Stock Code：2329

Orient Semiconductor Electronics, Ltd.

Annual Report 2023

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System:
http://mops.twse.com.tw
OSE annual report is available at:
https://www.ose.com.tw/en/about/investment/shareholder/#report-for-year
Printed on April 26, 2024

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Deputy Spokesperson: Chen-Ling Lai
Title: Vice President, Administrative Center
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II. Corporate Headquarters, Branches & Factories:

Corporate Headquarters
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Factories
Corporate Headquarters Building (Central-3 Factory)
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Address: No. 16, East 3rd Street, Nanzih District, Kaohsiung City
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III. Common Share Transfer Agent and Register:

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

CPA's name: Kuo-Hua Wang and Tsai-Yen Chiang
Auditing Firm: PricewaterhouseCoopers(PwC) Taiwan
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V. Overseas Securities Trade & Exchange Information: None.

VI. **Company Website: http://www.ose.com.tw/**

Orient Semiconductor Electronics, Ltd.(“OSE”)

2023 Annual Report

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I. Letter to Shareholders

The global COVID-19 pandemic has subsided slightly, but the ongoing Ukraine-Russia war, the outbreak of the Israel-Hamas conflict, the impacts of interest rate hikes and inflation, geopolitical issues, adjustments in semiconductor demand, reduced production, and price hikes in memory products have had a significant impact on the market, also slowing down the recovery momentum of the overall electronics industry. The Company aggressively adapted to challenges and continued to focus on core businesses, providing IC packaging and testing services (Semiconductor Group) and professional semiconductor OEM services (Electronics Manufacturing Services Group) to clients through process innovation, information technology innovation, and business processes innovation. With a high quality, diversified structure of costs, a scale of production capacity, a speed of delivery and a global logistical support, and other services, the Company helped clients optimize their resources in order to gain a competitive advantage in the areas of research, development, design, marketing, etc., so as to create a win-win situation with clients.

The Semiconductor Group offers two main categories of niche products: logic IC packaging and testing, and flash memory packaging and testing. The Semiconductor Group focuses on all the products related to the packaging and testing of flash memory, and has gained a significant share of the market of flash memory packaging. Although the first half of 2023 was affected by multiple factors, leading to a slowdown in the overall economic recovery and a downward adjustment of customer orders, in the second half of the year, as flash memory manufacturers significantly reduced production to boost flash memory prices, customers also carried out strategic inventory stocking and placed large orders, resulting in the company's annual revenue for 2023 exceeding expectations. Aside from aggressively gaining share of market for memory and logic products packaging service, in the future, the Company will also focus on collaboration with strategic shareholders on expanding the market for 5G, IoT, and in-vehicle electronics SiP applications, so as to diversify revenue sources.The Electronics Manufacturing Services Group uses its comprehensive services including mature technology; experience and process to provide customers advanced PCB and finished goods assembly from smaller batch high-mix to high volume of production to satisfy customers' needs. Although the overall economic recovery in 2023 slowed down, many market opportunities also emerged. In the post-pandemic era, although the business opportunity of long-distance communication has slowed down, demand for AI servers has increased. Geopolitical tensions and international conflicts have caused oil prices to rise, which has also increased demand for oil drilling, driving growth in contract manufacturing orders for oil exploration products. We remain committed to being a reliable and long-lasting partner of our clients and partners in the industry, and start deploying cloud-based, 5G, AI, in-vehicle, and industrial-control products to increase the competitive advantages of the products on the market.This year, the definition of sustainability actions and disclosure has become clearer. Actively responding to sustainability trends will be the entrance ticket to the future. The Company strictly abides by the laws and regulations, pragmatically plans sustainability actions, attaches great importance to the attraction and development of talents, strengthens supply chain management and ethical management, and integrates with applicable sustainable disclosure standards to solidify the foundation of business and reduce various risks. The expansion of network and cloud application has also made the requirements for information security more stringent. This year, the Company will continue to strengthen information security management and business secrets, and optimize the system and process to ensure the rights and interests of customers and stakeholders.

Thank you for your support and trust in the Company. The Company will continue to demonstrate the spirit of "honesty, innovation, diligence, and unity" to achieve sustainable operations.

2023 Operating Results

I. Business Plan Implementation Results

Unit: NTD thousand

Year	2023	2022	Difference	
Operating revenue	16,690,436	15,531,669	1,158,767	7.46%
Gross profit from operations	3,315,300	2,522,924	792,376	31.41%
Net operating income	2,074,147	1,433,300	640,847	44.71%
Non-operating income and (expenses)	144,148	334,988	(190,840)	(56.97)%
Profit before income tax	2,218,295	1,768,288	450,007	25.45%
Income tax expense	(337,085)	(319,635)	(17,450)	5.46%
Profit for the period	1,881,210	1,448,653	432,557	29.86%

The Company's 2023 operating gross profit, net operating income, non-operating income and expenses, and net income are explained as follows:

1. Operating margin, net operating income (loss):
   In the second half of 2022, the semiconductor supply chain gradually faced a cyclical downturn affected by global inflation, interest rate hikes by central banks, and geopolitical factors, global economic growth slowed down, resulting in weak end-user demand and more time for the supply chain to digest inventory. However, in 2023, market demand moderately recovered after inventory adjustments, driven by some urgent and spot orders. Benefiting from an influx of orders for AI servers, the operating revenue also grew compared to 2022. In addition, due to an increase in orders, reduced unit costs driven by higher utilization rates, and proper control of labor and manufacturing costs, the

gross profit and operating income for the current period increased.

In summary, when compared with the 2022 level, 2023 operating revenue grew by 7.46%; operating cost increased by 2.82%; gross operating profit grew by 31.41%; and net operating profit grew by 44.71%.

2. Non-operating income and (expenses):

(1) The Company continued to strive for a sound financial structure. Affected by the central bank's interest rate hikes and an increase in time deposits, although finance costs increased by 40.21% compared to 2022, interest income increased by 315.56%;

(2) The USD exchange rate was appreciating in 2022 but turned to depreciate in 2023, with the depreciation amplitude in 2023 surpassing the appreciation in 2022, causing the net foreign exchange gain to decrease by 142.8%;

(3) In 2023, the income from disposal of assets and project grants decreased, resulting in a decrease of 18.10% in other income and gains;

In summary, non-operating revenue decreased by 56.97% from last year’s level.

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

II. Financial Income/Expenses and Profitability Analysis

Analysis item / Fiscal Year		Financial analysis for the most recent two years	
		2023	2022
Financial structure	Debt-asset ratio%	38.95	42.46
	Ratio of Long-term funds to Property, Plant, and Equipment (%)	250.47	234.88
Profit Ability	Return on assets%	10.79	8.65
	Return on equity (%)	17.90	15.47
	Profit margin before tax%	11.27	9.33
	Earnings per share(NTD)	2.66	2.02

III.Research and Development

The R&D expenditure of 2023 was NT$386,747 thousand.

Semiconductor Group:

In addition to continuously validating and introducing mass production for each 3D NAND flash process, products related to the wafer-level packaging process were also successfully validated and introduced into mass production. We also introduce the development of advanced wafer-level packaging products, fan-out packaging, and conduct process and product development for the third generation of semiconductors targeting electric vehicles. The Company will also tailor products to customers’ demand for products with high heat dissipation rate. To fulfill the ideal of environmental protection, energy conservation, and carbon reduction, the Company continuously attends to any addition or amendment of laws at home and abroad and assess and verify new eco-friendly and low-carbon materials to meet regulations and customers’ requirements.

Electronics Manufacturing Services Group:

In recent years, considering the transfer of customers' advanced technologies, the Company has developed a technology level that exceeds the highest class 3 quality standards in the industry, suitable for applications in the petroleum exploration, aerospace, satellites, and other fields. Starting from 2020, we cooperated with the government policies and smoothly completed the satellite launch. We offer our extended services to countries around the world to meet customer requirements. The Company has successively passed certification and accreditation, enabling itself to provide advanced technology to the customer base in the niche market.

Outline of 2024 Business Plan

The Company continues to focus on the flash memory market and selects advantageous domestic and international strategic partners. In addition to continuous research and development on packaging and testing services for 5G, Internet of Things, AI, and automotive electronics related products, the Company will also leverage its bumping product line to develop high-end wearable products. To reduce risks and solidify a foundation for development, the Company continues to pay attention to the addition of domestic and foreign environmental protection and sustainability regulations, review and comply with relevant regulations, integrate internal and external resources, and plan the attraction and cultivation of talents to effectively maintain competitive advantages.

Looking into 2024, not only will we strengthen the development of CSP/ BGA market and improve the production efficiency for our semiconductor packaging and electronic components assembly services, we will further enhance the development of memory market (especially LPDDR and DDR). the Company will also expand the development of IoT and automotive electronics-related markets to maintain its combativeness and boost its revenue sources.

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

(I) Reduce the material costs constantly.

(II) Continue the development of advanced packaging processes and refinement of process capabilities to meet future customer product requirements

(III) Continue the further development of memory market and assist customers in the development of new customized products.

(IV) Adopt intelligent production management system.

(V) Develop high end SiP manufacturing process and market.

(VI) Evaluate and verify low-carbon materials.

(VII) Aggressively tap into the market for automotive electronics.

(VIII) Develop customers in the server semiconductor business.

(IX) Assess the use of relevant recycled materials.

Both SSD and products with quality requirement higher than IPC-610 class 3 in EMS Group have been put into mass production. Below is a summary of the major plans of the Electronics Manufacturing Services Group in 2024:

(I.) The ongoing optimization of process in SSD production base: build an exclusive production area that serves the world' s top customers with the adjustment plan of the global productive capacity for the main customers to respond the demand of the future productive capacity.

(II.) II. With the growing demand for server products, the setting of production line has been adjusted accordingly in order to increase the productive capacity to handle customers' demand. In addition to the production of existing products, with the introduction of next-generation products of INTEL and AMD, we will put new products into mass production to meet customers' demand.

(III.) In-vehicle products were IATF 16949-certified and put into mass production.

(IV.) Obtainment of AS9100 aerospace certification should facilitate grasp of new opportunities in the aerospace industry.

Key Strategies for Future Development

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

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

Impacts of External Competition, the Legal Environment, and the Overall Business Environment

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

With the impact of global climate change, a number of international initiatives, the integration and clarification of various information disclosure standards, it is expected that the requirements of sustainability issues will gradually affect the electronics industry, supply chain, and production activities. The Company attaches great importance to environmental, social and corporate governance issues, and will continue to comply with domestic and foreign regulations, collect international and industrial information, assess various sustainable actions and risks, promote pragmatic and continuous improvement, and actively respond to the impacts and opportunities brought by various changes.

Looking forward to 2024, there are still many uncertainties in the international situation, economy and environment, which bring challenges and also opportunities for development. The Company will continue to refine its business, pay attention to the needs of customers and stakeholders, and provide the most appropriate services. We are once again deeply grateful to all of our shareholders for their unwavering trust in our company and look ahead to furthering our collective success in the future.

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

Orient Semiconductor Electronics, Ltd.
Chairman: Yueh-Ming Tung

II. Company Profile

2.1 Date of Incorporation：June 12, 1971

2.2 Company History

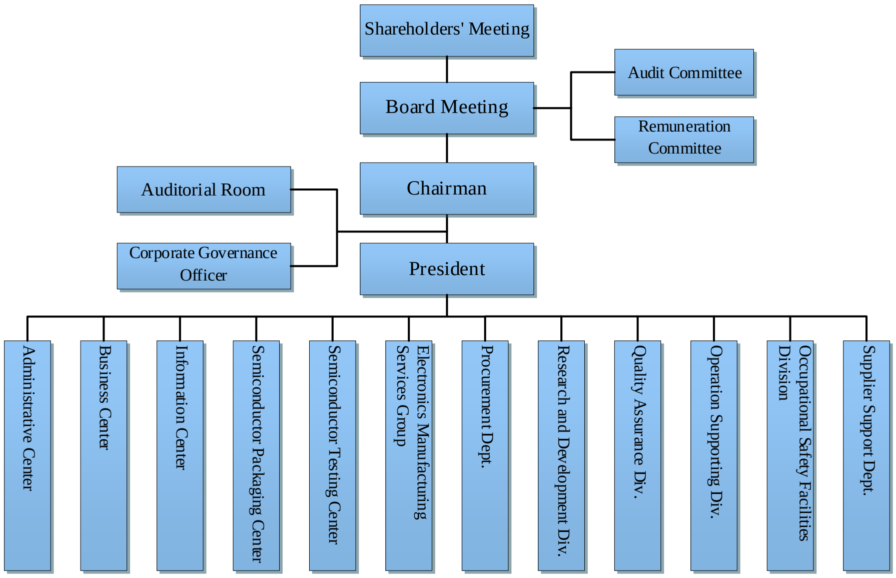
1971	June	OSE was officially established, with the paid-in capital of NT$11,000,000.
1990	March	the Assembly Business Unit was completed and started mass production.
1994	April	OSE issued the common stock and was listed on the Taiwan Stock Exchange on April 20 under Category 1.
1999	April	the Enterprise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

	June	the SSD factory in the EMS Unit has passed the RBA Validated Assessment Program and obtained the certification.
	October	OSE passed the audit of Taiwan TrainQuali System (TTQS), and was awarded the silver medal.
	December	Issuance of 5,000 thousand shares of new restricted employee shares.
2020	June	OSE joined Taiwan Space Industry Development Association as the first member.
	October	the Chairman, Mr. Edward Shaw-Yau Duh, resigned, and was replaced by Mr. Yueh-Ming Tung who also served as the General Manager.
	October	OSE signed an agreement on a strategic partnership with CHIPBOND TECHNOLOGY CORPORATION.
	December	CHIPBOND TECHNOLOGY CORPORATION conducted a share transfer (exchange) with the Shareholders to become a majority shareholder holding more than 10% of the shares.
2021	January	Private placement of 270,270 thousand shares of preferred stock.
	March	OSE USA, Inc., a U.S. subsidiary, ceased operations.
	March	Improved the synergy of using resources through centralization of the organization, by integrating the operations into six centers and various divisions.
	April	Mr. Jia-Rong Tu was appointed to succeed Mr. Yueh-Ming Tung as the General Manager of the Company, in order to implement corporate governance and strengthen the management function.
	July	Mr. Yueh-Ming Tung was elected as the chairman of the Board at the General Shareholders' Meeting.
	August	Obtained AS 9100 (including ISO 9001) aerospace quality management system certification.
	October	Obtained the Exercise Enterprise Certification issued by the Sports Administration, Ministry of Education.
	December	Awarded the High Distinction Award for Implementing Water Consumption Reduction Guidance and Improvement by the Water Resources Agency, Ministry of Economic Affairs.
	December	Passed the evaluation of the Talent Quality Management System (TTQS) and awarded the gold medal.
2022	June	Passed ISO 14046-1:2018 greenhouse gas verification.
	July	The EMS center passed IATF 16949 certification.
	October	Put the 70,784,915 common shares privately placed in 2007 on the stock exchange retrospectively.
	November	Ranked 1st in the 2022 Digital Transformation Inhibitors strategic roadmap verification award.
	November	Passed the ISO 50001:2018 energy management system certification.
	December	the 5th factory in the EMS Unit has passed the RBA Validated Assessment Program and obtained the certification.
	December	Passed ISO 46001:2019 water resources efficiency management system certification.
2023	May:	Participating in the Diamond Domain Renewal Plan in Nanzi Park with the groundbreaking ceremony for the new plant.
	July:	Passed ISO 14046-1:2018 greenhouse gas verification.
	August:	The first Chinese and English sustainability reports were published.
	August:	Won the Energy Saving Benchmark Award Finalist of the Ministry of Economic Affairs.
	September:	the 2nd factory in the EMS Unit, Semiconductor Group, has passed the RBA Validated Assessment Program and obtained the certification.
	October:	Passed the ISO 27001:2022 information security management system certification.
	November:	Awarded Gold Level for Best Report of TCSA Awards for Taiwan Corporate Sustainability.
	December:	Passed the evaluation of the Talent Quality Management System (TTQS) and awarded the gold medal.
	December:	Received Top Award of Kaohsiung City Workplace Employee Health Service Promotion Program from Health Bureau, Kaohsiung City Government.
	December:	Received the Finalist Award for the Water Conservation Performance Excellence Award from the Water Resources Administration, Ministry of Economic Affairs.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Structure



3.1.2 The responsibilities of all the major departments

Departments	Main Business
Auditorial Room	Management and internal auditing of the Company's various internal operational processes.
Administrative Center	Management of human resources, administrative services, finance, importing/exporting, legal, and accounting.
Business Center	Responsible for product sales, business development, production planning and material management.
Information Center	In charge of the Company's computer software and hardware, internet maintenance, etc.
Semiconductor Assembly Center	Responsible for semiconductor packaging related business.
Semiconductor Testing Center	Responsible for semiconductor testing related business.
Electronics Manufacturing Services Center	In charge of electronics manufacturing services, etc.
Procurement Dept.	Responsible for material procurement, control and planning.
Research and Development Div.	Product manufacturing process development, new manufacturing process and new product development.
Quality Assurance Div.	Quality control of incoming and outgoing shipments, and quality system promotion.
Operation Supporting Div.	Factory layout and rationalization planning, and production efficiency improvement.
Industrial Safety Facility Div.	Responsible for the management of environment, safety, health, and plant facilities.
Supplier Support Dept.	In charge of overseas plant establishment supporting electronics manufacturing services, etc.

