298	1,244,164
Depreciation expense on right-of-use assets	21,589	17,673
Amortisation charges on intangible assets	26,554	36,822

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.

(29) Employee benefit expense

	Year ended December 31	
	2022	2021
Salary expenses	$ 3,329,415	$ 3,306,260
Labour and health insurance fees	333,762	331,047
Pension costs	130,250	120,263
Directors' remuneration	22,926	24,394
Employee restricted shares	6,986	8,219
Other personnel expenses	245,787	253,700
	$ 4,069,126	$ 4,043,883

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 employee's 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' compensation 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 employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) 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	$ 16,263	$ -
Prior year income tax underestimation	91,874	-
Total current tax	108,137	-
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	200,962	398,456
Income tax expense	$ 309,099	$ 398,456

(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)
	$ 31,821	($ 60,644)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on profit (loss) before tax and statutory tax rate	$ 351,550	$ 385,807
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	$ 309,099	$ 398,456

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	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	162,592	(162,592)	-	-
	$ 1,203,930	($ 200,962)	($ 31,821)	$ 971,147

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	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	232,847	(70,255)	-	162,592
	1,549,088	(398,456)	53,298	1,203,930
Deferred tax liabilities:				
- Temporary differences:				
Gain on financial assets at fair value through other comprehensive income	(7,346)	-	7,346	-
	$ 1,541,742	($ 398,456)	$ 60,644	$ 1,203,930

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	203,866	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

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

(31) 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)
Basic earnings per share			
Profit attributable to the parent	$ 1,448,653		
Less: Dividends on class C preferred shares	(330,484)		
Profit attributable to ordinary shareholders of the parent (Note)	$ 1,118,169	553,895	$ 2.02
Diluted earnings per share			
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	330,484	180,180	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,448,653	748,185	$ 1.94

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 1,530,581	-	
Less: Dividends on class C preferred shares	(291,557)		
Profit attributable to ordinary shareholders of the parent (Note)	$ 1,239,024	553,736	$ 2.24

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Diluted earnings per share			
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	291,557	180,180	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,530,581	743,442	$ 2.06

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(20)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.

(32) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	$ 907,972	$ 1,486,529
(Decrease) increase in prepayments for business facilities	(146,574)	88,186
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 year	$ 1,091,294	$ 1,028,876

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

B. Financing activities with no cash flow effects：

	Year ended December 31	
	2022	2021
Prepayments for business facilities transferred to prepayments	$ 195	$ 21,143
Prepayments for business facilities transferred to property, plant and equipment	$ 7,433	$ 148,603
Prepayments for business facilities transferred to intangible assets	$ 140	$ 6,856
Long-term borrowings, current portion	$ -	$ 60,700

(33) Changes in liabilities from financing activities

	January 1, 2022	Cash flows	Others	December 31, 2022
Short-term borrowings	$ 290,000	($ 290,000)	$ -	$ -
Short-term notes and bills payable	49,986	(50,011)	25	-
Long-term borrowings	648,394	500,568	-	1,148,962
Lease liabilities	194,842	(28,203)	(5,329)	161,310
Guarantee deposits received	56,924	(17,156)	-	39,768
Preference share liabilities	1,005,149	-	(1,298)	1,003,851

	January 1, 2021	Cash flows	Others	December 31, 2021
Short-term borrowings	$ 1,101,572	($ 811,572)	$ -	$ 290,000
Short-term notes and bills payable	-	49,972	14	49,986
Long-term borrowings	861,600	(213,206)	-	648,394
Lease liabilities	168,075	(16,409)	43,176	194,842
Guarantee deposits received	3,424	53,500	-	56,924
Preference share liabilities	1,006,485	-	(1,336)	1,005,149

7. Related Party Transactions

(1) Names of related parties and relationship with the Company

Names of related parties	Relationship with the Company
ORIENT SEMICONDUCTOR ELECTRONICS PHILIPPINES, INC. (OSEP)	Subsidiary
OSE USA, INC. （OSEU）	Subsidiary(Note 1)
OSE INTERNATIONAL LTD.(B.V.I)	Subsidiary
COREPLUS (H.K.) LIMITED (COREPLUS)	Subsidiary
Value–Plus Technology (Suzhou) Co. (VALUEPLUS)	Subsidiary
Hua-Cheng Investment Co.(Hua-Cheng)	Subsidiary
ATP Electronics Taiwan Inc. (ATP)	Associate (Note 2)
Infofab, Inc. (Infofab)	Associate (Note 3)
OSE Properties, Inc. (Properties)	Associate
Chipbond Technology Corporation (Chipbond)	Entity with significant influence to the Company
Phison Electronics Corp. (Phison)	Key management personnel (Note 4)

Note 1: It was liquidated in September 2021.

Note 2: The Company sold all its equity interests in ATP in August 2022; therefore, it was no longer the Company's associate.

Note 3: The Group sold all its equity interests in Infofab on June 2021; therefore, it was no longer the Group's associate.

