ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

MARCH 31, 2023 AND 2022

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Orient Semiconductor Electronics, Limited and subsidiaries (the "Group") as at March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As explained in Notes 4(3) B and 6(6), the financial statements of certain insignificant consolidated subsidiaries, investments accounted for using equity method and information disclosed in Note 13 were not reviewed by independent auditors. Total assets of these subsidiaries (including investments accounted for using equity method) amounted to NT$781,719 thousand and NT$1,885,959 thousand, constituting 5% and 11% of the consolidated total assets as at March 31, 2023 and 2022, respectively, total liabilities amounted to NT$150,719 thousand and NT$187,664 thousand, constituting 2% and 3% of the consolidated total liabilities as at March 31, 2023 and 2022, respectively, and the total comprehensive loss (including share of profit or loss of associates and joint ventures accounted for using equity method) amounted to (NT$13,865) thousand and NT$14,114 thousand, constituting (3%) and 4% of the consolidated total comprehensive (loss) income for the three-month periods then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries, investment accounted for using equity method and information disclosed in Note 13 been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

Wang, Kuo-Hua Chiang, Tsai-Yen
For and on behalf of PricewaterhouseCoopers, Taiwan
April 26, 2023

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

	Assets	Notes	March 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%	March 31, 2022 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 3,292,177	20	$ 3,945,818	23	$ 3,174,199	19
1136	Current financial assets at amortised cost	6(3)	243,520	2	245,600	1	-	-
1140	Current contract assets	6(21)	243,424	2	272,248	2	285,944	2
1150	Notes receivable, net	6(4)	103	-	155	-	-	-
1170	Accounts receivable, net	6(4)	2,984,468	18	3,022,087	18	2,765,479	16
1180	Accounts receivable due from related parties, net	6(4) and 7	76	-	399	-	305,112	2
1200	Other receivables		34,028	-	38,894	-	39,657	-
1210	Other receivables due from related parties	7	-	-	-	-	10,285	-
1220	Current tax assets		89	-	-	-	-	-
130X	Inventories	6(5)	1,521,913	9	1,818,028	11	1,860,808	11
1410	Prepayments		107,082	1	107,990	1	105,578	1
1460	Non-current assets or disposal groups classified as held for sale, net	6(11)	-	-	-	-	136,137	1
1479	Other current assets, others		25,015	-	23,812	-	16,102	-
11XX	**Current Assets**		8,451,895	52	9,475,031	56	8,699,301	52
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	1,311,998	8	1,021,427	6	475,616	3
1550	Investments accounted for using equity method	6(6)	1,704	-	1,843	-	480,762	3
1600	Property, plant and equipment	6(7) and 8	5,128,296	32	5,220,775	31	5,447,670	33
1755	Right-of-use assets	6(8)	161,517	1	166,755	1	191,772	1
1780	Intangible assets	6(10)	79,246	1	47,547	-	33,225	-
1840	Deferred tax assets		990,246	6	973,068	6	1,116,587	7
1915	Prepayments for business facilities		46,995	-	20,581	-	42,880	-
1920	Guarantee deposits paid	8	16,461	-	17,098	-	134,555	1
1990	Other non-current assets, others		2,760	-	2,659	-	3,317	-
15XX	**Non-current assets**		7,739,223	48	7,471,753	44	7,926,384	48
1XXX	**Total assets**		$ 16,191,118	100	$ 16,946,784	100	$ 16,625,685	100

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

			March 31, 2023		December 31, 2022		March 31, 2022	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Current borrowings	6(12) and 8	$ -	-	$ -	-	$ 636,717	4
2130	Current contract liabilities	6(21)	76,268	1	77,879	-	89,293	1
2150	Notes payable		-	-	-	-	2,452	-
2170	Accounts payable		2,479,884	15	3,042,415	18	3,114,017	19
2180	Accounts payable to related parties	7	8	-	736	-	1,494	-
2200	Other payables	6(13)	834,457	5	1,299,565	8	1,036,128	6
2220	Other payables to related parties	7	24,932	-	20,000	-	46,324	-
2230	Current tax liabilities		46,928	-	123,863	1	-	-
2250	Current provisions		14,382	-	14,439	-	11,063	-
2280	Current lease liabilities		28,057	-	27,958	-	31,820	-
2320	Long-term liabilities, current portion	6(14) and 8	2,904	-	-	-	15,375	-
2365	Current refund liabilities		27,853	-	21,068	-	26,005	-
2399	Other current liabilities, others		59,185	1	56,398	-	166,342	1
21XX	**Current Liabilities**		3,594,858	22	4,684,321	27	5,177,030	31
	Non-current liabilities							
2540	Non-current portion of non-current borrowings	6(14) and 8	1,146,058	7	1,148,962	7	535,587	3
2580	Non-current lease liabilities		126,300	1	133,352	1	159,873	1
2635	Non-current preference share liabilities	6(16)	1,003,532	6	1,003,851	6	1,004,829	6
2640	Net defined benefit liability, non-current		134,845	1	185,658	1	339,116	2
2645	Guarantee deposits received		38,085	-	39,864	-	55,050	1
25XX	**Non-current liabilities**		2,448,820	15	2,511,687	15	2,094,455	13
2XXX	**Total Liabilities**		6,043,678	37	7,196,008	42	7,271,485	44
	Equity attributable to owners of parent							
	Share capital	6(17)(18)						
3110	Share capital - common stock		5,553,083	34	5,553,299	33	5,554,167	33
3120	Preference share		1,801,800	11	1,801,800	11	1,801,800	11
	Capital surplus	6(19)						
3200	Capital surplus		238,387	2	238,171	1	235,049	1
	Retained earnings	6(20)						
3310	Legal reserve		192,241	1	192,241	1	53,719	-
3320	Special reserve		157,357	1	157,357	1	106,988	1
3350	Unappropriated retained earnings		2,180,422	14	2,000,701	12	1,752,584	11
	Other equity interest							
3400	Other equity interest		24,150	-	(192,793)	(1)	(150,107)	(1)
31XX	**Equity attributable to owners of the parent**		10,147,440	63	9,750,776	58	9,354,200	56
3XXX	**Total equity**		10,147,440	63	9,750,776	58	9,354,200	56
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 16,191,118	100	$ 16,946,784	100	$ 16,625,685	100

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)
(Reviewed, not audited)

			Three months ended March 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21) and 7	$ 3,253,411	100	$ 3,838,900	100
5000	Operating costs	6(5)(10)(26)(27) and 7	(2,932,004)	(90)	(3,187,216)	(83)
5900	Net operating margin		321,407	10	651,684	17
	Operating expenses	6(10)(26)(27)				
6100	Selling and administrative expenses		(141,173)	(4)	(189,511)	(5)
6300	Research and development expenses		(87,429)	(3)	(74,678)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	8,199	-	(21,011)	(1)
6000	Total operating expenses		(220,403)	(7)	(285,200)	(8)
6900	Operating profit		101,004	3	366,484	9
	Non-operating income and expenses					
7100	Interest income	6(22)	6,618	-	970	-
7010	Other income	6(23) and 7	20,601	1	11,003	-
7020	Other gains and losses	6(24)	(21,486)	(1)	80,308	2
7050	Finance costs	6(25)	(8,821)	-	(5,748)	-
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method	6(6)	(167)	-	12,958	1
7000	Total non-operating income and expenses		(3,255)	-	99,491	3
7900	**Profit before income tax**		97,749	3	465,975	12
7950	Income tax expense (benefit)	6(28)	81,972	2	(98,612)	(2)
8200	**Profit for the period**		$ 179,721	5	$ 367,363	10
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	$ 220,519	7	$ 605	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	-	-	1,992	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		220,519	7	2,597	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(4,470)	-	10,869	-
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(6)	-	-	1,746	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)	894	-	(2,523)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(3,576)	-	10,092	-
8300	**Total other comprehensive income for the period**		$ 216,943	7	$ 12,689	-
8500	**Total comprehensive income for the period**		$ 396,664	12	$ 380,052	10
	Profit, attributable to:					
8610	Owners of parent		$ 179,721	5	$ 367,363	10
	Comprehensive income attributable to:					
8710	Owners of parent		$ 396,664	12	$ 380,052	10
	Basic earnings per share	6(29)				
9750	Basic		$	0.25	$	0.52
9850	Diluted		$	0.24	$	0.50