3.2 Information of Board Members, Supervisors and Management Team

3.2.1 Information on Board of Directors

April 9, 2024

Title	Nationality or place of incorporation	Name	Gender age	Date of election/assumption of office	Term	The commencement date of the first term	Shareholdings in commencement date of the term		Current shareholdings		Current shareholdings of spouse and minor children		Major academic (career) background	Other concurrent position in the Company or other companies	Note
							Share	Shareholding percentage	Share	Shareholding percentage	Share	Shareholding percentage			
Chairman	The Republic of China	Yueh-Ming Tung	Male 51-60	110.07.15	3	105.11.08	534,739	0.10%	534,739	0.10%	57	0.00%	Master Degree of EMBA of National Sun Yat-sen University President of Orient Semiconductor Electronics, Ltd.	Chairman of Orient Semiconductor Electronics, Ltd. Chairman of OSE INTERNATIONAL LTD. Representative of legal person Director, Coreplus (HK) LTD. Representative of legal person Director, VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD.	
Director	The Republic of China	Chipbond Technology Corporation	—	110.07.15	3	110.07.15	163,995,498 270,270,000	29.45% (Note 2)	147,345,498 180,180,000	26.53% (Note 3)	0	0.00%	None	None	
	The Republic of China	Representative: Huoo-Wen Gau	Male 61-70	110.07.15	3	110.07.15	0	0.00%	0	0.00%	0	0.00%	Master of Applied Chemistry, National Tsing Hua University Head of Microelectronics Group, ITRI President of Xinbao Electronics	President of Chipbond Technology Corporation Director of Chipmore Holding Company Limited (Cayman) Director of Chi-cheng Investment	
	The Republic of China	Representative: Shyh-Wey Lo	Male 51-60	110.07.15	3	110.07.15	0	0.00%	0	0.00%	0	0.00%	Department of Accounting, Chung Yuan Christian University Vice President of the Audit Department of PwC Taiwan	Senior Vice President and Chief Financial Officer of the Administration Center, Chipbond Technology Corporation Chairman of Chi-cheng Investment Supervisor of Vision Advance Technology Inc. Representative of legal person Director of Hefei ESWIN Technology Co., Ltd. Representative of legal person Director of Hefei Chipmore Materials Technology Co., Ltd. Independent Director of Sunjuice Holdings Co., Limited. Independent Director of Giga Solar Materials Corp. Independent Director of Hua Hsu Silicon Materials Co., Ltd.	
Independent Director	The Republic of China	Ching-Tien Tsai	Male 71-80	110.07.15	3	105.06.22	0	0.00%	0	0.00%	0	0.00%	Department of Accountancy, National Cheng Kung University CPA of Ernst and Young Global Limited	Head of Wen-Ping Accounting Firm	
Independent Director	The Republic of China	Jerry Chiou	Male 61-70	110.07.15	3	105.06.22	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Commerce, the City University of New York, USA Professor of Department of Accountancy, National Cheng Kung University	Director of Taiwan Corporate Governance Association Director of Acon Holding Inc. Director of MediVisionTech Co., Ltd. Director of Addons	

Title	Nationality or place of incorporation	Name	Gender age	Date of election/assumption of office	Term	The commencement date of the first term	Shareholdings in commencement date of the term		Current shareholdings		Current shareholdings of spouse and minor children		Major academic (career) background	Other concurrent position in the Company or other companies	Note
							Share	Shareholding percentage	Share	Shareholding percentage	Share	Shareholding percentage			
Independent Director	The Republic of China	Chia-Hua Hsu	Male 61-70	110.07.15	3	110.07.15	0	0.00%	0	0.00%	0	0.00%	Department of Business Administration of Tunghai University Finance Manager of First Steamship Group CFO of Elementa Information Technology Corp President of WAN CHI ENGINEERING CO. LTD. Chairman of CHI LIN OPTOELECTRONICS CO., LTD. Independent director of Chipbond Technology Corporation	None	
Notes:															
1.Directors using others' names to hold shares in the Company: none															
2.Directors have a spouse or a relative of the second degree of consanguinity as an officer or Director of the Company: none.															

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

(Note 2)：They are 90,090,000 Class B non-voting preference shares and 180,180,000 Class C non-voting preference shares, totaling 270,270,000 shares.

(Note 3)：As of December 27, 2023, in accordance with the issuance conditions of Class B preferred shares, the Company may redeem the Class B Preferred Shares in cash at the actual issue price after three years from the issuance date. As of the book closure date, there were 180,180,000 Class C non-voting preferred shares.

Table 1: Major Shareholders of the legal person Shareholders

Name of legal person Shareholders	Major Shareholders of the legal person Shareholders
CHIPBOND TECHNOLOGY CORPORATION	Chang Wah Electronmaterials Inc.(7.80%); United Microelectronics Corporation(7.20%); KGI Life Insurance Co., Ltd. (3.36%); Hua-Cheng Investment Co. (2.92%); Fortune Venture Capital Corp(1.89%); Nan Shan Life Insurance Co., Ltd. (1.75%); Fei-Chien Wu (1.47%); Labor pension fund under the new retirement scheme (1.44%); Citigroup (Taiwan) as the custodian of the investment account of the Norway's Central Bank (1.27%); JPMorgan Chase (Taipei) as the custodian of Vanguard Emerging Markets Stock Index Fund (1.18%) .

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

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

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

Name of legal person investor	Major Shareholders of legal person shareholder
Chang Wah Electronmaterials Inc.	WahLee Industrial Corp. (28.71%)、Xinxin Investment Co., Ltd. (8.29%)、YENYO Technology Co., Ltd. (6.27%)、Chang Wah Technology Co., Ltd. (4.77%)、Fubon Life Insurance (4.67%)、Singapore Government Fund Account in the custody of Citibank (4.24%)、Best-Jet Investment Co., Ltd. (3.15%)、JMC Electronics Co., Ltd. (2.09%)、Vanguard Group Emerging Markets Fund in the custody of JPMorgan Chase & Co. (0.84%)、Sing Jheng Investment Co., Ltd. (0.82%)
United Microelectronics Corporation	JPMorgan Chase Bank, N.A. acting in its capacity as depositary and representative to the holders of ADRs (5.37%)、Hsun Chieh Investment Co., Ltd. (3.53%)、Fubon Life Insurance Co., Ltd. (3.01%)、Silicon Integrated Systems Corp. (2.13%)、Taiwan Life Insurance Co., Ltd. (1.79%)、Yann Yuan Investment Co., Ltd. (1.54%)、Labor Pension Fund (1.52%)、China Life Insurance Co., Ltd. (1.29%)、CITI Bank in custody for investment account of NOREGS BANK (1.28%)、Singapore Government Fund Account in the custody of Citibank Taiwan (1.20%)
KGI Life Insurance Co., Ltd.	China Development Financial Holding Co., Ltd. (100%)
Hua-Cheng Investment Co.	Orient Semiconductor Electronics., Ltd. (100%)
Fortune Venture Capital Corp	United Microelectronics Corporation (100%)
Nan Shan Life Insurance Co., Ltd.	Run Cheng Investment Holding Co., Ltd. (89.55%)、Ruen Hua Dyeing & Weaving Co., Ltd. (1.34%)、Yingzong Du(1.16%)、Ruentai Xing Co., Ltd. (0.97%)、Ruentai Development Co., Ltd. (0.23%)、Ruentex Industries Co., Ltd (0.21%)、Yuanxin Investment Co., Ltd. (0.16%)、Ruentex Leasing Co., Ltd. (0.12%)、Jipin Investment Co., Ltd. (0.11%)、Pan City Co., Ltd. (0.09%)

3.2.2 Disclosure of information on the professional qualifications of directors and the independence of independent directors:

3.2.2.1 Professional qualifications and independence of directors

Criteri / Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of other public companies in which the individual is concurrently serving as an Independent Director
Chairman Yueh-Ming Tung	Has more than five years of work experience required for the Company's business, a master's degree of EMBA of National Sun Yat-sen University in advanced management; is currently serving as chief marketing officer of Orient Semiconductor Electronics; is not under any of the circumstances under Article 30 of the Company Act.	Not applicable	0
Director Huoo-Wen Gau	Has more than five years of work experience required for the Company's business and a master's degree in Applied Chemistry, National Tsing Hua University; is currently serving as the General Manager of Chipbond Technology Corporation; is not under any of the circumstances under Article 30 of the Company Act.	Not applicable	0
Director Shyh-Wey Lo	Has more than five years of work experience required for the Company's business; Bachelor from the Accounting Faculty of Chung Yuan Christian University; is currently serving as the Senior Vice President and Chief Financial Officer of the Administration Center in Chipbond Technology Corporation; is not under any of the circumstances under Article 30 of the Company Act.	Not applicable	3

Criteria / Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of other public companies in which the individual is concurrently serving as an Independent Director
Independent Director Ching-Tien Tsai	Is a professional and skilled person who has more than five years of work experience required for the Company's business and has passed the Senior Professional and Technical Examination for Certified Public Accountants and obtained a license; graduated from the Department of Accountancy, National Cheng Kung University; once served as CPA of Ernst and Young Global Limited; is currently the owner, Wen-Ping Accountancy Firms; is not under any of the circumstances under Article 30 of the Company Act.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Holding more than 1% of the total outstanding shares issued by the Company, or among the top 10 natural person Shareholders by the person or his or her spouse or minor children, or in the name of a third party. (4) Not a spouse, or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of an executive officer falling under (1), (2) or (3) above. (5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of another company where a majority of the Company's directors or voting shares and those of another company are controlled by the same person. (7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the General Manager, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or spouses. (8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, Director, Supervisor, or a spouse thereof, or officer of a sole proprietorship, partnership, company, or institution that,	0
Independent Director Jerry Chiou	Has the qualification as a lecturer for relevant departments at public and private colleges and universities required by the Company's business; has a Ph.D. in business, the City University of New York; once served as a professor at the Department of Accountancy, National Cheng Kung University; current director of Taiwan Corporate Governance Association; is not under any of the circumstances under Article 30 of the Company Act.		0
Independent Director Chia-Hua Hsu	Has more than five years of work experience required for the Company's business; graduated from the Department of Business Administration of Tunghai University; once served as Chairman of Chi Lin Optoelectronics Co., Ltd.; is not under any of the circumstances under Article 30 of the Company Act.		0

Criteria / Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of other public companies in which the individual is concurrently serving as an Independent Director
		provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT$500,000. This restriction does not apply, however, to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act, the Business Mergers and Acquisitions Act, or related laws or regulations. (10) Not having a marital relationship, or not a relative within the second degree of kinship to any other Director of the Company. (11) Not a governmental, legal person investor or its representative as defined in Article 27 of the Company Act.	

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

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

3.2.2.2 Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors

A. Diversification policy:

According to the Company's "Corporate Governance Best Practice Principles," the composition of the Board of Directors should consider diversity. Aside from the number of directors concurrently serving as managerial officers not exceeding one-third of the total number of directors, the Company should formulate appropriate diversity guidelines based on its operations, business model, and development needs. The diversity guidelines should include, but not be limited to, the following two main aspects:

I. Basic conditions and values: gender, age, nationality and culture, etc.

II. Professional knowledge and skills: professional background, professional skills, and industrial experience.

Members of the Board of Directors shall generally possess the necessary knowledge, skills, and literacy to perform their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors as a whole should have the following capabilities:

I. Operational judgment.

II. Accounting and financial analysis.

III. Business management ability.

IV. Crisis management.

V. Industry knowledge.

VI. International perspective.

VII. Leadership ability.

VIII. Decision-making ability.

B. Implementation of diversification:

The member of the Company's Board of Directors has diverse backgrounds and is composed of members with extensive industrial management and academic experience, including professional fields such as industrial technology, law, finance and accounting, and operations management. The Company's Board of Directors has 6 directors, including 3 independent directors. Independent directors account for 50% of the total number of directors. Relevant laws and regulations used to judge and evaluate the independence of independent directors are complied. The average tenure of directors is 6 years. One independent director has tenure for less than 3 years, and two have 3~9 years. One director also serves as the Company's managerial officer, accounting for 16% of the total number of directors and not more than one-third of the total number of directors. The Company has set at least one female director as the goal, and will achieve the goal after the re-election of directors in the 2024 shareholders' meeting.

Specific management objectives and achievement status of diversification policy:

Management objectives	Status of achievement
There shall be three or more independent directors, and the number of independent directors shall not be less than one-third of the total number of directors	Achieved
Independent directors should not serve more than three consecutive terms	Achieved
It is advisable that the number of directors who also serve as the Company's managerial officers shall not exceed one-third of the total number of directors	Achieved
At least one female director	Expected to be achieved after the re-election in 2024

Implementation of diversity among members of the Board of Directors：

Core diversity item		Basic composition									Industry experience/professional ability							
Title/Name		Nationality	Gender	Serving as an employee of the Company concurrently	Age			Independent Director Length of tenure			Operational judgment	Accounting and financial analysis	Business management ability	Crisis management	Industry knowledge	International perspective	Leadership ability	Decision-making
					51 to 60	61 to 70	71 to 75	Less than 3 years	3 - 9 years	9 years or more								
Chairman	Yueh-Ming Tung	The Republic of China	Male	✓	✓			Not applicable			✓	✓	✓	✓	✓	✓	✓	✓
Director	Huo-wen Gao		Male			✓					✓	✓	✓	✓	✓	✓	✓	✓
Director	Shi-Wei Luo		Male		✓						✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Ching-Tien Tsai		Male				✓		✓		✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Jerry Chiou		Male			✓			✓		✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Chia-Hua Hsu		Male			✓		✓			✓	✓	✓	✓	✓	✓	✓	✓

(2) Independence of the Board of Directors

Among the members of the Board of Directors, none of them are involved in the circumstances listed in Article 30 of the Company Act; and none of the circumstances specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act (more than half of the directors being spouses or relatives within the second degree of kinship to each other; directors not being spouses or relatives within the second degree of kinship to each other) have occurred. All independent directors meet the concurrent position restrictions stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," where they do not concurrently serve as independent directors for more than three other public companies. In summary, the Company believes that the Company's Board of Directors is independent.