Note 4: 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
Associate	142,197	141,103
Entities with significant influence to the Company	953	1,145
	$ 2,160,418	$ 2,581,668

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
COREPLUS	$ 177,473	$ 182,719
OSEU	-	720
Key management personnel of the Company	1,054	903
Entities with significant influence to the Company	1,853	421
Associates	654	13
	$ 181,034	$ 184,776

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
COREPLUS	38,526	15,082
Entities with significant influence to the Company	399	641
	$ 38,925	$ 473,491
Other receivables:		
Entities with significant influence to the Company	$ -	$ 4,977
Associates	-	4,533
OSEP	-	4,103
VALUEPLUS	1,865	1,779
Key management personnel of the Company	-	100
	$ 1,865	$ 15,492

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

	December 31, 2022	December 31, 2021
Accounts payable:		
VALUEPLUS	$ 119	$ 294
Associates	-	383
Key management personnel of the Company	-	355
Entities with significant influence to the Company	736	7
	$ 855	$ 1,039
Other payables:		
Entities with significant influence to the Company	$ 20,000	$ 20,602

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

	Year ended December 31	
	2022	2021
Key management personnel of the Company	$ 360	$ 56,824

(b) Disposal of property, plant and equipment:

	Year ended December 31			
	2022		2021	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
VALUEPLUS	$ -	$ -	$ 51	$ 51
Entities with significant influence to the Company	6,180	6,149	5,433	720
	$ 6,180	$ 6,149	$ 5,484	$ 771

(c) Acquisition of intangible assets:

	Year ended December 31	
	2022	2021
Infofab	$ -	$ 6,311

F. Lease transactions－lessee

	Year ended December 31	
	2022	2021
Rental income		
ATP	$ 2,838	$ 4,257
Infofab	-	1,052
Entities with significant influence to the Company	826	1,019
	$ 3,664	$ 6,328

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

G. Loans to/from related parties:

(a) Loans to OSEP

	December 31, 2022	December 31, 2021
Long-term accounts receivables due from related parties	$ -	$ 553,371
Less: Loss allowance	-	(34,864)
	$ -	$ 518,507

On October 27, 2022, the Board of Directors of the Company approved the debt waive of the company against the subsidiary OSE PHILIPPINES, INC. amounting to $34,864.

	Year ended December 31	
	2022	2021
Interest income	$ 2,079	$ 9,776

As of December 31, 2022 and 2021, interest income recognised in other receivables amounted to $0 and $4,103, respectively. For the years ended December 31, 2022 and 2021, interest income was both collected at 1.8% per annum.

H. Endorsements and guarantees

Endorsements and guarantees provided by the Company to related parties

	December 31, 2022	December 31, 2021
COREPLUS	$ 76,750	$ 69,175
OSEP	-	27,670
	$ 76,750	$ 96,845

Note 1: The amounts were translated from USD into NTD at exchange rates of USD 1 : NTD 30.70 and USD 1 : NTD 27.67 as of the date of 2022 and 2021 financial statements.

Note 2: The aforementioned amounts of endorsements and guarantees provided to related parties were the guaranty amount under the guaranty agreement between the Company and banks.

Note 3: As of December 31, 2022 and 2021, the actual amounts drawn down by the subsidiaries, which were endorsed and guaranteed by the Company, were $10,745 and $19,093 respectively.

I. Others

(a) The Company collects cash dividends and pays service fees on behalf of BVI. As of December 31, 2022 and 2021, the net amounts of collections and payments made on behalf of BVI were $77,953 and $78,066, respectively, recorded as other current liabilities.

(b) Expenses and fees paid to Infofab

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

(c) For the years ended December 31, 2022 and 2021, the Company recognised dividends from related parties in the amounts of $0 and $6,767, respectively. In addition, details of transactions of the Company's class B preferred shares held by an entity with significant influence to the Company are provided in Notes 6(18) and (27).

(d) The Company sold all its equity interests in ATP in August 2022, some of which were purchased by ATP as treasury shares at a transaction price of $137,067, resulting in a gain on disposal of $2,302. Datails of the disposal are provided in Note 6(7).

(e) For the years ended December 31, 2022 and 2021, the Company increased its capital in the wholly owned subsidiary, Hua-Cheng, in the amounts of $1,209,920 and $290,000, respectively.

(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
	$ 87,600	$ 88,301

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

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

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

B. 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 Company had letters of credit issued but not used amounting to US$112 thousand and US$358 thousand, respectively.

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

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 201,515	$ 203,667

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company 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 Company's strategy, which was unchanged from 2021, was to balance overall capital structure. As of December 31, 2022 and 2021, the Company's gearing ratio is as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 7,110,081	$ 7,897,047
Total assets	$ 16,860,857	$ 16,869,112
Gearing ratio	42%	47%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022		December 31, 2021	
Financial assets				
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	$	10,613	$	39,879
Financial assets at amortised cost				
Cash and cash equivalents (excluding cash on hand)	$	3,314,006	$	2,498,113
Financial assets at amortised cost		-		11,465
Notes receivable		155		146
Accounts receivable (including related parties)		3,006,495		3,320,661
Other receivables (including related parties)		40,840		70,981
Guarantee deposits paid		16,291		133,479
Long-term accounts receivable due from related parties		-		518,507
	$	6,377,787	$	6,553,352

	December 31, 2021		December 31, 2021	
Financial liabilities				
Financial liabilities at amortised cost				
Short-term borrowings	$	-	$	290,000
Short-term notes and bills payable		-		49,986
Notes payable		-		59,087
Accounts payable (including related parties)		2,921,588		3,085,463
Other payables (including related parties)		1,277,121		1,606,130
Long-term borrowings (including current portion)		1,148,962		648,394
Preference share liability		1,003,851		1,005,149
	$	6,351,522	$	6,744,209
Lease liability (including current and non-current)	$	161,310	$	194,842