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars
(UNAUDITED)

		Equity attributable to owners of the parent									
		Share capital			Retained earnings			Other equity interest			
	Notes	Ordinary share	Preference share	Capitial 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
Three months ended March 31, 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 period		-	-	-	-	-	367,363	-	-	-	367,363
Other comprehensive income		-	-	-	-	-	-	10,092	2,597	-	12,689
Total comprehensive income		-	-	-	-	-	367,363	10,092	2,597	-	380,052
Share-based payment transactions	6(17)	(152)	-	152	-	-	-	-	-	2,083	2,083
Balance at March 31, 2022		$ 5,554,167	$ 1,801,800	$ 235,049	$ 53,719	$ 106,988	$ 1,752,584	($ 31,819)	($ 112,848)	($ 5,440)	$ 9,354,200
Three months ended March 31, 2023											
Balance at January 1, 2023		$ 5,553,299	$ 1,801,800	$ 238,171	$192,241	$ 157,357	$ 2,000,701	($ 11,936)	($ 180,857)	$ -	$ 9,750,776
Profit for the period		-	-	-	-	-	179,721	-	-	-	179,721
Other comprehensive (loss) income		-	-	-	-	-	-	(3,576)	220,519	-	216,943
Total comprehensive income (loss)		-	-	-	-	-	179,721	(3,576)	220,519	-	396,664
Share-based payment transactions	6(17)	(216)	-	216	-	-	-	-	-	-	-
Balance at March 31, 2023		$ 5,553,083	$ 1,801,800	$ 238,387	$192,241	$ 157,357	$ 2,180,422	($ 15,512)	$ 39,662	$ -	$ 10,147,440

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Three months ended March 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 97,749	$ 465,975
Adjustments			
Adjustments to reconcile profit (loss)			
Deprecication expense	6(7)(8)(26)	257,775	291,863
Amortization expense	6(10)(26)	10,715	7,412
(Gain) loss on expected credit impairment	12(2)	(8,199)	21,011
Losses on financial assets at fair value through profit or loss	6(24)	-	1,261
Interest expense	6(25)	8,821	5,748
Interest income	6(22)	(6,618)	(970)
Compensation cost of share-based payments	6(17)	-	2,083
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(6)	167	(12,958)
Gain on disposal of non-current assets held for sale	6(24)	-	(54,271)
Gain on disposal of property, plant and equipment	6(24)	(214)	(5,771)
Scrapping inventory and loss on decline in market value	6(5)	138,192	3,701
Gain arising from lease modifications		-	(1,772)
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease in contract assets		28,824	10,146
Decrease in notes receivable		52	146
Decrease in accounts receivable		30,305	108,168
Decrease in accounts receivable due from related parties		15,404	153,297
Decrease in other receiables		5,339	17,600
Decrease in other receivables due from related parties		-	51,658
Decrease (increase) in inventories		155,709	(32,304)
Decrease in prepayments		1,035	2,961
Increase in other current assets, others		(1,207)	(59)
Decrease in other non-current assets, others		-	598
Changes in operating liabilities			
(Decrease) increase in contract liabilities		(1,612)	293
Decrease in accounts payable		(561,575)	(112,260)
Decrease in accounts payable to related parties		(728)	(9,653)
Decrease in other payables		(403,399)	(377,742)
Increase in other payables to related parties		-	406
(Decrease) increase in current provisions		(57)	707
Increase in other current liabilities		9,572	1,564
Decrease in net defined benefit liability		(50,813)	(148,084)
Cash (outflow) inflow generated from operations		(274,763)	390,754
Interest received		6,167	888
Net cash flows (used in) from operating activities		(268,596)	391,642

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Three months ended March 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in non-current financial assets at fair value through other comprehensive income		($ 70,053)	($ 160,327)
Decrease in current financial assets at amortised cost		-	11,465
Acquistion of property, plant and equipment (including prepayment for equipment)	6(30)	(258,665)	(494,302)
Proceeds from disposal of non-current assets held for sale		-	412,744
Proceeds from disposal of property, plant and equipment		208	6,756
Decrease in refundable deposits		642	20,024
Acquistion of intangible assets	6(10)	(42,416)	(7,645)
Decrease in long-term accounts receivable due from related parties		-	87,383
Increase in other non-current assets, others		(112)	-
Net cash flows used in investing activities		(370,396)	(123,902)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		-	806,717
Decrease in short-term borrowings		-	(469,577)
Decrease in short-term notes and bills payable		-	(50,000)
Proceeds from long-term borrowings		-	205,262
Repayments of long-term borrowings		-	(302,694)
Decrease in guarantee deposits received	6(31)	(1,791)	(1,972)
Payments of lease liabilities	6(31)	(6,953)	(9,074)
Interest paid		(4,129)	(2,961)
Net cash flows (used in) from financing activities		(12,873)	175,701
Effect of exchange rate changes on cash and cash equivalents		(1,776)	7,587
Net (decrease) increase in cash and cash equivalents		(653,641)	451,028
Cash and cash equivalents at beginning of period		3,945,818	2,723,171
Cash and cash equivalents at end of period		$ 3,292,177	$ 3,174,199

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)
(REVIEWED, NOT AUDITED)

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 circuits, semiconductor components, computer motherboards, various types of electronic inventory, manufacturing, combination, processing and export of computer and communication circuit boards.

(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 April 26, 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 endorsed by FSC and became 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.

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

None.

(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 adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

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

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

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

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

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations 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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2022.

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)			
Investor	Name of subsidiary	Main business activities	March 31, 2023	December 31, 2022	March 31, 2022	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%	93.67%	Notes 1 and 2
Orient Semiconductor Electronics Limited Electronics Limited	OSE International Limited ("OSE BVI").	Investments in various production business. North America.	100%	100%	100%	-
Orient Semiconductor Electronics Limited	Coreplus (HK) Limited ("COREPLUS")	Accepted orders, purchased materials and outsourcing processing of components combination business.	100%	100%	100%	Note 3
Orient Semiconductor Electronics Limited	Hua-Cheng Investment Co. ("Hua-Cheng")	Reinvestments in various business.	100%	100%	100%	Note 4
OSE International Limited	OSE Philippines INC. ("OSEP")	(a) Integrated circuit and semiconductor components. (b) Research, design, manufacture, assembly, processing, test and after-sales service of aforementioned products.	6.33%	6.33%	6.33%	Notes 1 and 2
Corplus (HK) Limited	Value–Plus Technology (Suzhou) Co. (Value–Plus (Suzhou))	Adhesive processing, plug-in welding processing and related test, combination processing, technique maintenance and after-sale service of the surface of base plate of electronic components	100%	100%	100%	Note 3

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: The financial statements of the entity as of and for the three months ended March 31, 2023 and 2022 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 4: The financial statements of the entity as of and for the three months ended March 31, 2022 were not reviewed by the independent auditors as the financial component entity is not material to the Group.