3.2.3 Profile of General Managers, Vice General Managers, Assistant Managers, Department Heads and Branches Heads

April 9, 2024

Title	Nationality	Name	Gender	Date of election /assumption of office	Shareholding		Current shareholdings of spouse and minor children		Major academic (career) background	Current employment with other companies	Remark
					Share	Shareholding percentage	Share	Shareholding percentage			
Chief Marketing Officer	The Republic of China	Yueh-Ming Tung	Male	110.07.29	534,739	0.10%	57	0.00%	Master Degree of EMBA of National Sun Yat-sen University General Manager of Orient Semiconductor Electronics, Ltd.	Chairman of OSE INTERNATIONAL LTD. Representative of juristic-person director, Coreplus (HK) LTD. Representative of legal person director, VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD.	
General Manager	The Republic of China	Jia Rong Tu	Male	110.04.15	88,000	0.02%	0	0.00%	Department of Mechanics, National Cheng Kung University Special Assistant to the General Manager of Orient Semiconductor Electronics, Ltd. Vice General Manager of Manufacturing Center in CHIPBOND TECHNOLOGY CORPORATION Assistant Manager of Info-Tek Corporation Engineer in Zhubei Plant of Philips Taiwan	None	

Title	Nationality	Name	Gender	Date of election /assumption of office	Shareholding		Current shareholdings of spouse and minor children		Major academic (career) background	Current employment with other companies	Remark
					Share	Shareholding percentage	Share	Shareholding percentage			
Senior Vice General Manager	The Republic of China	Chin-Chiu Wang	Male	108.09.04	62,004	0.01%	152	0.00%	MBA of National Sun Yat-sen University IBM System Engineer/Business Specialist Manager of the Information Management Unit in Orient Semiconductor Electronics, Ltd. General Manager of Infofab, Inc.	None	(Note 1)
Vice General Manager	The Republic of China	Chen-Ling Lai	Female	107.03.06	113,788	0.02%	0	0.00%	Master of Human Resource, National Kaohsiung University of Applied Sciences	None	
Vice General Manager	The Republic of China	Min-Lang Tsa	Male	106.07.19	62,852	0.01%	0	0.00%	Master of Industrial Engineering, National Kaohsiung University of Applied Sciences Assistant Manager of Dept. of RD and Manufacturing Process Engineering of Taiwan IC Packaging Corporation Senior Manager of Dept. of Flash packaging/testing R&D of ADATA Technology Co., Ltd.	None	(Note 2)
Assistant Manager	The Republic of China	Jia Ming Yang	Male	109.08.03	56,494	0.01%	0	0.00%	Master of Engineering Science, National Cheng Kung University	None	
Assistant Manager	The Republic of China	Che-Kuang Liu	Male	105.09.07	39,278	0.01%	1,302	0.00%	Department of Industrial and Systems Engineering of Chung Yuan Christian University	None	
Assistant Manager	The Republic of China	Chen-Chung Sun	Male	106.08.10	51,636	0.01%	0	0.00%	Department of Business Administration of Tunghai University	None	

Title	Nationality	Name	Gender	Date of election /assumption of office	Shareholding		Current shareholdings of spouse and minor children		Major academic (career) background	Current employment with other companies	Remark
					Share	Shareholding percentage	Share	Shareholding percentage			
Assistant Manager	The Republic of China	Tseng-Chih Chi	Male	107.08.20	59,426	0.01%	0	0.00%	Master Degree of Institute of Applied Mechanics of National Taiwan University Director of ADATA Technology Co., Ltd.	None	
Assistant Manager	The Republic of China	Hung-Tai Mai	Male	108.05.01	29	0.00%	2,000	0.00%	Department of Industrial Management, Shu-Te University	None	
Chief Financial Office	The Republic of China	Simon Hung	Male	109.10.16	4,800	0.00%	0	0.00%	MBA, National Taiwan University	Chairman of COREPLUS (HK) Ltd. Chairman of VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD. Representative of legal person Director, Hua-Cheng Investment Co.	
Accounting Supervisor and Corporate Governance Officer	The Republic of China	Shu-Yung Chu	Female	107.12.01	42,758	0.01%	0	0.00%	Master of the Institute of Finance, National Sun Yat-sen University	Representative of legal person Director, Hua-Cheng Investment Co.	
Notes:											
1.Directors using others' names to hold shares in the Company: none.											
2.Directors have a spouse or a relative of the second degree of consanguinity as an officer or Director of the Company: none.											

Note 1: Position adjustment on May 1, 2023: Vice General Manager was promoted to Senior Vice General Manager.

Note 2: Position adjustment on January 1, 2023: Assistant Manager was promoted to Vice General Manager.

3.3 Remuneration for Directors, CEO, President, Vice President

3.3.1 Remuneration of general Directors and Independent Directors

December 31, 2023 Unit: NTD thousand

Title	Name	Directors remuneration								Ratio of A+B+C+D to net income after tax		Relevant remuneration received by Directors who are also Employees								Ratio of the sum of A+B+C+D+E+F+G to net income after tax		Remuneration received from any investee other than the Company's subsidiary or parent company
		Base remuneration (A)		Severance pay and pensions(B)		Directors' remuneration (C) (Note 1)		Expenses to business execution (D) (Note 2)				Salary, bonuses, and allowances (E) (Note 3)		Severance pay and pensions(F)		Employees' remuneration (G) (Note 4)						
																The Company		Companies in the consolidated financial statements				
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock	The Company	Companies in the consolidated financial statements	
Chairman	Yueh-Ming Tung	1,080	1,080	0	0	24,910	24,910	120	120	1.52%	1.52%	5,495	5,495	0	0	17,500	0	17,500	0	2.75%	2.75%	None
Director	Phison Electronics Corporation Representative: Huoo-Wen Gau																					
Director	Phison Electronics Corporation Representative:Shyh-Wey Lo																					
Independent Director	Chia-Hua Hsu	2,430	2,430	0	0	0	0	120	120			0	0	0	0	0	0	0	0			None
Independent Director	Ching Tien Tsai																					
Independent Director	Jerry Chiou																					

1.Please specify the policy, system, standard, and structure of remuneration to independent directors, and the association between the amount of remuneration and the responsibilities and risks and time commitment of the Directors: The remuneration standards for the Company's independent directors are set by the Remuneration Committee, and the correlation between the standards and the annual performance evaluation results is regularly reviewed. independent directors' remuneration is determined based on the Company's operating results and their contribution to the Company's performance per year and reported to the shareholders' meeting after approved by the Board of Directors.

2. Except as disclosed in the above table, the remuneration received by the Company' s directors for providing services (such as serving as a consultant in a non-employee capacity for the parent company/all companies in the financial statements/investees) in the most recent year: None.

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

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

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

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

Table of remuneration range

Remunerations to individual Directors in respective brackets along the remuneration scale	Name of Directors			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G) of the previous seven items	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT$ 1,000,000	Chia-Hua Hsu, Ching-Tien Tsai, Jerry Chiou	Chia-Hua Hsu, Ching-Tien Tsai, Jerry Chiou	Chia-Hua Hsu, Ching-Tien Tsai, Jerry Chiou	Chia-Hua Hsu, Ching-Tien Tsai, Jerry Chiou
NT$1,000,000 (inclusive) ～ NT$2,000,000 (exclusive)	None	None	None	None
NT$2,000,000 (inclusive) ～ NT$3,500,000 (exclusive)	None	None	None	None
NT$3,500,000 (inclusive) ～ NT$5,000,000 (exclusive)	None	None	None	None
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	Yueh-Ming Tung、Chipbond Technology Corporation (Representative: Huoo-Wen Gau)、Chipbond Technology Corporation (Representative: Shyh-Wey Lo)	Yueh-Ming Tung、Chipbond Technology Corporation (Representative: Huoo-Wen Gau)、Chipbond Technology Corporation (Representative: Shyh-Wey Lo)	Chipbond Technology Corporation (Representative: Huoo-Wen Gau)、Chipbond Technology Corporation (Representative: Shyh-Wey Lo)	Chipbond Technology Corporation (Representative: Huoo-Wen Gau)、Chipbond Technology Corporation (Representative: Shyh-Wey Lo)
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	None	None	None	None
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)	None	None	None	None
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)	None	None	Yueh-Ming Tung	Yueh-Ming Tung
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)	None	None	None	None
Over NT$100,000,000	None	None	None	None
Total	6	6	6	6

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

3.3.3 Remuneration of General Manager and Vice General Manager

December 31, 2023 Unit: NTD thousand

Title	Name	Remuneration (A) (Note 1)		Severance pay and pensions(B)		Bonus and allowances(C) (Note 2)		Employees' remuneration (D) (Note 3)				Ratio of A+B+C+D to net income after tax (%)		Remuneration received from any investee other than the Company's subsidiary or parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock			
Chief Marketing Officer	Yueh-Ming Tung	19,400	19,400	594	594	5,697	5,697	38,547	0	38,547	0	3.41%	3.41%	None
General Manager	Jia Rong Tu													
Senior Vice General Manager	Tzu Ming Liu													
Vice General Manager	Liang-Chung Wu (Note4)													
Senior Vice General Manager	Chin-Chiu Wang													
Vice General Manager	Chen-Ling Lai													
Vice General Manager	Min-Lang Tsai													

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

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

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

Note 4: The Vice General Manager, Liang-Chung Wu, resigned on July 1, 2023.

Table of remuneration range

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

3.3.4 Name of Managerial Officer in charge of bonus distribution and distribution status:

Unit: NTD thousand

Title	Name	Stock	Cash	Total	As a percentage of net income (%)
Chief Marketing Officer	Yueh-Ming Tung	0	48,514	48,514	2.58%
General Manager	Jia Rong Tu				
Senior Vice General Manager	Tzu Ming Liu				
Senior Vice General Manager	Chin-Chiu Wang				
Vice General Manager	Chen-Ling Lai				
Vice General Manager	Min-Lang Tsai				
Assistant Manager	Che-Kuang Liu				
Assistant Manager	Chen-Chung Sun				
Assistant Manager	Tseng-Chih Chi				
Assistant Manager	Hung-Tai Mai				
Assistant Manager	Jia Ming Yang				
Chief Financial Officer	Simon Hung				
Head of Accounting	Shu-Yung Chu				

Note: The Board of Directors, on January 31, 2024, approved the distribution of 2023 employee remuneration in the amount of NT$249,200 thousand in cash.

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

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

Fiscal Year	2022		2023	
Title	The ratio of total remuneration for Directors, Supervisors, General Managers and Vice General Managers paid by the Company to net income(loss) after tax	The ratio of total remuneration for Directors, Supervisors, General Managers and Vice General Managers paid by all the companies in the consolidated financial statement to net income(loss) after tax of individual financial statements	The ratio of total remuneration for Directors, Supervisors, General Managers and Vice General Managers paid by the Company to net income(loss) after tax	The ratio of total remuneration for Directors, Supervisors, General Managers and Vice General Managers paid by all the companies in the consolidated financial statement to net income(loss) after tax of individual financial statements
Director (Including Independent Directors)	2.98%	2.98%	2.75%	2.75%
Supervisors	-	-	-	-
President and Vice President	3.99%	3.99%	3.41%	3.41%

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

(1) In accordance with Article 26-1 of the Company's Articles of Incorporation, the remuneration of the Company's directors shall be distributed by the Board of Directors at a rate of not more than 1% of the Company's profitability for the current year, based on the directors' annual performance

evaluation and contribution, taking into account the Company's operating results for the current year and future risks, and reported to the shareholders' meeting with the approval of the Board Meeting.

(2) The remuneration of the president and vice president is evaluated and adjusted based on their duties, personal performance and contribution to the Company's overall operations, the Company's operating performance for the year and the Company's future risks, and with reference to the industry standard. Remuneration distribution is highly linked to operating performance. Performance evaluation indicators are as follows:

(a) Financial indicators: including revenue and profit

(b) Non-financial indicators: Strategic performance goals such as technology R&D and innovation, organizational/internal processes (such as continuous process optimization), customer service management, personnel development, and sustainable development (ESG), are included in the evaluation to strengthen managerial officer compensation and corporate performance and shareholders' equity.

Each target and its weight are set at the beginning of the year based on the internal and external business environment and comprehensive consideration of future risk factors. Year-end assessment of the Company's achievement of targets, and proposal of remuneration to managerial officers based on such performance, which shall be reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

3.4 Implementation of Corporate Governance

3.4.1 Operation of the Board of Directors: The Board of Directors met 4 times in 2023; below is the attendance of directors:

Title	Name	Attendance in person	By proxy	Rate of attendance in person (%)	Note
Chairman	Yueh-Ming Tung	4	0	100.00%	
Director	CHIPBOND TECHNOLOGY CORPORATION Representative: Huoo-Wen Gau	4	0	100.00%	
Director	CHIPBOND TECHNOLOGY CORPORATION Representative: Shyh-Wey Lo)	4	0	100.00%	
Independent Director	Chia-Hua Hsu	4	0	100.00%	
Independent Director	Ching-Tien Tsai	4	0	100.00%	
Independent Director	Jerry Chiou	4	0	100.00%	

Other matters that require reporting:

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

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee on June 18, 2019, and the provisions of Article 14-3 of the Securities and Exchange Act are not applicable. For a description of the matters set forth in Article 14-5 of the Securities and Exchange Act, please refer to the operating status regarding the Audit Committee to be recorded (page 24).

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

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

Date of Board Meeting	The status on Directors executing the proposal of conflict of interest
2023.04.26	Motion on distribution of employee remuneration to the Company's managers of 2022: Chairman Yueh-Ming Tung was a party involved, so he recused himself in accordance with the Rules of Procedure for Board of Directors Meetings. The motion was presided over by independent director Ching-Tien Tsai on behalf of the chairman, and was approved with the consent of 4 other directors who did not recuse themselves from the meeting.
2023.04.26	Being a party involved in the motion on distribution of remuneration to the Company's directors of 2022, Chairman Yueh-Ming Tung and Chipbond Technology Corporation's representatives Huo-wen Gao and Shi-Wei Luo recused themselves from the motion according to the interest avoidance principles set forth in the Rules of Procedure for Board of Directors Meetings. The motion was presided over by independent director Ching-Tien Tsai on behalf of the chairman, and was approved with the consent of 2 other directors who did not recuse themselves from the meeting.
2023.10.25	Chairman Yueh-Ming Tung was a party to the issuance of new restricted employee shares for 2023, who recused himself in accordance with the Board of Directors' Procedure Rules. The motion was presided over by director Huo-Wen Gao on behalf of the chairman, and was approved with the consent of 4 other directors who did not recuse themselves from the meeting.
2023.10.25	Personnel appointment motion: chairman Yueh-Ming Tung was a party involved, so he recused himself in accordance with the rules of procedure for board meetings. The motion was presided over by director Huo-Wen Gao on behalf of the chairman, and was approved with the consent of 4 other directors who did not recuse themselves from the meeting.

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

(I) Internal evaluation:

Cycle of evaluation	Period of evaluation	Scope of evaluation	Methods and contents of evaluation	2023 evaluation results
Annually	January 1, 2023 to December 31, 2023	The Board Meeting, individual members of Board of Directors, and functional	<u>Self-evaluation on the performance of the Board of Directors:</u> Includes the following five major aspects, a total of 44 indicators. A. Level of involvement in the Company's operation B. Improvement on the quality of the Board Meeting's decisions C. the makeup and the structure of the members of the Board of Directors D. The Directors' Election and Their Continuing Education	The Company's Board of Directors and functional committees exercise powers by

		committees	E. Internal control Self-evaluation on the performance of members of the Board of Directors: Includes the following six major aspects, a total of 23 indicators. A. Alignment of the goals and mission of the Company; B. Understanding and recognition of the responsibilities of Directorship C. Level of involvement in the Company's operation D. Management and communication on internal relationship E. The Directors' Election and Their Continuing Education F. Internal control Self-evaluation on the performance of functional committees Includes the following five major aspects, a total of 24 indicators. A. Level of involvement in the Company's operation B. Understanding and recognition of the responsibilities of functional committees C. Improvement on the quality of the functional committees' decisions D. Makeup and selection of the committee members and E. Internal control	law. The evaluation results showed that regarding the efficiency and effectiveness of each benchmark, the Directors and functional committees all have shown positive results in evaluation.

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

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

(I) On June 18, 2019, the Company's general shareholders' meeting elected independent directors and established an Audit Committee to replace the supervisors' duties and responsibilities to strengthen the board meeting's functions.

(II) To implement corporate governance and improve the functions of the Company's Board of Directors, on March 27, 2020, the Company adopted the "Rules for Performance Evaluation of Board of Directors", by which an internal evaluation of the Board of Directors' performance is carried out annually before the end of the first quarter of the following month. The evaluation of the performance of the Board of Directors of 2023 was completed and the evaluation results were reported at the Board of Directors meeting dated January 31, 2024.

(III) Enhance the diversity of the Board of Directors. Appoint at least one female director to achieve the goal of gender equality.

3.4.2 The operating status regarding the Audit Committee:

The 2023 Audit Committee had 4 meetings, and the attendance of Independent Directors was as follows:

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

Other matters that require reporting:

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

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

Date	Term	Motion content
2023.02.22	2nd term 7th meeting	1.2022 remuneration distribution for Employees and Directors. 2. 2022 parent company only and consolidated financial reports. 3. The effectiveness of the internal control system and provision of "Internal Control System" for 2022. 4. Revision of some provisions of the "Articles of Incorporation." 5. Proposal on amendment to the "Ethical Corporate Management Best Practice Principles". 6. Proposal to formulate the "Operating Procedures for Compiling and Verifying Sustainability Report". 7. Loan from subsidiary, Coreplus (HK) Limited, to sub-subsidiary Valueplus Technology (suzhou) Co., Ltd. for refinancing purpose. 8. Review of the appointment and remuneration of CPAs. 9. Proposal on preapproval of non-assurance services provided by attesting CPAs, the CPAs' firm, or the firm's affiliates to the Company and subsidiaries.
2023.04.26	2nd term 8th meeting	1. 2022 earnings distribution. 2. 2022 annual remuneration distribution to Directors. 3. 2023 Q1 consolidated financial statements. 4. Proposal for 2023 Q1 earning distribution. 5. Issuance of restricted shares by the Company to employees. 6. Revision of some provisions of the internal control systems and implementation details of internal audits. 7. Revision of the "Procedures for Ethical Management and Guidelines for Conduct".
2023.07.26	2nd term 9th meeting	1. 2023 Q2 consolidated financial statements. 2. New loan from subsidiary, Coreplus (HK) Limited, to Valueplus Technology (Suzhou) Co., Ltd. 3. Revision of some provisions of the internal control systems and implementation details of internal audits. 4. Revision of certain provisions of the "Corporate Governance Best Practice Principles." 5. Revision of certain provisions of the "Risk Management Policy and Operating Procedures".