B. Financial risk management policies

(a) The Company'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 Company 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 Company 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 Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company 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 Company'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 Company's purpose to hold certain investments in foreign operations is for strategic investments; thus, the Company does not hedge those investments.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 118,822	30.70	$ 3,647,835	1%	$ 36,478	$ -
JPY:NTD	805,561	0.2325	187,293	1%	1,873	-
Non-monetary items						
USD:NTD	20,714	30.70	635,907	1%	-	6,359
Financial liabilities						
Monetary items						
USD:NTD	71,492	30.70	2,194,804	1%	21,948	-
JPY:NTD	580,962	0.2325	135,074	1%	1,351	-

	December 31, 2021					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 153,237	27.67	$ 4,240,068	1%	$ 42,401	$ -
JPY:NTD	434,991	0.2405	104,615	1%	1,046	-
Non-monetary items						
USD:NTD	20,127	27.67	556,909	1%	-	5,569
Financial liabilities						
Monetary items						
USD:NTD	76,566	27.67	2,118,581	1%	21,186	-
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 Company for years ended December 31, 2022 and 2021 amounted to $104,875 and ($53,161), respectively.

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. The Company 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 Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

ii. The Company'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 $106 and $399, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Interest rate risk

The Company'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 Company arising from default by the counterparties of financial instruments on the contract obligations. The Company 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 Company'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 Company'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 Company’s total accounts and notes receivable. The credit concentration risk of the remaining accounts and notes receivable is immaterial.

iv. The Company’s treasury manages the credit risks of bank deposits and other financial instruments based on the Company’s credit policy. Because the Company’s counterparties are determined based on the Company’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 Company classifies customers’ contract assets and notes and accounts receivable in accordance with credit rating of customer, geographic area and industry sector. The Company applies the simplified approach using a provision matrix to estimate the expected credit loss.

vii. The Company 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:

December 31, 2022		Overdue					
IC semiconductor group	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Gross carrying amount (Note)	$ 1,846,741	$ 136,782	$ 47,621	$ 182	$ 604	$ -	$ 2,031,930
Lifetime expected credit losses	(4,270)	(4,402)	(4,500)	(17)	(84)	-	(13,273)
Carrying amount	$ 1,842,471	$ 132,380	$ 43,121	$ 165	$ 520	$ -	$ 2,018,657
Loss ratio	0%~0.36%	0%~3.73%	0%~9.45%	0%~9.55%	0%~13.89%	100%	

		Overdue					
Electronics manufacturing services group	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Gross carrying amount (Note)	$ 1,192,926	$ 52,151	$ 15,106	$ 58	$ -	$ -	$ 1,260,241
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying amount	$ 1,192,926	$ 52,151	$ 15,106	$ 58	$ -	$ -	$ 1,260,241
Loss ratio	0%	0%	0%	0%	0%	100%	

December 31, 2021		Overdue					
IC semiconductor group	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Gross carrying amount (Note)	$ 2,445,447	$ 68,416	$ 6,157	$ 8,815	$ 2,752	$ -	$ 2,531,587
Lifetime expected credit losses	(1,325)	(712)	(713)	(1,240)	(1,456)	-	(5,446)
Carrying amount	$ 2,444,122	$ 67,704	$ 5,444	$ 7,575	$ 1,296	$ -	$ 2,526,141
Loss ratio	0%～0.13%	0%～2.48%	0%～13.55%	0%～14.07%	52.91%	100%	

		Overdue					
Electronics manufacturing services group	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Gross carrying amount (Note)	$ 1,072,875	$ 17,597	$ 225	$ 59	$ -	$ -	$ 1,090,756
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying amount	$ 1,072,875	$ 17,597	$ 225	$ 59	$ -	$ -	$ 1,090,756
Loss ratio	0%	0%	0%	0%	0%	100%	

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

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

	Year ended December 31		
	2022	2021	
	Accounts receivable	Accounts receivable	Other receivables
At January 1	$ 5,446	$ 20,938	$ 1,200
Provision for impairment	7,827	-	-
Reversal of impairment loss	-	(15,492)	(1,200)
At December 31	$ 13,273	$ 5,446	$ -

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 Company'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 Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
December 31, 2022					
Accounts payable (including related parties)	$ 2,921,588	$ -	$ -	$ -	$2,921,588
Other payables (including related parties)	1,277,121	-	-	-	1,277,121
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
December 31, 2021					
Non-derivative financial liabilities:					
Short-term borrowings	$ 291,916	$ -	$ -	$ -	$ 291,916
Short-term notes and bills payable	50,000	-	-	-	50,000
Notes payable	59,087	-	-	-	59,087
Accounts payable (including related parties)	3,085,463	-	-	-	3,085,463
Other payables (including related parties)	1,606,130	-	-	-	1,606,130
Long-term borrowings (including current portion)	65,820	273,122	280,634	44,082	663,658
Preference share liabilities	20,000	40,054	945,095	-	1,005,149
Lease liabilities	31,400	56,603	28,532	104,827	221,362

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of the Company'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.