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

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

E. Significant restrictions: None.

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

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income taxes

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There have been no significant changes as of March 31, 2023. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and petty cash	$ 195	$ 189	$ 199
Checking accounts and demand deposits	2,391,982	3,356,169	2,474,000
Time deposits	900,000	589,460	700,000
	$ 3,292,177	$ 3,945,818	$ 3,174,199

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

B. The Group's demand deposits and time deposits which were provided as collaterals or were restricted due to the foreign capital remitted back in Taiwan and deposited in special account of bank have been transferred to "financial assets at amortised cost—current", please refer to Note 6(3) for details.

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

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

Items	March 31, 2023	December 31, 2022	March 31, 2022
Non-current items:			
Unlisted stocks	$ 10,613	$ 10,613	$ 29,921
Listed stocks	1,301,385	1,010,814	445,695
	$ 1,311,998	$ 1,021,427	$ 475,616

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 $1,311,998, $1,021,427 and $475,616 as at March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

B. For the three months ended March 31, 2023 and 2022, the Group 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 $220,519 and $605, respectively.

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

(3) Financial assets at amortised cost

Items	March 31, 2023	December 31, 2022	March 31, 2022
Current items:			
Time deposits with maturity over three months	$ 243,520	$ 245,600	$ -

A. For the three months ended March 31, 2023 and 2022, the interest income from time deposits was recognised under interest income from bank deposits, please refer to Note 6(22).

B. The Group has no financial assets at amortised cost pledged to others as collateral.

C. 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.

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

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	$ 103	$ 155	$ -
Less: Loss allowance	-	-	-
	$ 103	$ 155	$ -
Accounts receivable	$ 2,989,343	$ 3,035,158	$ 2,792,014
Less: Loss allowance	(4,875)	(13,071)	(26,535)
	$ 2,984,468	$ 3,022,087	$ 2,765,479
Accounts receivable due from related parties	$ 76	$ 399	$ 305,112
Less: Loss allowance	-	-	-
	$ 76	$ 399	$ 305,112

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 March 31, 2023, December 31, 2022 and March 31, 2022, accounts and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $3,356,874.

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

D. As at March 31, 2023, December 31, 2022 and March 31, 2022, 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 $103, $155 and $0 as at March 31, 2023, December 31, 2022 and March 31, 2022, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was $2,984,544, $3,022,486 and $3,070,591, respectively.

(5) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	$ 1,463,921	$ 1,585,642	$ 1,672,682
Supplies	150,294	157,344	157,481
Work in progress	258,491	315,903	251,084
Finished goods	69,068	40,867	52,595
	1,941,774	2,099,756	2,133,842
Less: Allowance for valuation loss	(419,861)	(281,728)	(273,034)
	$ 1,521,913	$ 1,818,028	$ 1,860,808

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

	Three months ended March 31	
	2023	2022
Cost of goods sold	$ 2,796,413	$ 3,188,860
Scrapping inventory and loss on decline in market value	138,192	3,701
Others	(2,601)	(5,345)
	$ 2,932,004	$ 3,187,216

B. As of March 31, 2023, December 31, 2022 and March 31, 2022, the fire insurance amount of inventories were $15,290,330, $15,234,807 and $14,074,935, respectively.

(6) Investments accounted for using equity method

	2023	2022
At January 1	$ 1,843	$ 467,174
Share of profit or loss of investments accounted for using equity method	(167)	12,958
Changes in other equity interest	28	630
At March 31	$ 1,704	$ 480,762

	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	Shareholding ratio	Amount	Shareholding ratio	Amount	Shareholding ratio
Associates:						
OSE PROPERTIES, INC.	$ 1,704	39.99%	$ 1,843	39.99%	$ 6,660	39.99%
ATP ELECTRONICS, TAIWAN INC.	-	-	-	-	474,102	18.31%
SCS HIGHTECH INC.	-	18.71%	-	18.71%	-	18.71%
	$ 1,704		$ 1,843		$ 480,762	

A. 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.

B. As of March 31, 2023, December 31, 2022 and March 31, 2022, there was no investments accounted for using equity method pledged as collaterals.

C. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had no significant associate.

D. The Group's share of the operating results in all individually immaterial associates is summarized below:

	Three months ended March 31	
	2023	2022
(Loss) profit	($ 167)	$ 12,958
Other comprehensive income, net of tax	-	1,746
Total comprehensive (loss) income for the period	($ 167)	$ 14,704

E. For the three months ended March 31, 2023 and 2022, the Group's investees accounted for using equity method were valued from investees' financial statements which were reviewed by auditors in the same period.

(7) Property, plant and equipment

	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment			
- Owner-occupied	$ 5,127,499	$ 5,219,945	$ 5,446,740
- Operating leases	797	830	930
	$ 5,128,296	$ 5,220,775	$ 5,447,670

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, 2023	$ 7,083,750	$ 15,393,819	$ 3,188	$ 58,341	$ 418,410	$ 645,318	$ 23,602,826
Additions	-	-	-	-	-	156,021	156,021
Disposals	-	(10,121)	-	(17)	(63)	-	(10,201)
Transfers	75,368	252,727	-	-	2,411	(326,762)	3,744
Impact of changes in foreign exchange rate	-	842	16	21	91	-	970
March 31, 2023	$ 7,159,118	$ 15,637,267	$ 3,204	$ 58,345	$ 420,849	$ 474,577	$ 23,753,360
Depreciation and impairment:							
January 1, 2023	$ 4,920,862	$ 13,051,014	$ 2,937	$ 58,009	$ 350,059	$ -	$ 18,382,881
Depreciation expense	35,185	212,246	-	5	5,067	-	252,503
Disposals	-	(10,121)	-	(15)	(57)	-	(10,193)
Impact of changes in foreign exchange rate	-	566	14	20	70	-	670
March 31, 2023	$ 4,956,047	$ 13,253,705	$ 2,951	$ 58,019	$ 355,139	$ -	$ 18,625,861

	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	-	18	-	-	-	325,139	325,157
Disposals	-	(214,475)	-	(946)	(3)	-	(215,424)
Transfers	33,165	410,324	-	-	4,751	(446,095)	2,145
Impact of changes in foreign exchange rate	-	9,665	120	184	688	21	10,678
March 31, 2022	$ 7,064,280	$ 14,951,001	$ 4,307	$ 58,563	$ 381,533	$ 806,688	$ 23,266,372
Depreciation and impairment:							
January 1, 2022 (Note)	$ 4,809,885	$ 12,524,278	$ 3,930	$ 58,965	$ 344,036	$ -	$ 17,741,094
Depreciation expense	33,264	248,274	3	4	2,846	-	284,391
Disposals	-	(213,490)	-	(946)	(3)	-	(214,439)
Transfers	-	-	-	-	-	-	-
Impact of changes in foreign exchange rate	-	7,767	111	171	537	-	8,586
March 31, 2022	$ 4,843,149	$ 12,566,829	$ 4,044	$ 58,194	$ 347,416	$ -	$ 17,819,632
Carrying amount, net:							
March 31, 2023	$ 2,203,071	$ 2,383,562	$ 253	$ 326	$ 65,710	$ 474,577	$ 5,127,499
December 31, 2022	$ 2,162,888	$ 2,342,805	$ 251	$ 332	$ 68,351	$ 645,318	$ 5,219,945
March 31, 2022	$ 2,221,131	$ 2,384,172	$ 263	$ 369	$ 34,117	$ 806,688	$ 5,446,740

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(11).