		6. Revision of certain provision of the Related Party Transaction Management Regulations.
2023.10.25	2nd term 10th meeting	1. 2023Q3 consolidated financial statements. 2. Revision of the Regulations for Issuance of New Restricted Employee Shares for 2023 3. Issuance of new restricted employee shares for 2023 4. Early redemption of the Company's Class B preferred shares . 5. Closure and cancellation of 100% owned subsidiary "OSE International Limited." 6. The Company's establishment of a dedicated information security unit and the appointment of a chief information security officer. 7. Revision of some provisions of the internal control systems and implementation details of internal audits. 8. Revision of the “Operational Procedures of the Internal Control System”. 9. 2024 audit plan.
2024.01.31	2nd term 11th meeting	1. 2023 remuneration distribution for Employees and Directors. 2. 2023 parent company only and consolidated financial reports. 3. The effectiveness of the internal control system and provision of “Internal Control System” for 2023. 4. Loan from subsidiary, Coreplus (HK) Limited, to sub-subsidiary Valueplus Technology (Suzhou) Co., Ltd. for refinancing purpose. 5. Purchase of fixed assets. 6. Review of the appointment and remuneration of CPAs. 7. Amendment to the “Audit Committee Charter”. 8. Amendment to the “Rules of Procedure for Board of Directors Meetings”
2024.3.27	2nd term 12th meeting	1. 2023 earnings distribution. 2. Update the list of allotted people for the issuance of new restricted employee shares for 2023 on October 25, 2023
2024.4.24	2nd term 13th meeting	1. 2024 Q1 consolidated financial statements. 2. Releasing the restrictions on the new Directors' non-competition code. 3. Proposal to amend certain articles of the “Operating Procedures for Compiling and Verifying Sustainability Report”. 4. 2023 annual remuneration distribution to Directors.

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

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

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

(I) Communication between the Audit Committee and the CPAs

1. Communication method: The CPAs communicate with the Audit Committee at least four times a year through meetings in accordance with the Statement of Auditing Standards No. 62 “Communication with the governing body of the auditee”; the communication content includes reporting on the Company's financial review and a summary report on the audit results, and reporting on important legal updates.
2. Summary of matters communicated in 2023:

Date	Item of communication	Results of communication/execution
2024.02.22	The Auditor will issue an individual and consolidated financial report for the year 2022, with key findings and explanations for the Independent Director s' review, and will respond to and discuss the issues raised by the Independent Directors.	The Audit Committee has no objection to the results of the audit of the 2022 financial statements.
2024.04.26	Review of the consolidated financial report for 2023 Q1 and communication with the governing body.	The Audit Committee has no objection to the results of the audit of the financial statements for 2023Q1.
2024.07.26	Review of the consolidated financial report for 2023 Q2 and communication with the governing body.	The Audit Committee has no objection to the results of the audit of the financial statements for 2023Q2.
2024.10.25	Review of the consolidated financial report for 2023 Q3 and communication with the governing body.	The Audit Committee has no objection to the results of the audit of the financial statements for 2023Q3.

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

1. Communication method:

(1) In addition to delivering the annual audit plan review and quarterly follow-up report to independent directors every month, the chief internal auditor also attends an Audit Committee meeting to brief independent directors on internal audit results, internal control operation, and recommendations and communicates with them, and attends the board meetings in a non-voting capacity to report on the audit business.

(2) The chief internal auditor communicates and discusses the implementation of internal audit business and the operation of internal control with the independent directors through email, phone, and meetings.

2. Summary of matters communicated in 2023:

Date	Item of communication	Results of communication/execution
2023.02.22	Present the 2022 “Declaration of Internal Control System”.	No objections
	Report on the performance of internal audit execution of October to December 2022.	No objections
2023.04.26	Report on the performance of internal audit execution of January to March 2023.	No objections
2023.07.26	Report on the performance of internal audit execution of April to June 2023.	No objections
2023.10.25	Report on the performance of internal audit execution of July to September 2023.	No objections
	To establish the Company's internal audit plan for 2024.。	No objections

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

Evaluation item	Operation status			The variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
I. Has the Company defined and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?"	V		The Company has formulated the Corporate Governance Best Practice Principles and disclosed it on the Company's website: https://www.ose.com.tw.	Compliance with Corporate Governance Best Practice Principles.
II. Structure of shareholdings and shareholder's equity				Compliance with Corporate Governance Best Practice Principles.
(I) Has the Company established the internal procedures for handling shareholder suggestions, questions, disputes and litigation and implement according to the procedures?	V		(I) The Company has engaged a spokesperson and an acting spokesperson, and we provide service personnel for Shareholders' affairs in the accounting dept. to deal with Shareholders' suggestions and related affairs. In addition to providing the investors with contact windows, we have also appointed a professional stock transfer agency to provide professional consulting services.	
(II) Has the Company kept an up-to-date list of its dominant Shareholders and the parties with ultimate control over its dominant Shareholders?	V		(II) We confirm the changes in the shareholdings of directors, major shareholders, and managers on a monthly basis to keep abreast of their shareholdings.	
(III) Has the Company established and implemented a risk control and firewall mechanism among its affiliates?	V		(III) The management responsibilities between the Company and its affiliates are divided clearly, "Regulation on Stakeholders Transaction" and "Supervision and Management of Subsidiary" are also defined and the finance, business, accounting of affiliates operates independently under the control and audit of the Company.	
(IV) Has the Company established internal rules to prevent the insiders from trading marketable securities through undisclosed information in the market?	V		(IV) The Company has formulated the "Procedures for Handling Material Inside Information" and the "Internal Major Information Processing and Insider Trading Prevention Management Operations" to protect investors and safeguard the Company's rights and interests.	
III.Composition and duties of the Board of Directors				
(I) Has the Board of Directors formulated a diversity policy and specific management goals and implemented them accordingly?	V		(I) For the Company's diversity policies for the Board of Directors, specific management objectives, and implementation status, please refer to "3.2.2.2 The operating status regarding the Audit Committee" of this annual report (Page 13)	Compliance with Corporate Governance Best Practice Principles.

Evaluation item	Operation status			The variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
(II) In addition to the Remuneration Committee and the Audit Committee required by law, has the Company voluntarily established other functional committees?		V	(II) The Company has established the Remuneration Committee and the Audit Committee according to law, and other corporate governance operation is responsible by each department based on its duties. The Company has not established other functional committees and it will be established in the future according to the requirement.	May be established according to requirements
(III) Has the Company established the Board of Directors' performance evaluation and its evaluation methods, and does the Company perform regular performance evaluation each year and submit the results of performance evaluations to the Board of Directors and use them as reference in determining remuneration for individual Directors, their nomination and additional office term?	V		(III) The Company has formulated the Rules for Performance Evaluation of Board of Directors and the evaluation methods and disclosed them on the Company's website. We conduct self-evaluations for the performance of the Board of Directors, functional committees, and directors annually through questionnaires, and shall appoint an external professional independent organization or an external team of experts and scholars at least once every three years to conduct such evaluations. The results of internal or external performance evaluations shall be completed and reported to the Board of Directors by the end of the first quarter of the following year. For the implementation status in 2023, please refer to the section on "Rules for Performance Evaluation of Board of Directors" on page 21 under "3.4 Implementation of Corporate Governance" of this annual report.	Compliance with Corporate Governance Best Practice Principles.
(IV) Does the Company regularly evaluate the independence of certified public accountants?	V		(IV) The Company's Board of Directors conducts regular annual evaluations of the independence and suitability of the certified public accountants. On January 31, 2024, the Board of Directors completed the relevant assessment in accordance with the "CPA Declaration of Independence" and "Audit Quality Indicators (AQIs)" issued by the CPAs. The evaluation mechanism is as follows: 1. Confirm that the Company's CPAs are not related parties to the Company and its directors. 2. Years of continuous audit service. 3. There are no cases of legal proceedings, rectification or investigation by the competent authority. 4. The CPAs' report to the Audit Committee on a quarterly basis on the compliance status of the review/audit content and independence. 5. Regularly obtain the "Statement of Independence of the CPA" issued by the CPA to confirm that he/she is not a stakeholder. 6. Obtain the information on the Audit Quality Indicators (AQIs) provided by the CPA firm, and evaluate the audit quality of the CPA firm	Compliance with Corporate Governance Best Practice Principles.

Evaluation item	Operation status			The variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			and the audit team in accordance with the "Guide to the Audit Committee's Interpretation of the Audit Quality Indicators (AQI)" issued by the competent authority. Evaluation results It is confirmed that the CPAs and the Company have no other financial interests or business relationships, except for the fees for certification and some non-assurance services (mainly transfer pricing services, company establishment/change registration, ESG services, training services, and translation services) . It is confirmed that the CPAs meet the Company's assessment of independence and suitability. Refer to the AQI indicator information to confirm that the audit experience and training hours of the CPAs and the firm are better than the industry average. The latest evaluation was discussed and approved by the Board of Directors on January 31, 2024.	
IV. Where the Company is a TWSE/TPEX listed company, has the Company designated an appropriate number of personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing Directors/Supervisors with the information needed and assist Directors and Supervisors in complying with the laws and regulations to perform their duties, convention of Board Meetings and Shareholders' Meetings, preparation of Board Meeting and Shareholders' Meeting minutes etc.)?	V		The Board of Directors has passed a resolution on May 14, 2021 to appoint Accounting Supervisor Shu-Yung Chug to serve as the Corporate Governance Officer as per the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers. He has many years of experience in finance and board and shareholders' meetings at publicly listed companies. The Corporate Governance Officer is mainly responsible for handling matters related to the board meetings and shareholders' meetings according to the law, preparing minutes of the board and shareholders' meetings, assisting directors with their appointment and continuing education, providing them with information required for duty performance, and assisting them in complying with laws and regulations. 2023 Implementation Situation: (1) Handling of matters relating to Board Meetings and Shareholders' Meetings in compliance with law. (2) Production of minutes for the Board Meetings and Shareholders' Meetings. (3) Assisting Directors to assume Directorships, and their continuing education. (4) Providing information needed for Directors to perform duties.	Compliance with Corporate Governance Best Practice Principles.

Evaluation item	Operation status			The variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			(5) Assisting Directors to comply with compliance. (6) Other matters stipulated in the Articles of Incorporation or contracts. Please refer to Table 3 for details of continuing education in 2023. We have appointed personnel to handle corporate governance affairs, including preparing the materials required by directors and independent directors to perform their duties, handling matters related to the board and shareholders' meetings in accordance with the law, handling company registration and change registration, and preparing the minutes of the board and shareholders' meetings.	
V. Has the Company established the channels for communication with the stakeholders (including but not limited to the Shareholders, Employees, customers and suppliers), set up the stakeholder section in the Company's website, and respond appropriately to important CSR issues concerned by the stakeholders?	V		(I) The Company has a spokesperson and deputy spokesperson, the related contact information is disclosed on Market Observation Post System and the Company's website according to the regulation. Meanwhile, the Company also discloses financial and Shareholders affairs-related information on Market Observation Post System and its website to establish great communication channels with investors. (II) The Company has established an ESG section on its official website (the →ESG hyperlink on the front page) under the Sustainability Management section, which includes an area dedicated to stakeholders. Referencing the AA 1000 Stakeholder Engagement Standard (SES), the Company has identified stakeholders based on five assessment dimensions: "dependency, responsibility, influence, diverse perspectives, and tension." Through this comprehensive process, seven stakeholder groups have been identified: employees, customers, suppliers/contractors, investors, government authorities, communities/non-profit organizations, and media. We also discuss and respond in a timely manner based on the level of concern of stakeholders on material topics. The most recent report was submitted to the Board of Directors on October 25, 2023. For more information, please visit the ESG webpage (https://esg.ose.com.tw)→ Sustainability management→ Stakeholders	Compliance with Corporate Governance Best Practice Principles.
VI. Has the Company appointed a professional stock transfer agency to deal with Shareholders' Meetings affairs?	V		The Company has appointed a professional stock transfer agency- stock transfer agency of CTBC Bank Co., Ltd to assist in stock affairs for the Company.	Compliance with Corporate Governance Best Practice Principles.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operation status</th><th rowspan="2">The variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>VII. Information disclosure
(I) Has the Company set up a website to disclose its financial and corporate governance information?
(II) Has the Company adopted other methods to disclose information (such as setting up an English website, designating dedicated personnel to gather and disclose company information, implementing the spokesperson system, and posting investor conferences on video in the Company website)?
(III) Has the Company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, Second, and third quarters, as well as its operating status for each month before the specified deadline?</td><td>V
V
V</td><td></td><td>(I) The Company has set up a website (www.ose.com.tw), to disclose the Company's financial business and corporate governance information.
(II) The Company’s website is available in both Chinese and English to disclose information on the Company's financial business and investor conferences and implement a spokesperson system. We have set up a section dedicated to stakeholders on the website to provide smooth communication channels and designated personnel person to disclose the Company’s information on the MOPS in accordance with laws and regulations.
(III) The Company published and reported its annual financial report within two months after the end of a fiscal year (2023 financial reports haven been uploaded to the Market Observation Post System on February 23, 2024), and published and reported its financial reports for the first, second, and third quarters, as well as its operating status for each month before the specified deadline.</td><td>Compliance with Corporate Governance Best Practice Principles.</td></tr>
<tr><td>VIII. Is there any other material information that will help the stakeholders understand the implementation status of corporate governance in the Company (including but not limited to Employee rights, Employee care, investor relations, supplier relations, stakeholder rights, further study status of Directors and Supervisors, the</td><td>V</td><td></td><td>(I) Employee rights and care for employees: Please refer to 5.5 Labor Relations (page 102) of "Operational Highlights" of this annual report.
(II) Investor relations: We have engaged a spokesperson and an acting spokesperson to respond to relevant questions from shareholders and engaged personnel to announce information on financial, business, and information, such as changes in the insiders’ shareholdings, in real time, to ensure information transparency.</td><td>Compliance with Corporate Governance Best Practice Principles.</td></tr>
</table>

Evaluation item	Operation status			The variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
implementation status of the risk management policy and risk measurement standard, the implementation status of the customer policy, and the Company's purchase of liability insurance for Directors and Supervisors)?			(III) Supplier relations: The Company has formulated the suppliers review and evaluation procedures, and only those who pass the procedures can become our partners. In addition, to strengthen the smooth communication with suppliers, we have set up a contact point in the Stakeholders section of the Company’s website. (IV) Stakeholders’ rights: We have set up a section dedicated to stakeholders on the website to provide communication channels to safeguard both parties’ rights and interests. (V) Continuing education of directors and managers: Please refer to Tables 2 and 3 below. (VI) Implementation of risk management policies and risk measurement standards: The Company has established "Risk Management Policy and Operating Procedures," which are continuously adjusted based on practical considerations to mitigate potential operational risks, ensuring stable operations and sustainable development. On October 25, 2023, the Corporate Governance and Sustainability Committee reported to the Board of Directors regarding the operations and implementation status pertaining to material environmental, social, corporate governance issues related to the Company's operations, as well as various aspects of risk management. (VII) The implementation status of the customer policy: The Company has established dedicated unit to handle the implementation of the customer policy, and the implementation status goes smoothly. (VIII)The status of the Company purchasing liability insurance for directors and supervisors: The Company purchases liability insurance for directors and managers annually. The insurance coverage is periodically evaluated annually and the renewal of directors' liability insurance is reported to the Board of Directors.	
IX. Please specify the status of improvements which have been made and propose the prioritized improvements for other matters which have not been improved yet according to the Corporate Governance Evaluation results announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year: Please refer Table 1.				