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

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Equity securities	$ -	$ -	$ 10,613	$ 10,613

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
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	-	14,304	25,575	39,879
	$ -	$ 14,304	$ 26,836	$ 41,140

(b) The methods and assumptions the Company 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)H.

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

E. 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 year	-	(32,727)
At December 31	$ 1,261	$ 25,575

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

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

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

	Fair value at 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

I. The Company 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 and liabilities 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
Financial assets						
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
Financial assets						
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 Company 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 Company’s overall operations and financial position.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 5.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 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

Not applicable.

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 December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Footnote
													Item	Value			
0	Orient Semiconductor Electronics,Limited	OSE PHILIPPINES, INC.	Long-term accounts receivables due from related parties	Y	$ 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)

		Party being endorsed/guaranteed												
No. (Note 1)	Endorser/guarantor	Company name	Relationship with the endorser/ guarantor	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
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)

					Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	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 (USD 12,726)	$ 529,741 (USD 17,595)	$ 529,741 (USD 17,595)	$ 58,009 (USD 1,927)	MICROSEMI SEMICONDUCTORS-MANILA (PHILIPPINES),INC.	Non-related party	Effectively use of the Group's resource	Appraisal report and mutual agreement	None

Note: 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)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Orient Semiconductor Electronics,Limited	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

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

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				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.

Orient Semiconductor Electronics, Limited and Subsidiaries

Information on investees

Year ended December 31, 2022

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2022					
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	Investment income (loss) recognised by the Company for the year ended December 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 abovemetioned 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: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022: Remitted back to Taiwan	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
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)

	Sale (purchase)		Service revenue		Accounts receivable (payable)		Other receivables		Provision of endorsements/guarantees or collaterals		Financing				Other
Investee in Mainland China	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.

VI. Financial difficulties of the company and its affiliated enterprises: None.

VII. Review and analysis of financial status and financial performance and risk matters

I. Financial status

Unit: NTD thousand

Item \ Fiscal Year	2022	2021	Increase(decrease) amount	Proportion of change	Analysis of change (Note)
Current assets	9,475,031	8,925,236	549,795	6.16%	
Property, plant and equipment	5,220,775	5,403,685	(182,910)	(3.38%)	
Intangible assets	47,547	32,972	14,575	44.20%	
Other assets	2,203,431	2,656,596	(453,165)	(17.06%)	
Total assets	16,946,784	17,018,489	(71,705)	(0.42%)	
Current liabilities	4,684,321	5,695,853	(1,011,532)	(17.76%)	
Non-current liabilities	2,511,687	2,350,571	161,116	6.85%	
Total liabilities	7,196,008	8,046,424	(850,416)	(10.57%)	
Equity attributed to owners of the parent company	9,750,776	8,972,065	778,711	8.68%	
Capital	7,355,099	7,356,119	(1,020)	(0.01%)	
Capital reserve	238,171	234,897	3,274	1.39%	
Retained earnings(loss)	2,350,299	1,545,928	804,371	52.03%	(I)
Other equity	(192,793)	(164,879)	(27,914)	16.93%	
Total equity	9,750,776	8,972,065	778,711	8.68%	

(Note): Analysis for proportion of change between the current and the previous period which reaches 20% and the amount is considerable

Analysis for proportion of change:

(I) Retained earnings increased by NT$804,371 thousand year on year, mainly due to the distribution of cash dividends of NT$733,916 thousand for 2021, the increase of NT$96,368 thousand in the remeasurement of defined benefit plans, proceeds from the disposal of financial assets measured at fair value through other comprehensive income 6,734 thousand that were directly recognized in retained earnings, and an increase of NT$1,448,653,000 thousand in profit or loss for the current period.

II. Financial performance

Unit: NTD thousand

Item	2022	2021	Increase(decrease) amount	Proportion of change	Analysis of change (Note)
Operating revenue	15,531,669	15,948,138	(416,469)	(2.61%)	
Operating margin	2,522,924	2,936,744	(413,820)	(14.09%)	(I)
Operating income (loss)	1,433,300	1,876,281	(442,981)	(23.61%)	(I)
Non-operating income and expenses	334,988	62,895	272,093	432.61%	(II)
Net income (loss) before tax	1,768,288	1,939,176	(170,888)	(8.81%)	
Net income(loss) from continuing operations	1,448,653	1,530,581	(81,928)	(5.35%)	
Loss of discontinued operations	—	—	—	—	—
Net income (loss)	1,448,653	1,530,581	(81,928)	(5.35%)	
Other comprehensive income /loss (net of tax) of current period	54,197	(169,503)	223,700	(131.97%)	(III)
Total comprehensive income (loss)	1,502,850	1,361,078	141,772	10.42%	
Net income attributed to the owner of parent company	1,448,653	1,530,581	(81,928)	(5.35%)	
Net income attributed to non-controlling interest	—	—	—		
Total comprehensive income attributed to the owner of parent company	1,502,850	1,361,078	141,772	10.42%	
Total comprehensive income attributed to non-controlling interest	—	—	—		
EPS (Note)	2.02	2.24			

Note: Analysis for proportion of change between the current and the previous period which reaches 20% and the amount is considerable

Analysis for proportion of change:

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

In 2022, impacted by international political and economic situations such as the Russia-Ukraine war, global inflation, strong interest rate hikes by the US's Federal Reserves, the global economy slowed down, and so did the demand for electronic consumer products. China's economic performance plummeted, mainly due to its zero-COVID policy, driving down customer orders and reducing the operating revenue in this period compared with 2021. In addition, the reduction in orders led to a decreased utilization rate, which resulted in the reduction of gross operating profits and net income for the current period.