B. Property, plant and equipment for operating lease

	Buildings and structures	Machinery and equipment	Total
Cost and revaluation increment:			
January 1 and March 31, 2023	$ 10,721	$ -	$ 10,721
Depreciation and impairment:			
January 1, 2023	$ 9,891	$ -	$ 9,891
Depreciation	33	-	33
March 31, 2023	$ 9,924	$ -	$ 9,924
Cost and revaluation increment:			
January 1 and March 31, 2022 (Note)	$ 10,721	$ -	$ 10,721
Depreciation and impairment:			
January 1, 2022 (Note)	$ 9,758	$ -	$ 9,758
Depreciation	33	-	33
March 31, 2022	$ 9,791	$ -	$ 9,791
Carrying amount, net:			
March 31, 2023	$ 797	$ -	$ 797
December 31, 2022	$ 830	$ -	$ 830
March 31, 2022	$ 930	$ -	$ 930

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(11).

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:

	Three months ended March 31	
	2023	2022
Amount capitalised	$ -	$ 1,995
Range of the interest rates for capitalisation	-	0.98%～1.02%

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 March 31, 2023, December 31, 2022 and March 31, 2022, the insured amount of fire insurance of property, plant and equipment were $10,152,657, $10,151,541 and $10,272,868, respectively.

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

(8) 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:

	March 31, 2023	December 31, 2021	March 31, 2022
	Carrying amount	Carrying amount	Carrying amount
Land	$ 122,393	$ 125,250	$ 145,749
Buildings and structures	-	-	4,075
Mechinery and equipment	32,266	33,711	38,045
Transportation equipment	6,858	7,794	3,903
	$ 161,517	$ 166,755	$ 191,772

	Three months ended March 31	
	2023	2022
	Depreciation expense	Depreciation expense
Land	$ 2,858	$ 3,233
Buildings and structures	-	1,724
Mechinery and equipment	1,445	1,445
Transportation equipment	936	1,019
	$ 5,239	$ 7,421

C. For the three months ended March 31, 2023 and 2022, the additions right-of-use assets were both $0.

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

	Three months ended March 31	
Items affecting profit or loss	2023	2022
Interest expense on lease liabilities	$ 689	$ 856
Expense on short-term lease contracts	4,156	1,196
Expense on leases of low-value assets	606	822
(Excluding expense on leases of low-value assets of short-term lease)		
Gains arising from lease modifications	-	1,772
(Shown as ‘other income and expenses - net’)		

E. For the three months ended March 31, 2023 and 2022, the total amount of the Group’s cash outflow from leasing were $12,404 and $11,948, 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.

(9) 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:

	Three months ended March 31			
	2023		2022	
Related revenue from fixed lease payments	$	1,639	$	1,987

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

	March 31, 2023		December 31, 2022		March 31, 2022	
Within 1 year	$	5,088	$	5,124	$	6,223
Later than one year but not later than two years		2,856		3,919		4,254
Later than two years but not later than three years		722		729		2,127
Later than three years but not later than four years		703		703		-
Later than four years but not later than five years		703		703		-
Later than five years		2,753		2,929		-
	$	12,825	$	14,107	$	12,604

D. For disclosures of property, plant and equipment leased in operating lease and applied to IAS 16, please refer to Note 6(7).

(10) Intangible assets

	Computer software			
	2023		2022	
Cost				
At January 1	$	481,650	$	440,354
Additions－acquired separately		42,416		7,645
Reclassifications	(	5)		-
Net exchange differences		3		20
At March 31	$	524,064	$	448,019
Accumulated amortisation				
At January 1	$	434,103	$	407,382
Amortisation charge		10,715		7,412
Net exchange differences		-		-
At March 31	$	444,818	$	414,794
Book value	$	79,246	$	33,225

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

	Three months ended March 31	
	2023	2022
Operating costs	$ 4,771	$ 4,774
Selling and administrative expenses	$ 4,625	$ 1,064
Research and development expenses	$ 1,319	$ 1,574

B. There was no intangible asset held by the Group that was pledged to others.

(11) 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 be completed within a year. As of and December 31, 2021, the assets of disposal group held for sale amounted to both $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. 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.

(12) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Borrowings to purchase materials	$ -	$ -	$ 129,717
Unsecured borrowings	-	-	507,000
	$ -	$ -	$ 636,717
Interest rate range	-	-	0.78%~1.50%

For the three months ended March 31, 2023 and 2022, the amounts of interest expense recognised in profit or loss were $0 and $1,012, respectively.

A. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's total unused amounts of short-term borrowings was $4,265,246, $4,274,122 and $3,148,183, respectively.

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

(13) Other payables

	March 31, 2023	December 31, 2022	March 31, 2022
Salary and bonus payable	$ 144,317	$ 504,618	$ 135,528
Pension payable	37,939	38,321	37,896
Employees' compensation and directors' remuneration payable	209,025	221,996	294,797
Payables for machinery and equipment	231,555	303,918	339,752
Utilities expense payable	35,782	34,418	32,639
Compensation payable	8,193	17,193	12,232
Insurance premiums payable	71,308	78,454	69,941
Employment Stability Fund payable	14,842	15,125	13,815
Other payables	81,496	85,522	99,528
	$ 834,457	$ 1,299,565	$ 1,036,128

(14) Long-term borrowings

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2023
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to March 2029; interest is payable monthly; principal is repayable at maturity.	1.35% (Note 1)	None	$ 1,148,962
Less: Current portion				(2,904)
				$ 1,146,058

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	March 31, 2022
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to September 2028; interest is payable monthly; principal is repayable at maturity	0.85% (Note 1)	None	$ 490,962
Secured borrowings	Borrowing period is from December 2021 to December 2024; interest is payable monthly; principal is repayable at maturity (Note 2)	1.30%	Machinery and equipment	60,000
				550,962
Less: Current portion				(15,375)
				$ 535,587

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.

A. For the three months ended March 31, 2023 and 2022, the amounts of interest expense recognised in profit or loss were $3,518 and $1,248, respectively.

B. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's total unused amounts of long-term borrowings was $2,720,000, $3,459,038 and $4,117,038, respectively.

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

(15) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. For the Company's domestic employees who are applicable to the Labor Pension Act, the Company and its domestic subsidiaries contribute monthly an amount equal to 10% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) For the three months ended March 31, 2023 and 2022, the Company recognised pension costs in the amounts of $1,763 and $2,328, respectively.

(c) The Company expects to pay contributions for the pension plan in the amount of $53,933 in the future one year.

B.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidianies contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's mainland China subsidiary, Value–Plus Technology (Suzhou) Co. (Value–Plus (Suzhou)), has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Company has no further obligations. Other foreign subsidiaries contributed to related pension management plans according to local regulations.

(c) The pension costs under the defined contribution pension plan of the Comapny for the three months ended March 31, 2023 and 2022 were $37,076 and $31,435, respectively.

(16) Preference share liability

	March 31, 2023	December 31, 2022	March 31, 2022
Class B preferred shares	$ 1,003,532	$ 1,003,851	$ 1,004,829
Less: Maturity within one year	-	-	-
	$ 1,003,532	$ 1,003,851	$ 1,004,829

A. 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 three months ended March 31, 2023 and 2022, the amount of interest expense which was estimated by annual rate and amortised based on interest method was $4,612 and $4,612, respectively.