Table 1: The status of improvements which have been made and propose the prioritized improvements for other matters which have not been improved yet according to the Corporate Governance Evaluation results

Number	Evaluation indicator	Improvements which have been made/ proposal of the prioritized improvements for other matters which have not been improved yet
1.15	Has the company established and disclosed on its website the internal regulations prohibiting insiders such as directors or employees from trading securities using non-public market information? Do the regulations include (but are not limited to) prohibiting directors from trading company shares during the blackout period of 30 days before the annual financial reports are announced and 15 days before the quarterly financial reports are announced? Please also explain the implementation status.	The Company has established and disclosed on its website the internal regulations prohibiting insiders such as directors or employees from trading securities using non-public market information. The regulations include (but are not limited to) prohibiting directors from trading company shares during the blackout period of 30 days before the annual financial reports are announced and 15 days before the quarterly financial reports are announced. The implementation status is on the Company's website.
2.2	Has the Company formulated a board diversity policy and disclosed the specific management objectives and implementation of the policy on the Company's website and annual report?	The Company has formulated a board diversity policy and disclosed the specific management objectives and implementation of the policy on the Company's website and annual report.
2.9	Has the Company formulated a succession plan for board members and key management personnel and disclosed such operations on the its website or annual report?	The Company has formulated a succession plan for the members of the Board of Directors and key management personnel, please refer to Table 3 below.
2.22	Does the company have the Audit Committee or a functional committee under the Board of Directors (such as a Risk Management Committee) supervise risk management, and establish Risk Management policy and Operating Procedures approved by the Board of Directors? Does the company disclose its risk management organizational structure, risk management procedures and operations, and report to the Board of Directors at least annually?	The risk management of the Company is supervised by the Audit Committee. The Company has formulated Risk Management Policy and Operating Procedures approved by the Board of Directors, and disclosed the organizational structure of risk management, Risk Management Policy and Operating Procedures and their operation, and reported to the Board of Directors on October 25, 2023.
3.20	Is the Company invited (voluntarily) to hold at least two investor conferences, and is the interval between the first and last investor conference more than three months? [If the investor conference is held at least once per quarter or the Company's business status is held every quarter, then one point will be added to the total score.]	Company is invited to hold at least two investor conferences, and the interval between the first and last investor conference is more than three months.

Number	Evaluation indicator	Improvements which have been made/ proposal of the prioritized improvements for other matters which have not been improved yet
4.1	Has the Company established a dedicated (or part-time) unit to promote sustainable development that conducts risk assessments on environmental, social, or corporate governance issues related to the Company's operations based on the principle of materiality? Has the Board of Directors supervised development status of sustainability and disclosed it on the Company's website and annual report?	The Company has established the "Corporate Governance and Sustainability Committee," chaired by the chairman of the board, with the president serving as the vice chairman. The committee members consist of senior management executives. As the highest organization responsible for promoting all sustainability-related operations within the Company, the committee is tasked with planning, executing, reviewing, and supervising the operations related to sustainable development, and reports the execution status to the Board of Directors annually. The most recent report submitted to the Board of Directors was on October 25, 2023.
4.2	Has the company established a unit dedicated (or part-time) to promote ethical corporate management, responsible for the formulation and monitoring of ethical management policies and prevention programs, and describe the operation and implementation of such unit on the Company's website and annual report, and reported to the Board of Directors at least once a year ?	The Company has established the "Ethical Management Unit" comprised of the legal affairs department, human resources department, and accounting department. Based on their respective responsibilities and scopes, these units are tasked with promoting ethical management, anti-corruption, anti-bribery, legal compliance, and other ethical aspects of corporate governance within the Company. The execution status is reported to the Board of Directors annually. The most recent report submitted to the Board of Directors was on October 25, 2023.
4.5	Has the sustainability report prepared by the Company been verified by a third party?	The 2022 sustainability report prepared by the Company has been verified by a third party.
4.7	Has the Company uploaded the English version of the sustainability report to the Market Observation Post System and the Company's website?	The Company has uploaded the English version of the sustainability report to the Market Observation Post System and the Company's website.
4.15	Has the Company's website or annual report disclosed the ethical corporate management policy approved by the Board of Directors, specifying the specific methods and programs to prevent unethical conduct, and described the status of implementation?	Please refer to "3.4.7 The variations and causes of variations" from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies (page 69).
4.16	Has the Company formulated and disclosed in detail a whistleblowing system for illegal (including corrupt) and unethical conduct for internal and external personnel on its website?	The Company has formulated the "Procedures for Handling Complaints and Whistleblowing" to govern the whistleblowing system for illegal (including corruption) and unethical behaviors by internal and external personnel. The disclosure is disclosed on the Company's website (Homepage, Investor Relations, Corporate Governance, Major Internal Policies). Website: https://www.ose.com.tw/about/csr/company-management
4.18	Has the Company followed the framework of the Climate-related Financial Disclosures (TCFD) to disclose information about corporate governance, strategies, risk management, indicators and goals for climate-related risks and opportunities?	The Company has followed the framework of the Climate-related Financial Disclosures (TCFD) to disclose information about corporate governance, strategies, risk management, indicators and goals for climate-related risks and opportunities? Please refer to the 2022 sustainability report.

Table2：Directors' continuing education in 2023

Title Name	Date of assumption of office	Date of further study		Organizer	Name of class	Hours
		From	To			
Chairman Yueh-Ming Tung	2021/7/15	2023/05/12	2023/05/12	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3
		2023/06/26	2023/06/26	Greater China Financial and Economic Development Association	Outlook for the global economy in the second half of 2023	3
		2023/06/30	2023/06/30	Taiwan Corporate Governance Association	Global Future Risks and Opportunities for Sustainable Transformation	3
		2023/12/05	2023/12/05	Taiwan Corporate Governance Association	2024 Global Economic Outlook and Industry Trends	3
Director Huoo-Wen Gau	2021/7/15	2023/03/14	2023/03/14	Taiwan Corporate Governance Association	Risks and Opportunities of Climate Change Trends to Business Operations	3
		2023/06/07	2023/06/07	Taipei Exchange	2023 Taipei Exchange ESG Elite Workshop	3
		2023/12/22	2023/12/22	Taiwan Corporate Governance Association	Linking Carbon to Carbon: Carbon Fees, Carbon Taxes, Carbon Rights and Carbon Trading	3
Director Shyh-Wey Lo	2021/7/15	2023/03/03	2023/03/03	Taiwan Corporate Governance Association	Interpretation of key messages and responsibilities of the annual report: Perspectives of directors and supervisors	3
		2023/04/25	2023/04/25	Taiwan Corporate Governance Association	Offensive and defensive strategies for management disputes and the legal liability risk of the Company's head (independent director)	3
		2023/07/25	2023/07/25	Taiwan Corporate Governance Association	Common legal issues in corporate M&A contracts	3
		2023/09/01	2023/09/01	Taiwan Corporate Governance Association	Unleash the professional functions of independent directors with a prosperous mindset	3
Independent Director Ching-Tien Tsai	2021/7/15	2023/03/31	2023/03/31	The National Federation of CPA Associations of the R.O.C.	Directors' fiduciary duties and liability for financial misconduct	3
		2023/07/26	2023/07/26	The National Federation of CPA Associations of the R.O.C.	Case study on money laundering and insider trading	3
		2023/10/27	2023/10/27	Securities and Futures Institute	Sustainable Development Practice Seminar	3
Independent Director Jerry Chiou	2021/7/15	2023/07/07	2023/07/07	Taiwan Corporate Governance Association	The explosion of artificial intelligence: the technological development and application opportunities of the chatting robot ChatGPT	3
		2023/11/10	2023/11/10	Taiwan Corporate Governance Association	Corporate Governance in the U.S.A.: History and Recent Developments	3

Title Name	Date of assumption of office	Date of further study		Organizer	Name of class	Hours
		From	To			
Independent Director Ching-Tien Tsai	2021/7/15	2023/07/06	2023/07/06	Securities and Futures Institute	The technological development and application opportunities of the chatting robot ChatGPT	3
		2023/07/18	2023/07/18	Accounting Research and Development Foundation	2023 Financial Transformation and Sustainability Disclosure Seminar	3

Table 3: Managers' continuing education in 2023

Title Name	Date of assumption of office	Date of further study		Organizer	Name of class	Hours
		From	To			
Corporate Governance Officer Shu-Yung Chu	2021/05/14	2023/06/09	2023/06/09	Securities and Futures Institute	2023 Insider Trading Prevention Conference	3
		2023/09/20	112/09/20		Analysis of Common Illegal Cases of Securities and Exchange Act	3
		2023/11/30	2023/11/30	Accounting Research and Development Foundation	Practical Analysis of the Latest "Sustainable Development Action Plan" and the Impact of Net Zero Carbon Emission on Financial Statements	6
Head of Accounting Shu-Yung Chu	2018/12/01	2023/08/14	2023/08/14	Accounting Research and Development Foundation	Financial Technology and Emerging Money Laundering Techniques - Legal Responsibility Case Studies	3
		2023/08/14	2023/08/14		Analysis of Latest Corporate Governance Policies and Common Deficiencies	3
		2023/08/15	2023/08/15		Analysis of Corporate Legal Responsibilities and Practical Cases of "Trademark Rights"	3
		2023/08/15	2023/08/15		Latest Financial Accounting Laws, Standards Q&A, and Certificate of Common Mistakes Analysis	3
Chief auditor Chia-Jung Wu	2019/08/13	2023/01/10	2023/01/10	Internal Audit Association of the Republic of China	Corporate Sustainable Value Enhancement and Risk Management System Improvement	6
		2023/04/13	2023/04/13		Analysis of illegal cases involving audit/accounting personnel and the corresponding countermeasures.	6

Table4：Succession planning of board members and key management personnel.

1. Succession planning for board members
   (1) The Company has stipulated in its Articles of Incorporation the adoption of a candidate nomination system for the election of directors. In accordance with the "Procedures for Election of Directors" and the "Corporate Governance Best Practice Principles" regarding the structure and diversity guidelines of the Board of Directors, as well as the overall capabilities required, the Company plans the composition of the Board of Directors to arrange suitable succession candidates.
   (2) The composition of the Board of Directors of the Company is in line with the policy of diversity, and the management goal is to have a board structure in which more than 50% of the seats are independent, board members include at least one female director, and directors who concurrently serve as managers of the Company should not exceed one-third of the seats, in consideration of the Company's own operations , business model and development needs. Diversification is the planning guideline. Under the diversified criteria of gender, age, professional knowledge, professional skills and industrial experience, the Company looks for suitable candidates to plan the members of the Board of Directors and their terms of re-election.
   (3) In order to maintain the professionalism and experience of board members, the Company has established a director talent database through the following methods as a reference for director succession planning candidates:
      a Consult various parties for suitable candidates to serve as the Company's directors.
      b Refer to the Independent Director Talent Database.
      c Appoint the incumbent directors or appropriate external institutions or consultants to propose suitable director candidates.
      d The results of the performance evaluation of the Board of Directors as a reference for the nomination of a director for a new term of office.
   (4) Each year, the Board of Directors participates in internal and external training courses on the issues of concern for the year. And it has clearly stipulated the Operating Procedures for Performance Management of the Board of Directors, which, through performance evaluation items, ensures the effective operation of the Board of Directors and serves as a reference for future selection of directors.
   (5) The planning and training for 2023 is as follows:
      a A total of 54 hours of training courses on issues of concern to board members for their business decisions of the current year. Topics include corporate governance, directors' responsibilities, sustainable Net Zero related summits or forums, taxation, intellectual property, information security and other related issues.
      b Please refer to Table 2 for details of continuing education in 2023.
2. Operation of key management personnel
   (1) In order to ensure that the Company can continue to operate sustainably with a high degree of competitiveness, Orient Semiconductor Electronics continues to develop high-potential talents and succession echelons, and so far is still actively moving forward with the goal of establishing a systematic structure.
   (2) Managers involved in important decision-making of the Company are trained through professional courses, job rotation and annual corporate meetings, etc., to cultivate leaders who have both strategic

management, leadership and humanistic care, in order to cultivate the succession echelon.

(3) The planning and training for 2023 is as follows:

a Training resource allocation:

(a) The above-mentioned managers are all entitled to the "LED Leadership Establishment and Development Program", which includes but is not limited to: lifelong learning, strategic analysis, dynamic decision-making, team leadership, financial management, etc. It will be conducted in the form of course lectures, study camps, workshops, and online resources.

(b) A total of 104 people participated in the training; the total number of physical courses was 120 hours.

b Talent team plan:

(a) Based on the functional indicators and weights of key positions, high-potential talents are selected.

(b) Formulate Individual Development Program (IDP) based on the suitability evaluation of individual talents and the position to be developed.

(c) Regularly track the progress of the functional development of high-potential talents and the completeness of the talent team.

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

3.4.4.1 Information of members of the Remuneration Committee

<table>
<tr><th>Criteria
Name</th><th>Professional qualifications and experience</th><th>Independence status</th><th>Number of other public companies in which the individual is concurrently serving as a member of the Remuneration Committee</th></tr>
<tr><td>Independent Director (Convener)
Ching-Tien Tsai</td><td rowspan="2">Please refer to【3.2.2 Disclosure of information on the professional qualifications of directors and the independence of independent directors:】</td><td rowspan="2">(1) Not an employee of the Company or any of its affiliates.
(2) Not a director or supervisor of the Company or any of its affiliates.
(3) Holding more than 1% of the total outstanding shares issued by the Company, or among the top 10 natural person Shareholders by the person or his or her spouse or minor children, or in the name of a third party.
(4) Not a spouse, or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of an executive officer falling under (1), (2) or (3) above.
(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act.
(6) Not a director, supervisor, or employee of another company where a majority of the Company's directors or voting shares and those of another company are controlled by the same person.
(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the General Manager, or person holding an equivalent position of the Company and a person in an equivalent position at another</td><td>0</td></tr>
<tr><td>Independent Director
Jerry Chiou</td><td>0</td></tr>
</table>

Independent Director Chia-Hua Hsu		company or institution are the same person or spouses. (8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, Director, Supervisor, or a spouse thereof, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT$500,000. This restriction does not apply, however, to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act, the Business Mergers and Acquisitions Act, or related laws or regulations. (10) Not having a marital relationship, or not a relative within the second degree of kinship to any other Director of the Company.	0

3.4.4.2 Operating status of the Remuneration Committee

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

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

(3) The Remuneration Committee held 3 meetings (A) in 2023. The qualification of members and the status of attendance are as follows:

Title	Name	Attendance in person (B)	By proxy	Rate of attendance in person (%) (B/A) (Note)	Note
Convener	Ching-Tien Tsai	3	0	100%	
Member of the Committee	Jerry Chiou	3	0	100%	
Member of the Committee	Chia-Hua Hsu	3	0	100%	

Other matters that require reporting:

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

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

Remuneration Committee	Motion contents and further handling	Resolution result	The Company's response to the Audit Committee's opinions
The 5th term Sixth meeting (2023.02.22)	1. 2022 remuneration distribution for Employees and Directors. 2. Revision of the "Remuneration Measures for Directors and Members of Functional Committee".	All attending members approved the motion without any dissenting opinion	Was submitted to the Board Meeting and all attending Directors have approved
The 5th term Seventh meeting (2023.04.26)	1. The remuneration package for managers in 2023. 2. 2022 annual remuneration distribution to Directors. 3. Managerial officer compensation and remuneration as well as position adjustment.	All attending members approved the motion without any dissenting opinion	Was submitted to the Board Meeting and all attending Directors have approved
The 5th term Eighth meeting (2023.10.25)	1. Distribution of new restricted employee shares for 2023. 2. The pension for the Senior Vice President.	All attending members approved the motion without any dissenting opinion	Was submitted to the Board Meeting and all attending Directors have approved
The 5th term Ninth meeting (2024.01.31)	1. 2023 remuneration distribution for Employees and Directors.	All attending members approved the motion without any dissenting opinion	Was submitted to the Board Meeting and all attending Directors have approved

The 5th term Tenth meeting (2024.03.27)	1. Update the list of allotted people for the issuance of new restricted employee shares for 2023 on October 25, 2023.	All attending members approved the motion without any dissenting opinion	Was submitted to the Board Meeting and all attending Directors have approved
The 5th term Eleventh meeting (2024.04.24)	1.The remuneration package for managers in 2023. 2.2023 annual remuneration distribution to Directors. 3.Managerial officer compensation and remuneration as well as position adjustment.	All attending members approved the motion without any dissenting opinion	Was submitted to the Board Meeting and all attending Directors have approved