(II) Non-operating income and (expenses):

(1) (3) Finance cost decreased by 21.86% and interest income increased by 189.79% compared with 2021 due to the Company's continuous efforts to maintain a sound capital structure.

(2) The USD exchange rate was depreciating in 2021 but appreciating in 2022, with the appreciation amplitude in 2022 surpassing the depreciation one in 2021, causing the net foreign exchange gain to increase by 303.19%.

(3) In 2022, the gain on disposal of asset and the recognition of dividend income from financial assets measured at fair value through other comprehensive income increased, resulting in an increase of 546.08% in other income and interests;

(III) Other comprehensive income /loss (net of tax) of current period

(1) Due to the appreciation of government bond yields, the remeasurements of defined benefit plan of the current period generated a valuation gain of NT$1.2 billion, up 165.68% year on year.

(2) In this period, due to the completion of liquidation of investees underlying the equity investment measured at fair value through other comprehensive income, and due to the decline in share price of investees underlying subsidiaries" equity instrument investment measured at fair value through other comprehensive income when compared to the previous period, unrealized valuation loss increased by 5,561.80% from the previous period.

(3) As a result of appreciation of USD,gains from translation of financial statements of foreign operations increased from the previous period by 118.75%.

(4) In conclusion, other comprehensive income increased by 131.97% compared to the same period of last year.

III. Cash flow

(I) An analysis of changes in cash flows for the most recent year is presented below.

Unit: NTD thousand

The amount of cash in the beginning of the period	Net cash flow from operating activities for this year	Net cash flows from investing activities for this year	Net cash flows from fundraising activities for this year	Effects of exchange rate changes on the balance of cash held in foreign currencies	Cash surplus A＋B－C
2,723,171	2,767,955	(858,748)	(664,837)	(21,723)	3,945,818

Analysis of changes in cash flows for 2022:

(1) Operating activities: Cash inflows from operating activities were mainly due to the increase in net profit for 2022.

(2) Investing activities: The net cash outflow from investing activities was mainly due to the acquisition of machinery and equipment in 2022.

(3) Financing activities: The net cash outflow from financing activities was mainly due to the payment of cash dividends for 2022.

(II) Analysis of cash liquidity for the coming year

Unit: NTD thousand

Cash balance in the beginning of the year A	Projected net cash flow provided by operating activities in the whole year B	Projected cash outflow in the whole year C	Projected cash balance A+B-C
3,945,818	1,689,545	3,028,448	2,606,915

Analysis interpretation:

The Company project that the cash flow from the operating activities in the coming year is about NT$1,689,545 thousand, cash outflow in the whole coming year is about NT$3,028,448 thousand, cash balance in the end of the year is about NT$2,606,915 thousand.

IV. Major capital expenditures in the most recent years and the impact on finance and business

(I) Use status of major capital expenditures and source of the capital

1. Semiconductor Group

Plan	Actual or planned source of capital	Total capital amount	Actual or planned use status of capital		
			2021	2022	2023
Machinery and plant equipment	Self-owned funds or bank loans	1,128,320	371,187	663,345	93,788

2. Electronics Manufacturing Services Group

2. Electronics Manufacturing Services Group

Plan	Actual or planned source of capital	Total capital amount	Actual or planned use status of capital	
			2022	2023
Machinery and plant equipment	Self-owned funds or bank loans	102,593	81,206	21,387

(II) The impact on finance and business:

1. Production capacity is expanded to respond to market changes and clients' needs.
2. Increase the automatic production equipment to lower the dependence on the manpower, reduce the production procedure and improve the production quality.

V. Reinvestment policy in the most recent year, main reasons for profits or losses, improvement plans and investment plans for the coming year:

The Company's reinvestment policy is mainly to support the Company's efforts to cultivate its business and to increase Shareholders' equity through investment income; currently, the Company has established the "Criteria for Acquired or Disposed of Assets" in order to keep track of the financial and business status of its investment. In addition, the internal control system provides the regulation of "Subsidiaries Supervision Provisions" in order to supervise the subsidiaries to establish relevant procedures for major financial and business matters, and to supervise the implementation or establishment of subsidiary risk management mechanisms in accordance with the law, in order to maximize operating performance.

The Company's Board of Directors meeting and shareholders' meeting dated April 30, 2022 resolved to allow Orient Semiconductor Electronics Philippines,Inc.(OSEP) to apply to local Securities & Exchange Commission for reducing OSEP's surviving period to July 31, 2023 to undergo a liquidation proceeding before that date; the application was approved.

Investment plans for the coming year will be carefully evaluated and submitted to the Board Meeting for approval, depending on the overall industry conditions, and the Company's business development needs.

VI. Risks for the most recent year and up to the date of printing the Annual Report

(I) The influence of changes in Interest rates, foreign exchange rates and inflation on corporate losses of profits, and future countermeasures:

1. In response to the change of international political and economic situation, it keeps in touch with banks to acquire the latest relevant information and take the countermeasures such as conversion of the liabilities currency, expediting the re-payment for the foreign currency liabilities to achieve the effect of hedging.
2. The receiving and paying of the foreign currency resulting from the sales and purchases transactions will offset mutually to lower the risks of foreign currency exchange losses.