B. As of March 31, 2023, December 31, 2022 and March 31, 2022, the value of preference share returned all amounted to $0. Refer to Note 6(24) for details of net gains (losses) recognised in profit or loss in relation to financial assets at fair value through profit or loss. Additionally, the Group has no financial assets at fair value through profit or loss pledged to others as collateral.

C. The issuance conditions were as follows:

(a) The distribution of earnings was based on the Company's Articles of Incorporation, current year or current quarter and accumulated undistributable dividend shall be appropriated to class B preferred shares in the first priority. If there was no earning or earnings were not sufficient to be appropriated to class B preferred shares, the distributable earnings shall be appropriated to class B preferred shares. The insufficient dividend shall 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 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 shares 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.

(17) Share-based payment

A. For the three months ended March 31, 2023: There were no such transactions.

B. For the three months ended March 31, 2022, 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 penalized, the employees can achieve vested conditions.

(b) The Group can use the earnings per share and profit growth of parent company only financial statements in the latest year of vesting period expires as a basis of performance conditions:
The first year: Earnings per share was above \$0.3 (including \$0.3);
The second year: Earnings per share was above \$0.8 (including \$0.8); and
The third year: Earnings per share was above \$1.0 (including \$1.0).

(c) After achieving individual performance conditions and company performance conditions in the same time, employees' proportion of shares under vested condition in the current year based on the service conditions were as follows:
Service for one year after distribution, 30% of the distributed shares;
Service for two years after distribution, 30% of the distributed shares;
Service for three years after distribution, 40% of the distributed shares;

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

(a) The restricted shares which the employees will obtain were kept by the designated trust institution as trustee, which the employee cannot request to return the restricted shares for any reasons or ways.

(b) Before accomplishing the vesting conditions, the employee cannot sell, pledge, transfer, gift, set or dispose in other ways, and they have no right to be allotted or obtaining dividends. Other rights are similar with the capital that has been issued.

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

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

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

	2022
At January 1 and March 31	$ 1,681

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

E. For the three months ended March 31, 2022, the Group recognised expenses due to share-based payment transactions in the amount of $2,083.

(18) Share capital

A. On March 31, 2023, the Company’s authorised capital was $20,000,000, consisting of 2,000,000 thousand shares (including the number of option certificates 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 March 31, 2023, the Company’s paid-in capital was $8,255,783, consisting of 555,308 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 NT$10 (in dollars) 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)

	2023	2022
Shares outstanding at January 1	555,308	553,736
Restricted shares called back but not yet cancelled at the beginning of the period	22	15
Restricted shares not yet vested at the beginning of the period	-	1,681
Shares issued at January 1	555,330	555,432
Cancellation of employee restricted shares	(22)	(15)
Restricted shares not yet vested at the end of the period	-	(1,681)
At March 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(16).

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 shares are the same as common share per share.

   (d) The Company has discretion in dividend distribution of Class C preferred shares. 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 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 shares 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 shares were 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.

(19) 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.

	March 31, 2023	December 31, 2022	March 31, 2022
Premium on issuance of common shares	$ 17,417	$ 17,417	$ -
Premium on issuance of preferred shares	198,198	198,198	198,198
Changes in ownership interests in subsidiaries	5,832	5,832	5,717
Difference between consideration and carrying amount of subsidiaries acquired or disposed	16,940	16,940	16,940
Changes of associates and joint ventures accounted for using equity method	-	-	(2,675)
Employee restricted shares	-	(216)	16,869
	$ 238,387	$ 238,171	$ 235,049

(20) 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 April 28, 2022, the Board of Directors 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; cash dividends on class C preferred share of $1 per share for a total dividend amounting to $180,180, was approved by the shareholders at their meeting on June 10, 2022.

G. On April 26, 2023, the Board of Directors resolved the earnings appropriation for the year ended December 31, 2022 with a common share dividend of $0.85 per share and the total amount was $472,012; and with class C preferred share dividend of $0.85 per share. The total dividends amounted to $153,153.

H. On April 28, 2022, the Company's Board of Directors resolved not to distribute the appropriation of earnings in the first quarter of 2022; On April 26, 2023, the Company's Board of Directors resolved not to distribute the appropriation of earnings in the first quarter of 2023.

(21) Operating revenue

	Three months ended March 31	
	2023	2022
Revenue from contracts with customers		
IC packaging and testing service revenue	$ 2,057,109	$ 2,580,226
Electronics manufacturing service revenue	1,156,898	1,230,758
Other operating revenue	39,404	27,916
	$ 3,253,411	$ 3,838,900

A. Disaggregation of revenue from contracts with customers

Three months ended March 31, 2023	Semiconductor Group	EMS Group	Total
IC packaging and testing service revenue	$ 2,057,109	$ -	$ 2,057,109
Manufacture of electronic products	-	1,156,898	1,156,898
Others	6,767	32,637	39,404
	$ 2,063,876	$ 1,189,535	$ 3,253,411
Timing of revenue recognition:			
Over time	$ 2,057,109	$ -	$ 2,057,109
At a point in time	6,767	1,189,535	1,196,302
	$ 2,063,876	$ 1,189,535	$ 3,253,411

Three months ended March 31, 2022	Semiconductor Group	EMS Group	Total
IC packaging and testing service revenue	$ 2,580,226	$ -	$ 2,580,226
Manufacture of electronic products	-	1,230,758	1,230,758
Others	6,694	21,222	27,916
	$ 2,586,920	$ 1,251,980	$ 3,838,900
Timing of revenue recognition:			
Over time	$ 2,580,226	$ -	$ 2,580,226
At a point in time	6,694	1,251,980	1,258,674
	$ 2,586,920	$ 1,251,980	$ 3,838,900

B. Contract assets and liabilities

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

	March 31, 2023	December 31, 2022	March 31, 2022
Current contract assets			
IC packaging and testing service	$ 243,424	$ 272,248	$ 285,944
Current contract liabilities			
IC packaging and testing service	$ 67,423	$ 68,026	$ 70,531
Manufacture of electronic products	8,845	9,853	18,762
	$ 76,268	$ 77,879	$ 89,293

Note: As of January 1, 2022, the Group recognised current contract liabilities in the amount of $88,971.

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

(c) For the three months ended March 31, 2023 and 2022, revenue recognised that was included in the contract liability balance at the beginning of the period amounted to $1,611 and $1,316, respectively.

(22) Interest income

	Three months ended March 31	
	2023	2022
Interest income from bank deposits	$ 6,618	$ 562
Interest income from loans to others	-	407
Interest income from financial assets measured at amortised cost	-	1
	$ 6,618	$ 970

(23) Other income

	Three months ended March 31	
	2023	2022
Service revenue	$ 1,692	$ 4,192
Rental revenue	1,639	1,987
Other income	17,270	4,824
	$ 20,601	$ 11,003

(24) Other gains and losses

	Three months ended March 31	
	2023	2022
Gains on disposals of property, plant and equipment	$ 214	$ 5,771
Gains on disposals of non-current assets held for sale	-	54,271
Net currency exchange (losses) gains	(21,679)	40,639
Gains on lease modification	-	1,772
Losses on financial assets at fair value through profit or loss	-	(1,261)
Others	(21)	(20,884)
	($ 21,486)	$ 80,308

(25) Finance costs

	Three months ended March 31	
	2023	2022
Interest expense on borrowings from financial institutions	$ 3,518	$ 2,274
Interest expense on lease liability	689	856
Dividends on preference share liabilities	4,612	4,612
Others	2	1
	8,821	7,743
Less: Capitalisation of qualifying assets	-	(1,995)
	$ 8,821	$ 5,748

(26) Expenses by nature

	Three months ended March 31	
	2023	2022
Employee benefit expense	$ 921,876	$ 989,406
Depreciation charges on property, plant and equipment (Note)	252,536	284,442
Depreciation expense on right-of-use assets	5,239	7,421
Amortisation charges on intangible assets	10,715	7,412

Note: Including the amortisation of losses on sale and leaseback transactions to depreciation charges amounting to $0 and $18 for the three months ended March 31, 2023 and 2022, respectively.