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

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

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

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary Description	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the Board of Directors, which supervises the implementation?	V		The Company pays attention to the domestic and foreign sustainable development trends, follows relevant domestic and foreign regulations and practical needs, formulates sustainability policies, and establishes the "Corporate Governance and Sustainability Committee" as an internal management committee with responsibility for sustainability affairs. The Company's Sustainability Committee is chaired by the chairman of the board, with the president serving as the vice chairman and the vice president of the management center acting as the management representative. Together with senior executives from various centers, they jointly review the Company's sustainable development planning and implementation. The Company's Sustainability Committee identifies sustainability issues relevant to the Company's operations and stakeholder concerns, tracks domestic and international sustainability regulations and development trends, and	None

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary Description	
			formulates policies and goals. Through the operation of five task forces (environmental friendliness, social inclusion, corporate governance, information security, supply chain collaboration) and cross-departmental communication and collaboration, it ensures the implementation of sustainability strategies in the Company's daily operations and regularly tracks the goals and execution effectiveness of each task force. The Company's Sustainability Committee reports the implementation results and future goals and strategies to the Board of Directors at least once a year, and the most recent report was dated October 25, 2023.	
II.Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to company operations as per the principle of materiality? Has the Company formulated relevant risk management policies or strategies?	V		To strengthen corporate governance effectiveness and improve the company's risk management, the Company's Board of Directors approved the revision of the "Risk Management Policy and Operating Procedures" on July 26, 2022. These policies and procedures are continuously adjusted based on practical considerations to mitigate potential operational risks, ensuring stable operations and sustainable development for the Company. Regarding the risk management scope defined in the policies and procedures, the Company considers the possibility of occurrence and the extent of impact, and conducts risk assessments on environmental, social, and governance issues relevant to the Company's operations based on the principle of materiality, identifying risk events that may affect the Company's sustainable operations. The Company also set up a risk management organization in 2023, which will manage, coordinate, and implement cross-organization risk control projects. Information on risk identification by the Company is also disclosed in the sustainability report and on the website. Material topic: Environmental Risk assessment indicator: climate change risk Risk management policy or strategy: The Company's has passed the certification of ISO 14001, ISO46001, and ISO50001 management system certification, and we manage and continuously improve issues, such as energy, water resources, waste, and air pollution through the operation of responsible units and management organizations. By offering education and training, we enrich employees' knowledge to increase the Company's emergency response capability and reduce the risks of operations disruption as a result of natural disaster, environmental incidents, and climate change. Material topic: Social Risk assessment indicator: raw materials price risk and supply chain risk Risk management policy or strategy: We have formulated the supplier management regulations to ensure that suppliers meet	None

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary Description	
			the needs and expectations of the Company and clients through operating process management and by requiring suppliers to sign an undertaking of supplier code of conduct. In the selection of suppliers, we conduct evaluations in multiple aspects to ensure that the supply of raw materials is normal and the quality and delivery time meet the requirements. We work with two suppliers for non-exclusive important raw materials to avoid the risk of supply chain disruption caused by natural disasters, environmental factors, or force majeure factors. We require relevant suppliers to conduct conflict mineral investigations to ensure that the Company's products do not contain any conflict minerals. Risk assessment indicator: Operation risk hazard Risk management policy or strategy: The Company has passed ISO 45001, CNS45001 management system certification. The Company conducts hazard identification and risk assessment procedures for the operating environment, equipment, machinery, services, among others, in the factories every year, and determines the risk level according to the severity of hazards, frequency of occurrence, and probability of accidents. We have also drafted appropriate management plans for the immediate implementation of risk management measures in high risk operating environments in order to reduce risk in the work environment. Furthermore, we have identified factory areas exposed to high risks, i.e., ionic radiation, sound, hazardous chemical and dust pollution. In addition, our staff working in such areas are provided with training and education, personal protection equipment, and regular health checks, and we monitor their health conditions and ensure their health at workplace. Material topic: Governance Risk assessment items: financial risk and investment risk Risk management policy: The Company monitors interest rate trends at any moment, and assesses whether to lend at fixed rates or floating rates, in order to reduce risk of an increase in costs. In addition, we also keep a close eye on the fluctuating market price at any given time, have a positive interaction with customers and suppliers and gather information about inflation and the government's consumer price policy at any given time in order to make the appropriate purchase. Risk assessment indicator: information security risks Risk management policy or strategy: The Company formally established the Information Security Governance Committee in August 2023, with the senior vice president of the information center as the chief information security officer to manage and review the information security	

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary Description	
			system. An information security officer has been established to execute the planning, implementation, inspection and improvement of the Company's information security system. The Information Security Management Department was established in November 2023 as the dedicated department for the Company's information security. Its duties include information security alert management, vulnerability management, information security system and equipment management, information security incident monitoring, information security incident handling, and identification of information security incidents. The Company officially obtained ISO 27001: 2022 certification in 2023. The Company will continue to comply with this standard and continue to improve its information management capabilities and reduce the impact of information security-related risks every year. For detailed implementation and management practices, please refer to "5.6 IT Security Management" (page 104)" of "V. Operational Highlights" in this annual report, or the Company's website (Focus of attention, Integrity and honesty, Information security).	
III. Environmental Issues (I) Has the company established an appropriate environmental management system based on the characteristics of its industry?	V		The Company has established environmental safety and health management systems, as well as energy and water resource management systems, and has obtained certifications including ISO 14001:2015 (valid until 2025), ISO 45001:2018 (valid until 2025), CNS 45001:2018 (valid until 2025), ISO 50001:2018 Energy Management System (valid until 2025), and ISO 46001:2019 Water Resource Efficiency Management System (valid until 2026). We have also formulated measurable goals and management programs, regularly review the goals and the effectiveness of the management programs.	None
(II) Is the Company committed to improving energy efficiency and adopting recycled materials with low environmental impact?	V		The Company has passed the ISO50001: 2018 energy management system certification (valid until 2025) and ISO 46001: 2019 water resource efficiency management system certification (valid until 2026), and will continue to review the operation and utilization of water, electricity and other energy systems . For energy conservation: The Company has formulated plans to replace energy-consuming equipment (such as replacing chillers, lighting equipment, and installing solar power generation systems). For water conservation: In addition to using recycled water from a dual-wall system, the Company continues to plan the addition of a new process wastewater recycling facility and the expansion of existing facilities. Through various energy-saving and carbon reduction projects, the efficiency of resource and energy utilization is enhanced.	None

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary Description	
			The Company implements the spirit of responsible production and circular economy, and is committed to reducing the impact on the environment at all stages of the product life cycle from raw materials, manufacturing, storage, transportation, use to disposal. In our own operational activities, we promote process technology improvements, and through source management measures, we can reduce the use of raw materials and the generation of waste. We also strive to collaborate with corporate partners to achieve resource recycling, waste resource utilization, and circular reuse. Additionally, we plan to introduce and develop environmentally friendly technologies, strengthen pollution prevention, and conduct audits and guidance for waste contractors.	
(III) Does the company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?	V		The Company set up its ESG Committee and appointed it to be the highest governance body over climate change issues The Company established a framework for managing climate change issues disclosing information by referencing the Task Force on Climate-Related Financial Disclosures (TCFD) framework issued by the Financial Stability Board (FSB). In line with the circular economy and low-carbon sustainability policies promoted by the Industrial Park Administration under the Ministry of Economic Affairs, the Company participated in the "Circular Economy and Low-Carbon Sustainable Park Promotion and Counseling Program from 2021 to 2023." This included implementing the ISO 14064-1:2018 standard for greenhouse gas inventory (in 2021), introducing the ISO 50001:2018 Energy Management System (in 2022) and the ISO 46001:2019 Water Efficiency Management System (in 2022), as well as carrying out the CDP Carbon Disclosure (in 2023). The Company has obtained relevant certifications and achieved improvements through these initiatives. In order to mitigate the impact of climate change on the current and potential risks of the Company, the Company adopts the following strategies: (1)Tracking the international and domestic trends of climate-related amendments, assessing possible impacts and formulating response strategies; (2)Formulating ESG energy saving and carbon reduction targets and continuing to track improvement results; (3)Conducting greenhouse gas surveys to understand carbon emissions as the basis for assessing carbon reduction initiatives; (4)Promoting energy conservation and carbon reduction measures, replacing high energy-consuming equipment or improving energy efficiency through equipment adjustment; (5)Increasing the proportion of renewable energy to reduce demand for externally electricity purchase by adding solar	None

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>power generation equipment or evaluating the purchase of green electricity;
(6)Adding or expanding process wastewater recycling facilities to improve water recycling rate to reduce demand for water resources.</td><td></td></tr>
<tr><td>(IV) Does the Company maintain statistics on greenhouse gas emission, water usage and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water and waste?</td><td>V</td><td></td><td>The Company continues to promote energy saving, carbon reduction, water saving, and waste reduction measures based on the management system framework of ISO 14001, ISO 46001, and ISO 50001.
(1) Energy conservation and carbon reduction:
The reduction of greenhouse gas emissions is necessary to prevent climate change. The Company conducts and monitors the inventory of greenhouse gases to obtain a basis for reduction effectiveness and continous improvement. All factories of the company have completed the 2023 ISO 14064-1:2018 greenhouse gas inventory, and will further undergo a third-party verification conducted by DNV.

"Base year and target setting" Taking 2021 as the base year, the Company plans to reduce the GHG emission intensity of energy use in 2024 by 0.20% compared to the base year. “Emission per unit of revenue (million)”

Greenhouse gas emissions for the most recent two years, unit: metric tons of CO2e
<table>
<tr><th rowspan="2">Fiscal Year</th><th rowspan="2">Category 1</th><th rowspan="2">Category 2</th><th>Category 2</th><th rowspan="2">Category 3 - 4</th></tr>
<tr><th>Emission intensity (Note)</th></tr>
<tr><td>2023</td><td>147.22</td><td>83,985.33</td><td>5.03</td><td>3,222,173.53</td></tr>
<tr><td>2022</td><td>227.49</td><td>82,564.41</td><td>5.31</td><td>2,753,033.48</td></tr>
</table>
(Note): Emission intensity refers to the emission volume of Category 2 per unit of revenue (millions).
Description of goal achievement:
The Company's greenhouse gas Category 1 emissions in 2023 decreased by 35% from the previous year due to the replacement of inter-factory transportation vehicles and the reduction of transportation energy consumption. However, due to the increase in production capacity, Category 2 and Category 3-4 emissions did not meet the reduction targets.
In addition, the Company implemented various energy-saving plans in 2023, including the installation of photovoltaic systems, the replacement plan of 1 cooled water chiller and the switching of lighting sources to LED,</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>and will formulate energy-saving and carbon reduction targets. In 2024 we will work to achieve a goal of reducing energy consumption and carbon emissions.
(2) Water resource management:
The Company has completed the ISO14046 product water footprint verification. Through the water footprint inventory, we establish the water footprint information for the organization or product, understand the current situation of our water consumption, formulate relevant water use, water conservation and water resource development strategies, improve water utilization, and reduce water consumption and discharge year by year, to reduce the possible impact of unstable water supply on operating activities
“Base year” Water intake intensity in 2021: 0.098 million liters "water intake per unit revenue (millions)"; waste water recovery rate 24%
"Target Setting" Water intake intensity (water intake/ex: revenue) in 2024 is reduced by 11.1% from the base year; the wastewater recycling rate is 32%.
Water intake in the past two years (unit: ton)
<table>
<tr><th>Fiscal Year</th><th>Total water intake</th><th>Water intake intensity</th></tr>
<tr><td>2023</td><td>1,437,899</td><td>0.086</td></tr>
<tr><td>2022</td><td>1,199,632</td><td>0.077</td></tr>
</table>
Note: Water intake intensity refers to the water intake volume per unit of revenue (NT$100 million).
Description of goal achievement:
The Company's water intake intensity in 2023 was reduced by 12.2% from the base year, which has achieved the target. In 2023, the second phase of the recycling system at the corporate headquarters building and factory has been completed, and the actual operating effect is excellent. It is expected that the planning and installation of the recycling equipment system will continue in 2024, continuously reducing water consumption and wastewater discharge, while simultaneously increasing the amount of recycled water.
(3) Waste management:
In terms of the management of wastes, the Company sorts waste by its characteristics, collects the waste and put it in the storage area according to sorting results, and then commissions a qualified waste disposal company recognized by the Environment Protection Agency for the collection and disposal of waste. To grasp the whereabouts of waste, the Company dispatches auditors to carry out an audit, checks licenses and documents, and verifies the</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>operation, so as to ensure that waste is properly disposed of.
“Target setting" General waste recycling rate > 36.7% in 2024.
Recovery rate for the last two years
<table><tr><th>Fiscal Year</th><th>General waste generation (tons)</th><th>General waste recycling (tons)</th><th>General waste recycling rate %)</th></tr><tr><td>2023</td><td>2,394.38</td><td>939.99</td><td>39.3%</td></tr><tr><td>2022</td><td>2,294.95</td><td>810.37</td><td>35.3%</td></tr></table>Description of goal achievement:
The Company’s 2023 actual general waste recycling rate of 39.3% has achieved the target. This was accomplished by enhancing waste sorting through education and training, which reduced the occurrence of mixed waste and increased the general waste recycling rate.</td><td></td></tr>
<tr><td>IV. Social Issues
(I) Has the Company established related management policies and procedures in accordance with relevant laws and international conventions on human rights?</td><td>V</td><td></td><td>1. The Company has formulated the Human Rights Policy of Orient Semiconductor Electronics in compliance with the government’s Labor Standards Act and with reference to the internationally accepted basic labor human rights principles (including the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Universal Declaration of Human Rights, and the RBA Code of Conduct) to be committed to issues, such as freedom to choose an occupation, young labor, working hours, wage and benefits, humane treatment, non-discrimination, and freedom of association, while having formulated human resources rules and regulations and work rules as the standards for human resources management.
Please visit the website (https://esg.ose.com.tw/), ➔Focus of attention, for the Human Rights Policy of Orient Semiconductor Electronics.
2. Human rights protection management approaches:
<table><tr><th>Concerned Issues</th><th>Management Actions</th></tr><tr><td>Human Rights Assessment</td><td>We adopt the Responsible Business Alliance(RBA) Self-Assessment Questionnaire to conduct self-assessment of labor, environment, and ethical risks every year.</td></tr><tr><td>Prohibition of child labor</td><td>• Prohibition of hiring employees under the age of 15
• The human resources unit has implemented a document verification</td></tr></table></td><td>None</td></tr>
</table>

Item	Implementation				Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary Description		
				mechanism when handling personnel check-in procedures • Implement entrance control measures and implement a certificate verification mechanism when contractors enter the plant to perform work • Formulate remedial measures for child labor to prevent implementation risks	
			Guarantee of Labor Conditions	Employees' working conditions are specified in the Work Rules and related personnel regulations. An attendance and absence management system is used to accurately record employees' attendance hours and overtime status, and remind employees and their officers of overtime status and laws and regulations. Therefore, officers can timely adjust employees' workloads and help improve work efficiency to reduce overtime.	
			Prohibition of Forced Labor	• Development of procedures and policies to communicate to employees and stakeholders • Prohibition of any form of forced labor, slavery and human trafficking, and prohibition of unreasonable restrictions on employees' access to the workplace or employees' freedom of movement in the workplace •Regular training for employees to implement free choice occupation	
			Prevention of Discrimination and Sexual Harassment	The company strictly prohibits any acts of sexual harassment in the workplace. We have established the “Preventive Management Standards for Preventing Unlawful Acts against Executing Duties” and the “Measures for Preventing and Handling Sexual Harassment, Complaints, and Disciplinary Actions.” Additionally, we regularly conduct advocacy courses on discrimination prevention and sexual harassment. We provide channels such as complaint hotlines, email addresses,	