(II) Policies, main reasons for profits or losses and future countermeasures with respect to engaging in high-risk, high-leverage investments, loaning to others, endorsements and guarantees and derivatives transactions:

1. To control the financial risks with caution, the Company doesn't engage in the high-risk,

high-leverage investments.

2. The Company has formulated the "Operational Procedure for Loaning to Others," "Operational Procedure for Endorsements and Guarantees" and "Operating Procedure for Assets Acquisition and Disposal" to manage the related operations.
3. Please refer to the p.172 for the Company's total amount of loans to others in 2022 and p.173 for the amounts of endorsements and guarantees for others in 2022.

(III) Future R&D plan and estimated R&D expenses:

In 2022, the Company's total expenditure on research & development was NT$340 million. In the future the Company will continue the to develop advanced technology, to increase the value of its existing production capabilities through the use of new technologies, and to strengthen its competitiveness in the market for high-end products and new application products. In 2023, the Company expects to invest roughly NT$350 million in research & development; however, such amount may be adjusted whenever needed based on the market conditions in the world and the actual operational conditions of the Company. A summary of the Company's future major research and development plans is as follows:

Plan	Description	Current progress	Expected mass production time
High heat dissipation packaging system	Due to the high demand for electronic products of high speed, semiconductor devices will generate a high temperature, which affects the function of products and their operation. The Company expects itself to create high heat-dissipation packaging systems to improve semiconductors whose performance is hampered by heat.	Under development	2024
Ultra-thin memory	In order to satisfy the demand of thinner products for wearable devices such as the Metaverse AR / VR in the coming years, thin products with a high capacity of memory will be developed.	Under development	2024
Third-generation semiconductors	In response to a growing demand for components of high power in electric cars, we will develop packaging technology for third-generation semiconductors.	Under development	2023
Energy saving materials	In order to address the requirement on energy savings and reduction of carbon emissions, we will cooperate with the manufacturer of the materials on design and verification of energy saving packaging materials.	Under development	2023
High performance memory card	To address the demand for high-speed and high-capacity memory cards to be used in future game consoles, we will develop high-performance memory cards that meet the SDA specifications.	Under validation by clients	2023

(IV) The influence of change for important domestic or foreign policies and laws on finance and business and the countermeasures:

The Company pays close attention at any time to any policies and laws that will possibly affect the business and operations of the company to adjust the company's internal system. There is no occurrence on the change for the important domestic/foreign policies and laws and their effects on finance and business in the most recent year and by the date of the annual report publication

(V) The influence of changes in technology (including information and communication security risks) and industry on corporate finance and business and countermeasures:

1. The Company's business mainly focuses on semiconductor packaging and testing services, electronic manufacturing services, it continues collecting the business information regarding the changes of technology industry and strengthen the management and R&D teams to keep the technical lead in the industry and grasp the effect of this part on our business and finance.
2. With the constant improvement of the techniques in the semiconductor industry, the Company is devoted to R&D of products and market development in response to the changes of technology and industry to assist the company's finance and business in a positive way.
3. With the development of information technology, the information security challenges faced by enterprises are more daunting. To reduce the risk of information security, the Company has established an information security risk management framework, formulated an information security policy, and adopted specific management approaches to reduce the risk of information security, thereby protecting the Company’s important assets and information.

(VI) The influence of changes in corporate image on corporate risk management and countermeasures:

The Company has established the extensive countermeasures for corporate risk management including the procedure for establishing project response team when it is necessary. If the Company encounters crisis may cause the change in corporate image, it will immediately establish the response team and take the necessary countermeasure to minimize the personal injury, business interruption and finance impact and maintain the operation smoothly.

(VII) The expected benefits and potential risks of mergers and acquisitions and countermeasures: N/A.

(VIII) The expected benefits and potential risks of plant expansion and countermeasures: The cost-effectiveness of the expansion of the Company's plants is evaluated by the responsible unit as per the overall development plan. It is expected to provide clients with more immediate and complete services, seize business opportunities and the benefits of cost control. The plant expansion plan is regularly evaluated and reviewed before and after capital expenditure to minimize the potential negative impact.

(IX) Risks of supplier or client concentration and countermeasures: The Company strives to diversify its suppliers and customers, and there is no risk of concentration of suppliers and customers that may present potential risks to the Company.

(X) The influence and risk of the massive transaction or conversion of shares of the Directors, Supervisors or dominant Shareholders holding over 10% of the stakes and countermeasures: none.

(XI) The influence and potential risks of management right change and countermeasures: none.

(XII) For litigious or non-litigious events, list the major litigious events, non-litigious events or administrative remedies with confirmed verdicts or in progress of the Company and its Directors, Supervisors, General Managers, actual person-in-charge, and Shareholders holding over 10% of the stakes, subsidiaries and affiliates. When the results of such events and remedies may have potential influence on the shareholders’ equity or stock price, disclose the fact in dispute, the amount in dispute, the start date of event, principal parties involving in the event, and the handling status by the date of annual report publication: None.