(27) Employee benefit expense

	Three months ended March 31	
	2023	2022
Salary expenses	$ 733,833	$ 800,935
Labour and health insurance fees	87,626	84,672
Pension costs	38,839	33,763
Directors' remuneration	1,818	5,935
Compensation cost of employee restricted shares	-	2,083
Other personnel expenses	59,760	62,018
	$ 921,876	$ 989,406

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 three months ended March 31, 2023 and 2022, the employees' compensation and directors' remuneration were estimated and accrued based on certain proportion of distributable profit of current year amounting to $10,983 and $51,252; as well as $1,098 and $5,125, respectively.

Employees' bonus of $197,500 and directors' and supervisors' remuneration of $19,740 for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. Additionally, the employees' compensation and directors' remuneration for the previous year has not yet been distributed.

In addition, the compensation of employees and directors for the previous year has not yet been allotted. 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.

(28) Income tax

A. Income tax expense

	Three months ended March 31	
	2023	2022
Current tax:		
Current tax on profits for the period	$ 4,404	$ 9,836
Prior year income tax (over) underestimation	(70,101)	-
Total current tax	(65,697)	9,836
Deferred tax:		
Origination and reversal of temporary differences	(16,275)	31,941
Origination and reversal of tax loss	-	56,835
Total deferred tax	(16,275)	88,776
Income tax (benefit) expense	($ 81,972)	$ 98,612

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

	Three months ended March 31	
	2023	2022
Changes in fair value of financial assets at fair value through other comprehensive income	$ -	($ 1,992)
Currency translation differences	894	2,174
Share of other comprehensive income of associates	-	349
	$ 894	$ 531

C. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	Three months ended March 31, 2023		
	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	$ 179,721		
Less: Dividends on class C preferred shares	(39,625)		
Profit attributable to ordinary shareholders of the parent (Note)	$ 140,096	555,308	$ 0.25
Diluted earnings per share			
Profit attributable to the parent	$ 179,721	555,308	
Less: Dividends on class C preferred shares	(39,625)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	6,269	
Convertible preferred stock	39,625	180,180	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 179,721	$ 741,757	$ 0.24

	Three months ended March 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	$ 367,363		
Less: Dividends on class C preferred shares	(81,170)		
Profit attributable to ordinary shareholders of the parent (Note)	$ 286,193	553,736	$ 0.52
Diluted earnings per share			
Profit attributable to the parent	$ 367,363	553,736	
Less: Dividends on class C preferred shares	(81,170)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,665	
Employee restricted stock	-	1,411	
Convertible preferred stock	81,170	180,180	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 367,363	$ 738,992	$ 0.50

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(18)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.

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Three months ended March 31	
	2023	2022
Purchase of property, plant and equipment	$ 159,765	$ 327,302
Increase (decrease) in prepayments for business facilities	26,537	(124,610)
Add: Opening balance of payable on equipment (Note)	303,918	633,814
Less: Ending balance of payable on equipment (Note)	(231,555)	(342,204)
Cash paid during the period	$ 258,665	$ 494,302

Note : Shown as 'other payables'.

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

	Three months ended March 31	
	2023	2022
Prepayments for business facilities transferred to prepayment	$ 120	$ -
Prepayments for business facilities transferred to property, plant and equipment	$ 326,762	$ 446,095
Long-term borrowings, current portion	$ 2,904	$ 15,375

(31) Changes in liabilities from financing activities

	January 1, 2023	Cash flows	Changes in foreign exchange rate	Others	March 31, 2023
Long-term borrowings	$ 1,148,962	$ -	$ -	$ -	$ 1,148,962
Lease liabilities	161,310	(6,953)	-	-	154,357
Guarantee deposits received	39,864	(1,791)	12	-	38,085
Preference share liabilities	1,003,851	-	-	(319)	1,003,532

	January 1, 2022	Cash flows	Changes in foreign exchange rate	Others	March 31, 2022
Short-term borrowings	$ 299,408	$ 337,140	$ 169	$ -	$ 636,717
Short-term note and bills payables	49,986	(50,000)		14	-
Long-term borrowings	648,394	(97,432)	-	-	550,962
Lease liabilities	249,042	(9,074)	1,069	(49,344)	191,693
Guarantee deposits received	57,018	(1,972)	-	4	55,050
Preference share liabilities	1,005,149	-	-	(320)	1,004,829

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)
OSE Properties, Inc. (Properties)	Associate
Chipbond Technology Corporation (Chipbond)	Entities with significant influence to the Group
Phison Electronics Corp. (Phison)	Key management personnel (Note 2)

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

Note 2: This person was on longer the Group’s related party after resigning from being the Group’s director since November 7, 2022

(2) Significant related party transactions

A. Sales

	Three months ended March 31	
	2023	2022
Phison	$ -	$ 595,082
Associates	-	52,070
Entities with significant influence to the Group	71	-
	$ 71	$ 647,152

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

B. Purchases:

	Three months ended March 31	
	2023	2022
Key management personnel of the Group	$ -	$ 400
Entities with significant influence to the Group	8	625
Associates	-	654
	$ 8	$ 1,679

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:

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable:			
Phison	$ -	$ -	$ 268,145
Associates	-	-	36,967
Entities with significant influence to the Group	76	399	-
	$ 76	$ 399	$ 305,112
Other receivables:			
Properties	$ -	$ -	$ 447
Entities with significant influence to the Group	-	-	6,405
Associate	-	-	2,751
Key management personnel of the Group	-	-	682
	$ -	$ -	$ 10,285

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:

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable:			
Associate	$ -	$ -	$ 703
Entities with significant influence to the Group	8	736	677
Key management personnel of the Group	-	-	114
	$ 8	$ 736	$ 1,494
Other payables:			
PROPERTIES	$ -	$ -	$ 20,790
Entities with significant influence to the Group	24,932	20,000	25,534
	$ 24,932	$ 20,000	$ 46,324

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:

Disposal of property, plant and equipment:

	Three months ended March 31			
	2023		2022	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
Entities with significant influence to the Group	$ -	$ -	$ 6,100	$ 6,069

F. Lease transactions－lessor

	Three months ended March 31	
	2023	2022
Rental income:		
ATP	$ -	$ 1,064
Entities with significant influence to the Group	251	225
	$ 251	$ 1,289

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

G. Loans to/from related parties:

Loans to PROPERTIES:

(a) 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 March 31, 2022, PROPERTIES has fully paid the borrowings.

(b) As of March 31, 2022, interest income recognised in other receivables amounted to $447 and $407, respectively. For the three months ended March 31, 2022, interest income was collected at 2.5% per annum.

H. Others

Details of the Company's class B preferred shares held by the entities with significant influence to the Group are provided in Notes 6(16) and (25).