Item	Implementation				Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
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				and employee suggestion boxes to ensure that our colleagues understand the Company's firm stance on handling such incidents and to provide an equal and safe working environment for all employees.	
			Gender Equality	We comply with the Labor Standards Act and the Act of Gender Equality in Employment, and our female employees can apply for menstrual leave, prenatal check-up leave, maternity leave, tocolysis leave, abortion leave, and paternity leave depending on individuals' needs. We adjust shifts for pregnant employees on night shift to avoid night shifts during pregnancy and postpartum lactation Employees with childcare needs after childbirth may apply for unpaid childcare leave until their child reaches the age of 3. The Company has established the "Employee Unpaid Leave Management Regulations" for this purpose. The Company also provides lactation rooms to offer a better breastfeeding environment for female employees with postpartum breastfeeding needs.	
			Measures to Protect Young Workers	• Development of procedures and policies to protect young workers' rights and interests • Works hazardous to health and safety are prohibited. Work areas are marked with warnings and controlled access. • No juvenile workers are allowed to work at night (including 10:00 pm to 6:00 am). • A labor contract signed by a juvenile worker must be approved by the legal representative in order to be effective.	
			Disabled People and Foreigner Friendly Measures	• Establish a recruitment platform and channel for the disabled and disadvantaged groups, and worked with professional institutions, groups and related units to provide employment information.	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td></td><td>• Help employees improve work adaptability through job redesign.
• Provide expats with daily life support and organize quarterly events to build cohesion and enhance employee experience.</td></tr><tr><td>Providing Education and Training</td><td>In order to ensure that all employees of the Company are familiar with the Company’s human rights policies and measures, the concepts related to human rights issues are conveyed to the employees through on-the-job training and tests. In 2023, there were 5,538 participants for a total of 5,580 hours.</td></tr></table></td><td></td></tr>
<tr><td>(II) Has the Company developed and implemented reasonable Employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in Employees' remuneration?</td><td>V</td><td></td><td>1. The Company has formulated and implemented reasonable employee benefit measures. Please refer to V. Labor relations (page 102).
2. As per Article 26 of the Company's Articles of Incorporation, after the Company compensates the cumulative deficit in the year, it shall set aside 10–15% of the balance, if any, for employee remuneration to motivate employees to have better performance and maintain the Company's remuneration competitiveness.
3. Salary adjustment system:
(1) Salary level in the market: We participate in market salary surveys and adjust salary with reference to the market levels and business trends.
(2) Performance standards: We adjust employees’ salaries as per the Company's operational performance and personal performance.
(3) Promotion mechanism: We offer a range of salary for each job category at each level to give outstanding employees with room for salary adjustment and promotion opportunities.
(4) The average salary adjustment in 2023 was between 1.0~2.7%.
(5) Gender wage gap:
2023 male-female salary ratio<table><tr><th>Employee category</th><th>Male salary</th><th>Female salary</th></tr><tr><td>Production position</td><td>1.06</td><td>1</td></tr><tr><td>Professional position</td><td>1.14</td><td>1</td></tr><tr><td>Administration position</td><td>1.49</td><td>1</td></tr></table></td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
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<tr><td></td><td></td><td></td><td>
Note 1: According to the 2023 laws and regulations of Taiwan, the basic salary is NT$26,400. The ratio of entry-level employees' standard salary to basic salary is 1.32:1.
Note 2: The ratio of basic salary for entry-level employees (professional positions & production line operators) is based on fixed salary structure
4. We have established a dual-track promotion system and review employees’ abilities and performance results at all levels for promotion through a general review mechanism or the Human Resources Committee mechanism to provide employees with suitable career development opportunities.
5. We pay out quarterly bonuses according to the achieving status of the Company's operational goals in the quarter.
6. We pay out employee remuneration according to the Company's earnings at the end of the year.
7. We pay an annual salary of 14 months (including bonus for major festivals) to employees who did not do anything wrong by the closing of the year.
8. Diversity and Equality in the Workplace:
(1) The company's salary standards and adjustment ranges are not differentiated based on gender, age, nationality, religion, political stance, marital status, or union membership. Salaries are determined based on the requirements of the positions held, including the complexity of the work, level of expertise, experience, skills, promotion, and reference to industry salary benchmarks. All salary determinations are reasonable and better than legal requirements.
<table>
<tr><td colspan="3">Male and female employee ratio</td></tr>
<tr><td>Category</td><td>Male</td><td>Female</td></tr>
<tr><td>Administration position</td><td>56.33%</td><td>43.67%</td></tr>
<tr><td>Number of people in the plant</td><td>37.02%</td><td>62.98%</td></tr>
<tr><td colspan="3">Description:
1. The ratio of male managers is slightly higher than female managers. Given the need for talent from science and engineering disciplines in the semiconductor industry, and the fact that the proportion of males is higher in these disciplines, there is a slight difference in the ratio of male to female managers.</td></tr>
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</td><td></td></tr>
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<table>
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<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>2. The administrative staff and production technicians are mostly female, and the ratio of female employees is higher than that of male employees.

(2)Measures to promote gender equality:
Please refer to "IV. Human Rights Management Practices in Social Issues (Implementation of Gender Equality)" (page 55) of this annual report.

<table>
<tr><td>Age</td><td>Under 30 years old</td><td>30-45 years old</td><td>45-55 years old</td><td>Over 55 years old</td></tr>
<tr><td>Percentage (%)</td><td>23.9%</td><td>51.7%</td><td>19.8%</td><td>4.7%</td></tr>
</table>

<table>
<tr><td>Nationality</td><td>Taiwan nationals</td><td>Foreign nationals</td></tr>
<tr><td>Percentage (%)</td><td>67.92%</td><td>32.08%</td></tr>
</table>

We design various incentive measures and bonuses to motivate employees to achieve better performance and be more committed to work, thereby creating mutually beneficial and win-win environment, remuneration, and benefits for both employer and employees.</td><td></td></tr>
<tr><td>(III) Has the Company provided the employees with a safe and healthy work environment and arranged regular safety and health education for employees?</td><td>V</td><td></td><td>1.The Company has established an occupational safety and health management system and obtained ISO 45001: 2018 certification (valid until 2025) and CNS 45001: 2018 certification (valid until 2025). Through hazard identification and risk evaluation and control, automatic inspection, environmental safety inspection, and operating environment monitoring, education, and training, we aim to achieve the goal of preventing occupational accidents and ensuring employees’ safety.
2.A total of 6,066 people participated in the environmental safety and health education and training for new and in-service employees held in 2023. In addition, a total of 6,360 people participated in 80 safety and health education and training sessions (such as training for supervisors for hazardous work, evacuation exercises, and firefighting safety training and radiation worker education and training) held as per law or the organization’s needs. Please refer to “Safe Workplace” of the corporate social responsibility report for details.
3.To achieve the "zero accident" management goal and establish a safe and healthy work environment, the Company holds an Environmental Safety, Health, and Water Management Committee meeting on a quarterly basis in accordance with the law to discuss the implementation of the occupational safety,</td><td>None</td></tr>
</table>

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary Description	
			health, and water management plan, the internal and external audits of the environmental safety and health system, corrective and preventive measures, and communication on issues raised by employees, as well as a total of 8 safety and health improvement proposals. 4.The fire equipment of the entire plant is maintained on a regular basis; a fire maintenance report form is submitted and an inspection is carried out in accordance with the regulation of the competent authority each year. 5.Security guards, access control systems, surveillance cameras, and alarm systems are installed at all major entrances and exits. Patrol guards use smartphones with a patrol app to scan NFC devices, replacing traditional paper patrol logs. Not only does this save paper and reduce carbon emissions, but it also integrates patrol records. Any abnormal events can trigger immediate email notifications to relevant units for handling, thereby enhancing plant security. 6.All units regularly conduct environmental, safety, health, and water inspections and execute relevant automatic inspections in accordance with the law to improve plant security. 7.Participating in occupational safety and health weekly events and performing various safety and health educational and training in accordance with the government's occupational safety and health education and training laws and regulations. 8.To increase employees' physical fitness and promote their physical and psychological health, the Company has organized various sports and activities and obtained the Exercise Enterprise Certification from the Sports Administration. 9.The Company has held various cancer seminars and examinations to promote the health of employees. With health promotion projects and the number of effective exercises, the Company won the top award of the Kaohsiung City Workplace Employee Health Service Promotion Plan organized by the Health Bureau of the Kaohsiung City Government in 2023. 10. In response to fire accidents, the Company has established "ISO-AC-0015 Fire Emergency Response Regulations" in the ISO 45001 occupational safety and health management system for control.	
(IV) Has the Company established an effective career development plan for employees?	V		1.Employee development is an indispensable key factor for the Company's growth. The Company is committed to creating a diverse learning and development environment and has adopted he TTQS, linked with the Company's business strategy to establish a systematic strategic training system, and we implement a continuous improvement mechanism for training quality through an evaluation cycle of plan, design,	None

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary Description	
			do, review, and outcome, to strengthen our employees' competitiveness and the Company's sustainable development. 2.Our employees will train in a training and development system on the first day of work, and we implement pre-employment training and care for new employees and provide offline training, online training, and self-development training according to the learning map (engineering and technical positions, administrative positions, and managerial positions). 3. We provide different level of training to employees in different positions. We examine employees' skills gap and plan and arrange training sessions to enhance their abilities and develop talents every year based on the organization's and each department's needs and personal career needs, while providing them with a complete training and cultivation blueprint.	
(V) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interest?	V		1.To protect clients' health and safety, the Company has obtained the SONY Green Partner Certificate. The Company's products also do not contain materials that contain substances prohibited or restricted by international laws (EU RoHS, REACH directive, Stockholm Convention on Persistent Organic Pollutants (POP), International Electrotechnical Commission's Halogen Free specification, etc.); such declaration of compliance is also disclosed on the Company's official website simultaneously. 2.We sign confidentiality agreements with suppliers and clients to ensure confidentiality of the information exchanged between both parties for business needs to protect both parties' rights. As for trade secrets, they are protected by the Company's "Regulations for Management of Trade Secrets", which requires that company personnel and other affiliate or third party obliged to keep the Company's information secrete manage and protect trade secrets, not confide such information at will to others, and not misappropriate other person's trade secrets. In addition, the Company also developed information security measures by the same regulations. 3.The Company is a professional semiconductor packaging and testing foundry and does not directly provide end products to consumers, so there is such a problem related to product and service labeling. 4.We have established the Code of Ethics to require our personnel to comply with the relevant rules of fair trade, treat the Company's suppliers and clients, competitors, and employees fairly, and not to manipulate, conceal, or abuse	None

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary Description	
			the information they learn about through their jobs to obtain improper benefits by making false statements about important matters or engaging in other unfair trade practices. We have also disclosed the complaint email (internal 580@ose.com.tw/external csr@ose.com.tw) on the Company's official website for internal and external personnel. 5. To meet the clients' requirements for product quality, hazardous substances, yield, technology, delivery time, and service, the Company has established relevant processing procedures. Relevant responsible units have established communication channels with clients in accordance with such procedures to handle clients' complaints in a timely and effective manner, thereby protecting their rights and interests.	
(VI) Has the Company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance?	V		1. The Company has established Supplier Management Regulations with clear rules of supplier selection, assessment, audit, and guidance. 2. When selecting new suppliers, the Company requires them to fill out the basic information form first and provide relevant verification information on quality, hazardous substances, and environmental safety and health management system and water and energy management system for evaluation and review. After the review results are qualified and approved, they will be listed as qualified suppliers, and we will implement subsequent management. 3. The Company requires suppliers and subcontractors that met specific criteria to sign the Supplier Integrity Commitment and Integrity Policy. The Company also conducts supplier/subcontractor CSR risk assessment and audit every year to ensure that they duly implement the code of conduct as required and do not infringe on employees' rights to freedom of association, prohibition of child labor, prohibition of forced labor, and collective bargaining 4. Please refer to "Sustainable Supply Chain" of the Company's ESG report for supplier management policy and implementation.	None
V. Has the Company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that discloses the Company's non-	V		The Company has established the "Procedures for Compilation and Verification of Sustainability Report of Orient Semiconductor Electronics", which has been approved by the Board of Directors and included internal audit and control for effective management. Every year, the Company prepares a sustainability report in accordance with the GRI Standards, regulations of the competent authority for the industry, and requirements of various international standards. The Company also engages a third-party assurance provider in compliance with legal requirements to maintain the quality of sustainability	None

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary Description	
financial information? Have the reports mentioned previously obtained the assurance of third party verification?			reporting and enhance its credibility. The Company's 2022 Sustainability Report discloses information in compliance with relevant regulations. The Company engaged PwC Taiwan to perform a limited assurance engagement in accordance with the Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ARSC No. 3000) issued by the Accounting Research and Development Foundation in Taiwan. The Company's practices were found to be in compliance with relevant laws and regulations as well as internal procedures without any discrepancies.	
VI. If the Company has established its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe any differences between the company's operations and the established principles: The Company has formulated the "Orient Semiconductor Electronics Sustainable Development Best Practice Principles" which have been approved by the Board of Directors. Through the operation of the Company's "Corporate Governance and Sustainability Committee", the Company reviews internal and external trends and needs, manages sustainability goals and actions, and plans education and training to enhance the understanding of sustainability among all employees. All responsible units of the Company have also continued to review relevant laws and regulations and system requirements, and implemented sustainable development through goal setting and the promotion of action plans. The Company compiles the "Orient Semiconductor Electronics Sustainability Report" on an annual basis according to the law, and discloses it on the Company's official website and the Market Observation Post System. Its operation status does not deviate from the Sustainable Development Best Practice Principles.				
VII. Other important information that facilitates the understanding of the promotion of sustainable development: (I) Environmental protection, safety and sanitation, energy, and water resources: 1. The Company has established the air pollution control and wastewater treatment equipment according to the laws, it assigned the qualified companies to dispose of or recycle the industrial waste, and has set up the wastewater recycling system. In response to the government's policy, the Company launched activities such as the energy conservation and carbon reduction, the garbage classification and recycling and the green procurement, and has been awarded “the First Place of the 2008 Building Renovation and Maintenance Rating,” “2013 Excellent Water-Saving/Energy-Saving Company,” “2016 Resources Recycling Quality Award” by the Export Processing Zone of the Ministry of Economic Affairs, awarded“2011 Kaohsiung City Enterprise Energy-saving Rating Competition Excellent Award,” “2011 Green Restaurant” by the Kaohsiung City Government, and awarded the “Exceptional Participant in Implementing Water-saving Improvement Plans” by the Water Resources Agency, MOEA in 2021, ISO 50001 Energy Management System and ISO 46001 Water Resource Efficiency Management Certification in 2022, Award of 2021~2023 Recycling Economy and Low Carbon Sustainable Park Promotion Assistance Plan Participation, and CDP Carbon Disclosure in 2023. 2. We have launched healthy workplace activity, promoted to quit smoking, encouraged the Employees to participate in the hiking activities held by the government that can improve the health, and we have been awarded “Healthy Workplace Accreditation” by the Heath Promotion Administration, Ministry of Health and Welfare in 2010, 2012, 2016, 2019, and 2021, respectively, and “Kaohsiung City Workplace Employee Health Service Promotion Plan - Team Elite" by Department of Health, Kaohsiung City Government in 2023. 3. We participated in the evaluation of the series activities in the occupational safety and health week and were awarded “Judges' list award,” “participation certificate” in 2012/2013/2014/2015/2016, respectively, by the Ministry of Labor of the Executive Yuan.				

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td colspan="5">4. The Company participated in the "2023 Emergency Response and Regional Joint Defense Drill for Compound Disasters at Nanmat Technology and Yageo Corporation" providing relevant emergency response facilities for use. This facilitated regional joint defense within the industrial park, helping to reduce losses from disasters.
(II) The community participation, social contribution, social services and so on:
1. The Company assisted and provided the police with materials recorded by monitoring equipment around the factories to conduct the investigation of the cases, participated in the Zone Defense Organization of the Kaohsiung Export Processing Zone to actively maintain the community order and was awarded “2015/2017/2022 Accident Prevention Measures Quality Award” by the Export Processing Zone.
2. The Company regularly launches internship opportunities during the school year and semesters to make the students who are going to enter the workforce adapt to the life in the work place in advance and know about the Company and job responsibilities. The Company provides a safe and secure place for internships, so that students, schools, and their families can rest assured. In 2023, a total of 35 interns were hired. For interns, the "Intern Camp" is held every quarter. The courses include soft courses such as introduction to manufacturing industry, interview skills, and resume writing. Senior executives of our plants were invited to give lectures in person to broaden new horizons for interns. A total of 4 seminars were held in the 2023 workshop, serving a total of 80 participants.
3. The Company has a variety of clubs. Through various club activities, employees are relieved to express their stress, and to promote employees' physical and mental health and work-life balance.
4. In 2023, the Company continued its collaboration with the Youth Bureau of Kaohsiung City Government on the "Youth Art Power - Qianzhen Enterprise Sustainable Regenerative Art Creation Project." It provided the company's electronic waste, including PCBA, plastic Tape & Reel, and various types of trays. To date, the Company has provided over 15 kilograms and more than 100 pieces of waste materials. This year, 34 young artists utilized these discarded objects as media to create brand-new artworks. The artworks created using the Company's recycled waste have won gold and silver awards from last year to the present. In addition to its commitment to environmental sustainability, the Company also supports young artists' creativity, allowing for a positive cyclical social impact through the collaboration between art and business, and promoting the development and incubation of young artistic talent.
(III) Social welfare:
1. Pay attention to environmental sustainability issues, actively participate in community care, and distribute 350 Taiwan native seedlings and hold environmental protection seminars for free among the Company, supply chain, and neighboring communities. The Company participated in the beach cleanup activity organized by Kaohsiung City’s Environmental Protection Bureau and won first place by collecting 102 kilograms of waste. Additionally, the Company held a parent-child beach cleanup activity at the Ziguang Chiezuan Coastal Area, collecting 71 kilograms of marine debris. Through these efforts, the Company has deeply rooted itself in promoting local culture while purchasing local ingredients as event souvenirs, thereby fostering local economic development and sustainable environmental progress.
2. The Company made purchases in a total amount of NT$13,512 thousand in compliance with environmental labels, an increase from 2022.
3. The Company invites the public welfare groups and underprivileged groups to put on performances in the year-end banquet, if any, and take their seats every year. Local small farmers have been introduced into the factory to set up stalls to sell vegetables and fruits, in order to care for and support the development of local small farmers. The Company organized a recycling market charity sale and raised NT$35,420, which was fully donated to the Eden Social Welfare Foundation's Services for Persons with Disabilities Program. The 10 boxes of unsold items were donated to the Syin-lu Social Welfare Foundation for use as second-hand goods. 144 kilograms of rice was also donated to the Kaohsiung Goods Bank (Ciaotou Branch), a happiness sharing center organized by Kaohsiung City Government. Additionally, from time to time, the Company</td></tr>
</table>

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
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cooperates with blood donation center to hold blood donation events in the factory. We also select charity gift boxes as the Company's annual gift boxes, in order to do our part in charity to give back to the society.