(XIII) Other important risks and countermeasures:

The influence of unexpected abnormality for information system on the company operation and protection and control measures:

(1) In the information system infrastructure, after considering high availability and backup load,
the Company established off-site communication connection, host off-site backup plans, and consolidate cloud service providers and other mechanisms, and strive to reduce service interruptions caused by equipment abnormalities. In addition to strengthening backup media protection, the Company also strengthened data security so it can start recovery smoothly and maintain the data requirements for its operation and maintenance;

(2) The Company has the specialized teams of the development and maintenance for company's major systems, production systems, ERP systems. In addition to the protection of all the major procedures from operating smoothly, the information system can adjust according to the change of the Company to ensure the constant operation and the flexible extension for the Company. Moreover, the system interruption resulting from abnormality of human or system development vendor can be reduced because of the protection and management of major information system by specialized teams.

(3) Since the annual regular audit is requested by internationally well recognized enterprises, including business secrets, laws and regulations, manufacturing process, information system and so on, the Comply can adjust the system, management and control measures to comply with their requirement and the operation requirement. Currently, it continue auditing and improving the information system to lower the operating impacts and recover the operations rapidly when the risk occurs and reduce the losses of the customers and maintain the operations of the Company.

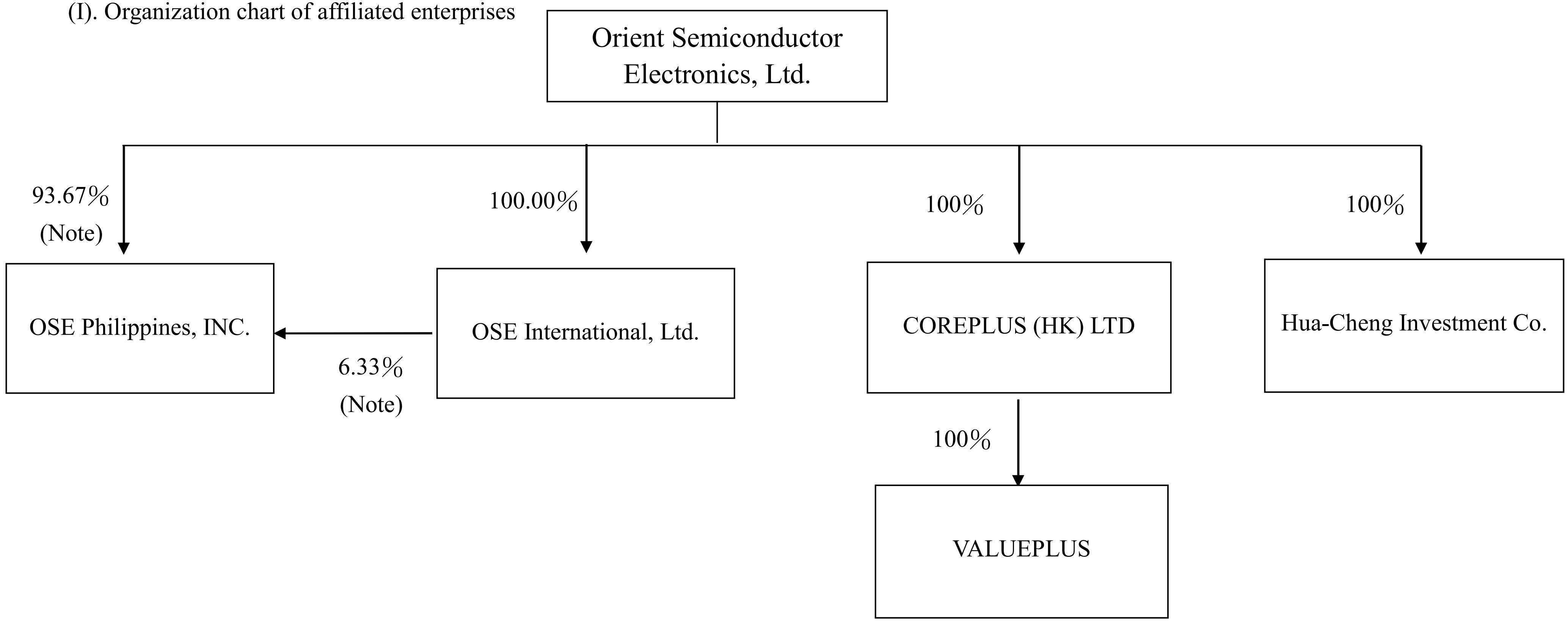
VII. Other material information: None

VIII. Special Disclosure

I. Information of affiliated enterprises

Consolidated business reports of affiliated enterprises

(I). Organization chart of affiliated enterprises



(Note) The Company directly held 93.67% of equity interest of OSE Philippines INC, plus the equity of 6.33% held by the Company's subsidiary (OSE International Limited.), the equity held in total was 99.99%.

(II). Basic information on OSE's affiliated enterprises

December 31, 2022

Name of affiliate	Date of establishment	Address	Paid- in capital.	Major items of operation or production
OSE PHILIPPINES, INC.	1996. 6.11	The Philippines	USD 134,352,476	(1) IC and all kinds of semiconductor parts (2) The research, design, production, assembly, processing, testing and after-sale services of ICs and semiconductor components. (Production is halted)
OSE INTERNATIONAL LTD.	1999.11.19	The British Virgin Islands	USD 16,000,000	Investment holding.
COREPLUS (HK) LTD.	2008.11.10	Hong Kong	USD 7,500,000	Operations of raw material purchase and processing, assembly outsourcing.
VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD.	2005.9.14	Jiangsu, China	USD 11,000,000	Substrate SMT of electronic parts, parts insertion and welding, relevant testing, assembly processing, self-manufactured products sales, corresponding technical maintenance and after-sale services.
Ennoconn International Investment Co., Ltd.	2021.01.14	Hsinchu, Taiwan	$1,389,934,370	Investment holding.