(3) Key management compensation

	Three months ended March 31	
	2023	2022
Salaries and other short-term employee benefits	$ 8,662	$ 12,357
Post-employment benefits	135	162
Share-based payment	-	217
	$ 8,797	$ 12,736

8. Pledged Assets

	Book value			
Pledged asset	March 31, 2023	December 31, 2022	March 31, 2022	Purpose
Property, plant and equipment				
- Buildings and structures	$ 764,575	$ 771,674	$ 793,054	Credit line for ling-term-borrowings
- Machinery and equipment	289,399	330,803	457,076	Credit line for ling-term-borrowings
Guarantee deposits paid - time deposits	14,018	14,000	131,500	Customs guarantee or others
	$ 1,067,992	$ 1,116,477	$ 1,381,630	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of March 31, 2023, December 31, 2022 and March 31, 2022, 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 March 31, 2023, December 31, 2022 and March 31, 2022, the Company issued promissory notes of $8,008,664, $8,017,920 and $7,600,432, respectively, as guarantees for bank loans.

C. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company issued promissory notes of $13,738 $13,738 and $6,573, respectively, as guarantees for payments of raw materials and machineries purchased.

D. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had letters of credit issued but not used amounting to US$404 thousand, US$112 thousand and US$128 thousand, respectively.

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

	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment	$ 97,987	$ 201,515	$ 315,302

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) On April 26, 2023, the Board of Directors resolved the appropriation of 2022 earnings. Refer to Note 6(20) for details.

(2) On April 26, 2023, the Board of Directors of the Company resolved to issue employee restricted shares of 5,000 thousand shares with a par value of NT$10 per share, total amounting to $50,000 thousand, which was still pending to be resolved by the shareholders at their meeting for the year of 2023.

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 three months ended March 31, 2023, the Group's strategy, which was unchanged from 2022, was to balance overall capital structure. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's gearing ratio is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Total liabilities	$ 6,043,678	$ 7,196,008	$ 7,271,485
Total assets	$ 16,191,118	$ 16,946,784	$ 16,625,685
Gearing ratio	37%	42%	44%

(2) Financial instruments

A. Financial instruments by category

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets			
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	$ 1,311,998	$ 1,021,427	$ 475,616
Financial assets at amortised cost			
Cash and cash equivalents (excluding cash on hand)	$ 3,291,982	$ 3,945,629	$ 3,174,000
Financial assets at amortised cost	243,520	245,600	-
Notes receivable	103	155	-
Accounts receivable (including related parties)	2,984,544	3,022,486	3,070,591
Other receivables (including related parties)	34,028	38,894	49,942
Guarantee deposits paid	16,461	17,098	134,555
	$ 6,570,638	$ 7,269,862	$ 6,429,088

	March 31, 2023	December 31, 2022	March 31, 2022
Financial liabilities			
Financial liabilities at amortised cost			
Short-term borrowings	$ -	$ -	$ 636,717
Notes payable	-	-	2,452
Accounts payable (including related parties)	2,479,892	3,043,151	3,115,511
Other payables (including related parties)	859,389	1,319,565	1,082,452
Long-term borrowings (including current portion)	1,148,962	1,148,962	550,962
Preference share liability	1,003,532	1,003,851	1,004,829
	$ 5,491,775	$ 6,515,529	$ 6,392,923
Lease liability (including current and non-current)	$ 154,357	$ 161,310	$ 191,693

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:

	March 31, 2023								
					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	$	91,643	30.44	$	2,789,613	1%	$	27,896	$	-
JPY:NTD		404,511	0.2288		92,552	1%		926		-
Non-monetary items										
USD:NTD		20,710	30.44		630,402	1%		-		6,304
Financial liabilities										
Monetary items										
USD:NTD		55,269	30.44		1,682,388	1%		16,824		-
JPY:NTD		345,197	0.2288		78,981	1%		790		-

	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		20,127	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		-

	March 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	$ 102,364	28.62	$ 2,929,658	1%	$ 29,297	$ -
JPY:NTD	551,150	0.2353	129,686	1%	1,297	-
Non-monetary items						
USD:NTD	1,045	28.62	29,921	1%	-	299
Financial liabilities						
Monetary items						
USD:NTD	79,628	28.62	2,278,953	1%	22,790	-
JPY:NTD	211,603	0.2353	49,790	1%	498	-

iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2023 and 2022 amounted to ($21,679) and 40,639, 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 three months ended March 31, 2023 and 2022 would have increased/decreased by $13,120 and $4,756, 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 three months ended March 31, 2023 and 2022 would have increased/decreased by $574 and $276, 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 March 31, 2023, December 31, 2022 and March 31, 2022, the amounts of accounts and notes receivable from top ten customers constitute 83%, 81% and 83%, 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 March 31, 2023, December 31, 2022 and March 31, 2022, the provision matrix classified by customers is as follows:

March 31, 2023		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)	$ 1,917,874	$ 105,632	$ 44,959	$ 296	$ 751	$ 45	$ 2,069,557
Lifetime expected credit losses	(2,000)	(856)	(628)	(5)	(46)	(45)	(3,580)
Carrying amount	$ 1,915,874	$ 104,776	$ 44,331	$ 291	$ 705	$ -	$ 2,065,977
Loss ratio	0.10%	0.10%～0.82%	0.10%～1.40%	0.10%～1.75%	0.31%～6.09%	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	$ 1,070,564	$ 90,850	$ 539	$ 318	$ 987	$ 131	$ 1,163,389
Lifetime expected credit losses	(1,027)	35	-	-	(172)	(131)	(1,295)
Carrying amount	$ 1,069,537	$ 90,885	$ 539	$ 318	$ 815	$ -	$ 1,162,094
Loss ratio	0%～0.10%	0%～0.10%	0%～0.10%	0%～0.10%	0.31%～17.41%	100%	

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%	

March 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)	$ 2,098,886	$ 89,389	$ 43,736	$ 26,025	$ 1,937	$ 995	$ 2,260,968
Lifetime expected credit losses	(4,232)	(4,798)	(9,447)	(5,759)	(1,181)	(995)	(26,412)
Carrying amount	$ 2,094,654	$ 84,591	$ 34,289	$ 20,266	$ 756	$ -	$ 2,234,556
Loss ratio	0%～0.42%	0%～5.4%	0%～21.6%	0%～22.13%	60.97%	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	$ 1,077,404	$ 40,643	$ 3,932	$ -	$ -	$ 123	$ 1,122,102
Lifetime expected credit losses	-	-	-	-	-	(123)	(123)
Carrying amount	$ 1,077,404	$ 40,643	$ 3,932	$ -	$ -	$ -	$ 1,121,979
Loss ratio	0%	0%	0%	0%～7.85%	8.98%～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:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 13,071	$ 5,521
Provision for impairment	-	21,011
Reversal of impairment loss	(8,199)	-
Effect of foreign exchange	3	3
At March 31	$ 4,875	$ 26,535

For provisioned loss for the three months ended March 31, 2023 and 2022, 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
March 31, 2023					
Non-derivative financial liabilities:					
Accounts payable (including related parties)	$2,479,892	$ -	$ -	$ -	$2,479,892
Other payables (including related parties)	859,389	-	-	-	859,389
Long-term borrowings (including current portion)	17,890	626,065	507,547	44,993	1,196,495
Preference share liabilities	20,005	1,034,409	-	-	1,054,414
Lease liabilities	30,568	37,044	23,810	84,906	176,328

	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
March 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings	$ 637,513	$ -	$ -	$ -	$ 637,513
Notes payable	2,452	-	-	-	2,452
Accounts payable (including related parties)	3,115,511	-	-	-	3,115,511
Other payables (including related parties)	1,082,452	-	-	-	1,082,452
Long-term borrowings (including current portion)	20,277	216,903	277,190	53,132	567,502
Preference share liabilities	20,000	40,054	1,014,410	-	1,074,464
Lease liabilities	34,904	52,824	28,312	101,370	217,410

(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 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.

C. 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 March 31, 2023, December 31, 2022 and March 31, 2022 are as follows:

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

March 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$1,301,385	$ -	$ 10,613	$ 1,311,998

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

March 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	$ 445,695	$ 7,489	$ 22,432	$ 475,616

(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.

D. For the three months ended March 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the three months ended March 31, 2023 and 2022:

	2023	
	Derivative instrument	Non-derivative equity instrument
At January 1 and March 31	$ -	$ 10,613

	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	-	(3,143)
At January 1 and March 31	$ -	$ 22,432

F. For the three months ended March 31, 2023 and 2022, 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 March 31, 2023	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	2.5603%	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, 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 March 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	2.3334%	The higher the discount rate, the lower the fair value.
Non-derivative equity instrument:					
Unlisted shares	$ 22,432	Net assets value	N/A	N/A	N/A

I. 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:

			March 31, 2023			
			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%	$ -	$ 8,919	$ -	$ -

			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	$ -	$ -

			March 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Financial assets						
Preference share liabilities returned	Discount rate	±1%	$ -	$ 12,703	$ -	$ -

(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: None.

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: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

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 Note 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(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 8.

14. Segment Information

(1) General information

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

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

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

(2) Segment information

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

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

	Three months ended March 31, 2023				
	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	$ 2,063,876	$ 1,189,535	$ -	$ -	$ 3,253,411
Inter-segment revenue	-	55,983	-	(55,983)	-
Total revenue	$ 2,063,876	$ 1,245,518	$ -	($ 55,983)	$ 3,253,411
Segment income (loss)	$ 106,253	($ 9,311)	$ 1,653	($ 846)	$ 97,749

	Three months ended March 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	$ 2,586,920	$ 1,251,980	$ -	$ -	$ 3,838,900
Inter-segment revenue	-	50,758	-	(50,758)	-
Total revenue	$ 2,586,920	$ 1,302,738	$ -	($ 50,758)	$ 3,838,900
Segment income (loss)	$ 418,203	$ 65,454	$ 3,255	($ 20,937)	$ 465,975

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

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

(3) Reconciliation for segment income (loss)

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

Orient Semiconductor Electronics, Limited and Subsidiaries
Loans to others
Three months ended March 31, 2023

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 three months ended March 31, 2023	Balance at March 31, 2023	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)	Ceiling on total loans granted (Note)	Footnote
1	COREPLUS (HK) LIMITED	Valve-Plus Technology (Suzhou) Co.	Other receivables due from related parties	Y	30,440 (USD 1,000)	30,440 (USD 1,000)	10,654 (USD 350)	-	Short-term financing	-	Short-term capital requirements for operating and business purposes	-	-	-	610,687 (USD 20,062)	610,687 (USD 20,062)	-

Note: 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.

Orient Semiconductor Electronics, Limited and Subsidiaries

Provision of endorsements and guarantees to others

Three months ended March 31, 2023

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 March 31, 2023	Outstanding endorsement/ guarantee amount at March 31, 2023	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	$ 3,044,232	$ 76,100 (USD 2,500)	$ 76,100 (USD 2,500)	$ 10,654 (USD 350)	$ -	0.75%	$ 10,147,440	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)

March 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of March 31, 2023				
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	18,779,000	1,301,385	2.54%	1,301,385	-

Orient Semiconductor Electronics, Limited and Subsidiaries

Significant inter-company transactions during the reporting periods

Three months ended March 31, 2023

Table 4 — 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	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets
0	Orient Semiconductor Electronics,Limited	COREPLUS (HK) LIMITED	1	Accounts receivable	$ 31,113	-	0.19%
0	Orient Semiconductor Electronics,Limited	OSE INTERNATIONAL LTD.	1	Other payables	77,960	-	0.48%
1	COREPLUS (HK) LIMITED	Orient Semiconductor Electronics,Limited	2	Sales revenue	61,887	Same with general transaction terms	1.90%
1	COREPLUS (HK) LIMITED	Valve-Plus Technology (Suzhou) Co.	3	Other receivable	10,877	-	0.07%
2	Valve-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Sales revenue	30,744	Same with general transaction terms	0.94%
2	Valve-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Accounts receivable	13,385	-	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
Three months ended March 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at March 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at March 31, 2023	Balance as at March 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2023	Investment income (loss) recognised by the Company for the three months ended March 31, 2023	Footnote
Orient Semiconductor Electronics, Limited	OSE PHILIPPINES, INC.	Philippines	(1) Integrated circuits and various semiconductor components (2) Research, design, manufacture, assembly, processing and test of abovementioned products and after-sales service	$ 3,938,187 (USD 129,375,408)	$ 3,938,187 (USD 129,375,408)	3,680,365	93.67%	($ 524)	$ 13,681	$ 12,815	Note 1
Orient Semiconductor Electronics, Limited	OSE PROPERTIES, INC.	Philippines	(1) Sales of properties (2) Lease of properties (3) Other property-related business	9,301 (USD 305,559)	9,301 (USD 305,559)	7,998	39.99%	1,704	(416)	(167)	
Orient Semiconductor Electronics, Limited	OSE INTERNATIONAL LTD.	British Virgin IS.	Investments of various manufacturing businesses	487,040 (USD 16,000,000)	487,040 (USD 16,000,000)	16,000,000	100%	323,940	790	790	Note 1
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	228,300 (USD 7,500,000)	228,300 (USD 7,500,000)	7,500,000	100%	305,282	(14,488)	(14,488)	Note 1
Orient Semiconductor Electronics, Limited	HUA-CHENG INVESTMENT CO.	Taiwan	Reinvestments in various business	1,508,254	1,508,254	248,986,874	100%	1,710,613	863	863	Note 1
OSE INTERNATIONAL LTD.	OSE PHILIPPINES, INC.	Philippines	(1) Integrated circuits and various semiconductor components (2) Research, design, manufacture, assembly, processing and test of abovemetioned products and after-sales service	152,200 (USD 5,000,000)	152,200 (USD 5,000,000)	248,660	6.33%	(35)	13,681	866	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
Three months ended March 31, 2023

Table 6

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, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2023: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2023: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	Net income of investee as of March 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2023	Book value of investments in Mainland China as of March 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2023	Footnote
Valve-Plus Technology (Suzhou) Co.	Researching, developing and undertaking the substrate surface adhesion processing of various electronic product components, plug-in welding processing of components, related testing, combination processing, sales of self-produced 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	($ 9,940)	100%	($ 9,940)	$ 46,557	$ -	Note 3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	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	$ 6,088,464	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

Three months ended March 31, 2023

Table 7

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				
Investee in Mainland China	Amount	%	Amount	%	Balance at March 31, 2023	%	Balance at March 31, 2023	Purpose	Balance at March 31, 2023	Purpose	Maximum balance during the three months ended March 31, 2023	Balance at March 31, 2023	Interest rate	Interest during the three months ended March 31, 2023	Other
Valve-Plus Technology (Suzhou) Co.	$ -	-	$ 30,744	100%	$ 13,385	99%	$ 673	47%	$ -	-	$ 30,440	$ 30,440	-	$ -	

Orient Semiconductor Electronics, Limited and Subsidiaries

Major shareholders information

March 31, 2023

Table 8

Name of major shareholders	Shares	
	Number 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 in total held 434,265,498 shares.