(III) For companies presumed to have a relationship of control and subordination with OSE, disclose the information of identical Shareholders: N/A.

(IV) Operating relationship interpretation

1. The industries covered by the business operated by all OSE affiliated enterprises: Please refer to (II) basic information on OSE's affiliated enterprises.
2. The connections exist among the businesses operated by the affiliated enterprises, and the situation of the mutual dealings and division of work among them: All the affiliated enterprises of the Company build to order and operate individually.

(V) The information of Directors, Supervisors and General Managers of all the affiliated companies

Name of affiliate	Title	Name or representative	Shareholdings	
			Share	% of shareholding (voting rights)
OSE PHILIPPINES, INC.	Chairman/General Manager	Yueh-Ming Tung	1	0.00%
	Director/CFO	Simon Hung	1	0.00%
	Director/AVP-HR	Chen-Ling Lai	1	0.00%
	Director/Accounting Manager	Shu-Yung Chu	1	0.00%
OSE INTERNATIONAL LTD.	Chairman	OSE Institutional representative: Yueh-Ming Tung	16,000,000	100.00%
	General Manager	Yueh-Ming Tung	—	—
Hua-Cheng Investment Co.	Chairman	Orient Semiconductor Electronics (Representative: Chen-Han Su)	138,993,437	100.00%
	Director	Orient Semiconductor Electronics (Representative: Simon Hung)	138,993,437	100.00%
	Director	Orient Semiconductor Electronics (Representative: Shu-Yung Chu)	138,993,437	100.00%
COREPLUS (HK) LTD.	Chairman	OSE(Institutional representative: Simon Hung)	7,500,000	100.00%
	Director	OSE (Institutional representative: Yue-Ming Dong)	7,500,000	100.00%
	Director	OSE (Institutional representative: Yueh-Ming Tung)	7,500,000	100.00%
VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD.	Chairman	COREPLUS (HK) LTD. (Institutional representative: Simon Hung)	—	100.00%
	Director	COREPLUS (HK) LTD. (Institutional representative: Yueh-Ming Tung)	—	100.00%
	Director	COREPLUS (HK) LTD. (Institutional representative: Tzu Ming Liu)	—	100.00%

(VI). Operating status of all the affiliated enterprises

Unit: NTD thousand

Name of affiliate	Capital amount	Total assets	Total liabilities	Net worth	Operating revenue	Operating income(loss)	Net income or loss for current period (after tax)
OSE PHILIPPINES, INC.	$ 4,124,621 USD 134,352,476	$ 10,409 USD 339,058	$ 24,811 USD 808,175	$ (14,402) (USD 469,117)	–	$ (3,439) (USD 114,231)	$ 39,934 USD 1,326,378
OSE INTERNATIONAL LTD.	491,200 USD 16,000,000	325,908 USD 10,615,892	–	325,908 USD 10,615,892	–	(158) (USD 5,246)	5,667 USD 188,215
Hua-Cheng Investment Co.	1,389,934	1,493,366	4,134	1,489,232	$54,949	52,883	52,880
COREPLUS (HK) LTD.	230,250 USD 7,500,000	490,777 USD 15,986,217	169,042 USD 5,506,260	321,735 USD 10,479,957	482,878 USD 16,038,477	4,543 USD 150,903	(6,697) (USD 222,430)
VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD.	337,700 USD 11,000,000	104,476 CNY 23,701,479	46,119 CNY 10,462,500	58,357 CNY 13,238,979	152,054 CNY 32,883,561	(17,859) (CNY 3,862,203)	(11,967) (CNY 2,588,082)

Note: If the affiliated enterprises are foreign companies, list the relevant numbers in NTD according to the exchange rate in the report date.
(Exchange rate at the end of the period: NTD:USD=30.70:1, NTD:RMB= 4.408:1; average rate: NTD:USD=30.10749:1, NTD:RMB= 4.624:1)

Consolidated financial statements of Affiliated Enterprises

In the fiscal year of 2022 (from January 1, 2022 to December 31, 2022), the consolidated entities within the consolidated financial statement of affiliated enterprises in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are identical to the entities within the consolidated financial statement in accordance with the International Accounting Standard No. 27. All information that is required to be disclosed in the consolidated financial statements of affiliated enterprises and subsidiaries is the same as the information required to be disclosed in the consolidated financial statements of affiliated enterprises. Therefore, the Company would not prepare the consolidated financial statement of affiliated enterprises separately.

Affiliation Report

The Company is not subordinate company stated in the Chapter Affiliated Enterprises of the Company Act, so it is free from preparing the affiliation report to state the affiliation between the controlling company.

II. Private placements of securities in the most recent year and by the date of annual report publication: none

III. Stocks of the Company held or disposed by subsidiaries in the most recent year and by the date of annual report publication: none

IV. Other required supplementary notes: none

V. Events with material impacts on shareholder equity or stock price as specified in Item 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the recent year and by the date of annual report publication: none