4. The Company has worked with Kaohsiung City Government's Kaohsiung Film Archive to incorporate "Movie Optional" into image education in elementary schools since 2022, those in remote area other than mountain or city. Movie is broadcast twice in one event every year, so as to enable children to get in touch with image anesthetics and foster movie appreciation ability; by providing such channel of anesthetics, we hope movie appreciation can inspire children's thinking. In 2023, a film course took root in Jing-yi Elementary School, Neimen, and a total of 41 people participated.

(IV) Human Rights:

1. To take care of the disadvantaged groups, we employ a certain number of disabled and disadvantaged people; we have re-designed jobs and diversified job opportunities to provide the disadvantaged group with more job choices. Meanwhile, we work with professional institutions, groups, and relevant units, to effectively help the disadvantaged group to overcome work obstacles, improve their adaptability at work, and jointly help more disadvantaged people to join the workforce. The total number of disadvantaged people we have employed is more than as required by law.
2. In line with the government's efforts to strengthen the workability of students after graduation, the Company works with three schools in the dual-track training flagship program, the industry-academia cooperation program, the 3-3 rounds of specialized classes for higher education construction and education of overseas Chinese students, innovation program of the College of Semiconductor and Advanced Technology Research, fall session of the mater program of big data analytics and information security, and Engineering International Graduate Program, to provide students with internship opportunities, allowing students to adapt to the industry and workplace environment in advance, and to cultivate the Company's future technical personnel to achieve a win-win situation for both industry and academia. The motivate more interns to stay with the Company, the Company holds internship workshops every quarter, which offers courses fostering their soft power and hard power and provides a place for them to interact and showcase their capability, thereby increasing their affiliation towards the Company.
3. The Company continued to provide 47 campus and other lecture services (including online lectures and courses), serving a total of 1,364 participants. Through these lectures, the Company has deeply engaged with campuses, assisting students and job seekers in understanding employment trends and workplace adaptation.

3.4.6 Climate-related information of TWSE/TPEx-listed companies

1 . Climate-related information implementation

Item	Implementation
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	The company has set up the "Corporate Governance and Sustainability Committee" as the highest-level organization to respond to climate change. The chairman serves as the chairman, the general manager serves as the deputy chairman, and the deputy general manager of the management center serves as the management representative. senior executives serve as committee members. The risk management and sustainable development group is established under the committee to compile and promote the ESG work plan and coordinate the five working groups. It reviews important issues, goals and implementation status in the committee held every quarter, and reports to the board of directors at least once a year. Implementation status and results.

<table>
<tr><th>Item</th><th colspan="5">Implementation</th></tr>
<tr><td rowspan="4">2.Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short-, medium-, and long-term).</td><td colspan="5">The Company's major short-, medium-, and long-term climate risks and opportunities in 2023 are as follows:
1. Identification of Key Climate Risks and Adaptation Strategies</td></tr>
<tr><td colspan="2">Climate-related Risk Issues</td><td>Potential Impact on the Company</td><td>Duration of Impact</td><td>Adapting Management Strategies</td></tr>
<tr><td rowspan="2">Physical Risk</td><td>Increased severity and frequency of extreme climate events (typhoons, floods, heavy rainfall, etc.)</td><td>Strong winds or heavy rainfalls cause damage to plant equipment, resulting in interruption of plant services, production line shutdowns, production impact, failure to achieve business goals, and a subsequent decline in revenue.</td><td>Short, medium and long</td><td>• The driveway at the basement is equipped with a waterproof gate to prevent the flood water from entering the basement and causing damage to equipment.
• The factory equipment response measure on 1F is to use sand bags to block water.
• The RF equipment is equipped with a backup that can be switched if necessary.
• 2 or more suppliers to provide backup supply.
• Conduct material safety stock inventory on a monthly basis to reduce the risk of material shortage.
• Conduct irregular/quarterly surveys on supplier operations and material supply, and initiate countermeasures.</td></tr>
<tr><td>Changes in rainfall (water) patterns and extreme changes in climate patterns</td><td>Due to water scarcity, reservoir water supply pressure reduction or water rationing, or even water supply suspension leading to disruption of water supply, production is impacted, and business targets cannot be</td><td>Short, medium and long</td><td>• Regularly sign a contract with a water truck company to cooperate with the local water supplier.
• Waste water and RO water recycling systems are in place to improve water utilization.
• Procurement of water-saving equipment.
• Learn more about market information and countermeasures</td></tr>
</table>

Item	Implementation				
			achieved, resulting in a decline in revenue.		with peers.
	Transformation risks	Restrictions from renewable energy regulations and increasing demand	In accordance with the law, renewable energy power generation equipment has been installed. Currently, the required renewable energy capacity is 1,627kW. However, due to site limitations, it is not possible to install sufficient renewable energy power generation equipment. Additional green electricity purchases will be necessary, which will increase capital expenditures or operating costs.	Mid-term (3-10 years)	• The renewable energy capacity of Plant East 3 is 435 kW (spontaneous generation and self-consumption). • The purchase of green power certificates is expected to be 1.4 million kWh in 2024.
	Risks associated with policies and regulations	Carbon pricing	The Climate Change Response Act and relevant laws and regulations were promulgated and came into effect. It has confirmed that the government will levy a carbon fee. Starting from 2024, after the relevant management regulations are announced, the Company will be required to pay the carbon fee, resulting in an increase in operating cost.	Short-term (0-3 years)	• Establish the Corporate Governance and Sustainability Committee to set climate change management goals. • Establish an ISO 50001 energy management system. • Set the 2024 energy conservation and carbon reduction target of reducing carbon emissions by 1% every year when the rate of power conservation is greater than the annual demand. • Implementation of energy-saving and carbon reduction improvement

Item	Implementation				
			In response to domestic and international trends, supply chain needs, and the potential of Taiwan's implementation of caps, if Orient Semiconductor Electronics is regulated or required by the supply chain, it will need to purchase carbon credits through the Taiwan Carbon Exchange, resulting in an increase in the Company's operating costs.		management programs: AT Chiller Replacement Management Program, HQ&AT&IC Lighting Equipment Replacement Management Program.
		Enhance emission reporting obligations	The Ministry of Environment requires businesses that produce Scope 1 and Scope 2 GHG emissions exceeding 25,000 metric tons of CO2e to do so on an annual basis, and to obtain third-party verification for their annual emissions. The Company's corporate headquarters building and factories and packaging and testing building factories have been applicable since 2023. Those who fail to report on time may be fined, resulting in an increase in	Short-term (0-3 years)	• Conduct annual carbon inventory and complete the third-party verification in May of each year. • Publish the annual report and sustainability report for information update and disclosure. • Stakeholders such as the competent authority and customers have requested to collect, evaluate and improve on a monthly basis, and conduct annual compliance verification in order to meet the expectations of stakeholders. • Operation reminder notices are issued on the 25th of each month, and the supervision and management of

Item	Implementation				
			operating cost. In March 2023, the Financial Supervisory Commission initiated the "Sustainable Development Roadmap for Listed Companies." Starting from 2023, it will be implemented in phases based on the Company's paid-in capital. By 2027, all listed companies are required to complete carbon inventory, and by 2029, they must complete third-party verification or assurance, leading to an increase in management costs.		environmental, energy, safety, and water of the previous month is reviewed by the 15th of each month.
	Market	Changes in customer preferences	The design of customers' green products requires Orient Semiconductor Electronics to select materials and sources that comply with international environmental protection standards, such as RoHS, REACH, and non-use of conflict minerals. As a result, operating cost is increased. If it does not meet customer expectations, customers may reduce their orders with	Mid-term (3-10 years)	• Annual declaration of compliance with REACH and non-use of conflict minerals for material suppliers. • Conduct RoHS or conflict mineral investigations according to customer needs and feedback to customers. • If there is any part that does not meet relevant requirements, the material will be replaced after discussing with clients to meet the requirements.

Item	Implementation				
			Orient Semiconductor Electronics, resulting in a decrease in revenue.		
	Technology	Demand for low-carbon products and services	At present, customers and the market can only make constructive inquiries about the sustainable development of Orient Semiconductor Electronics. However, the importance and investment of the world's major players on the climate change issue require them to continuously understand the expectations of their customers and the market. If they fail to meet customer needs, customers may reduce their orders from Orient Semiconductor Electronics and therefore revenue will decrease.	Mid-term (3-10 years)	• In order to prepare for the needs of customers and the market, the production equipment and processes must be selected from equipment with low energy consumption, and the current production equipment with high carbon emissions must be gradually replaced. • Maintain unobstructed pipes and channels between windows of relevant units in the plant. When receiving customer or market demands, the Company clarifies the specific requirement items. The customer demands are provided to relevant internal units (including but not limited to the Industrial Safety Facility Div., Quality Assurance Div., Sustainability Development Task Force, etc.) for joint discussion and formulation of an execution plan. The Company will track the internal progress.

2. Key Climate Opportunity Issues and Adaptation Strategies

Climate-Related Opportunities		Potential Impact on the Company	Duration of Impact	Adapting Management Strategies
Resource Utilization	Energy Efficiency	The Company's manufacturing	Mid-term	• Reduce power consumption by more

Item	Implementation				
	Efficiency	Improvement	processes primarily rely on electrical energy, which accounts for approximately 40% of total energy consumption, with public electricity consumption accounting for 60%. Energy-saving measures are mainly focused on air conditioning systems, air compressor systems, and others. The Company continues to mitigate the negative impact of its operations on climate change while reducing electricity expenses, thereby lowering operating cost.	(3-10 years)	than 1% to improve energy efficiency. • Phase out fluorescent lamps and adopt LED. • Replace the heat dissipating material of the cooling water tower to improve the operation efficiency of the cooling water tower. • Replacement of outdated chillers. • Replacement of high-performance vacuum machines.
		Conversion to higher efficiency buildings	Renovation of old buildings to improve the efficiency of energy and resource utilization is conducive to improving energy utilization rate, reducing greenhouse gas and waste emissions, improving water resource utilization rate, reducing sewage discharge, and reducing operating cost.	Mid-term (3-10 years)	• Adopt green building design for new plants (Diamond Project).
	Source of energy	Use of low-carbon energy	If the reliance on non-renewable energy is reduced, the increase in the price of non-renewable energy in the future will reduce operating cost. Build a renewable energy power generation system to increase the Company's operating cost.	Mid-term (3-10 years)	• Continue to plan for the installation of renewable energy power generation equipment.
	Products and services	Develop or expand low-carbon products and services	Climate change has made energy saving, carbon reduction, and sustainable products the main demand.	Long-term (10 years or more)	• Work with material assessment-related units to develop low-carbon products and reduce product carbon

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<tr><th>Item</th><th>Implementation</th></tr>
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<tr><td></td><td></td><td>Although the development cost has increased, the development of low-carbon technologies can increase orders in response to market demand
, provide new low-carbon solutions, launch low-carbon products to meet customer needs, and increase revenue.</td><td></td><td>footprint.
• Through cooperation with suppliers, we have successfully certified low-temperature solder balls. In the future, the use of main products will reduce carbon emissions by 500 tons per month.
• Invest in the development of low-carbon and energy-saving products, and introduce green design thinking during the development stage to continue to increase the energy-saving benefits of carbon-based products.</td></tr>
</table>
</td></tr>
<tr><td>3.Describe the financial impact of extreme climate events and transformation actions.</td><td>Regarding extreme climate (increased severity and frequency of extreme climate events (typhoons, floods, heavy rainfall, etc.), changes in precipitation (water) patterns, extreme changes in climate patterns), and transition actions (increased demand and regulatory restrictions on renewable energy, carbon pricing mechanisms, strengthened obligations for emission reporting, changes in customer preferences, and demand for low-carbon products and services), the impact on finance is as described in item 2 above.</td></tr>
<tr><td>4.Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</td><td>Issues are ranked by materiality based on internal assessment results, and the Company's overall major climate risks and opportunities are summarized as topics for advanced in-depth assessment and management.
<table>
<tr><th>Management Process</th><th>Collection of Climate-Related Risks and Opportunities</th><th>Training and Inventory</th><th>Identification of Significant Risks and Opportunities</th><th>Confirmation by Senior Management</th></tr>
<tr><td>Explanation</td><td>Based on the organization's operation type, relevant climate risk and opportunity issues are screened</td><td>The relevant executing units understand the definitions of various climate-related risks and opportunities. They analyze domestic and international regulatory, market, and technological trends, and further discuss each issue. Through factors such as the likelihood of impact, the degree of impact,</td><td>Based on the degree of impact (covering financial reports, operations, reputation and image evaluation indicators) and impact period (short-term, medium-term, long-term), the Company's overall major climate risks and opportunities are identified, and the potential impacts and management strategies of climate-related</td><td>Present to the senior management for confirmation of the identified results, and integrate into the overall risk management of the Company for control.</td></tr>
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<table>
<tr><th>Item</th><th>Implementation</th></tr>
<tr><td></td><td><table><tr><td></td><td></td><td>and the timing of occurrence, they understand the impacts and effects of climate-related issues.</td><td>risks and opportunities are inventoried.</td><td></td></tr></table></td></tr>
<tr><td>5.If a scenario analysis is used to evaluate the resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be explained.</td><td>Please refer the ESG report.</td></tr>
<tr><td>6.If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.</td><td>Please refer the ESG report.</td></tr>
<tr><td>7.If the internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.</td><td>At present, the Company has not planned internal carbon pricing.</td></tr>
<tr><td>8.If climate-related goals are set, the activities covered, the</td><td>1. The Company has continued to conduct ISO 14064 greenhouse gas inventory and verification since 2009, and continued to control greenhouse gas inventory and verification. The indicators and targets set by the Company are as follows:</td></tr>
</table>

Item	Implementation
scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained; if carbon offsets or renewable energy certificates (RECs) were used to achieve the goals, the Company should explain the source and quantity of carbon reduction credits or the quantity of Renewable Energy Certificates (RECs) for which they are exchanged.	• Greenhouse gas inventories are conducted for all plants annually in accordance with ISO 14064-1, and are certified by a third party. • In 2023, greenhouse gas emission intensity was reduced by 0.12% from the base year. • In 2023, Scope 1 and Scope 2 decreased by 0.80% compared to the base year. • The base year is 2021. 2. It is expected to complete the ISO 14064-1 greenhouse gas inventory of overseas subsidiaries in 2026.
9.Greenhouse gas inventory and assurance status, as well as reduction targets, strategies and concrete action plans (please fill in 1-1 and 1-2 separately).	1.Please refer 3.4.5 The promotion of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor: Item III Environmental Issues, (IV).(Page 54) 2. Greenhouse gas inventory and third-party verification over the years, please refer the ESG report.

3.4.7 The variations and causes of variations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies:

Evaluation item	Operation status			The variations and causes of variations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
I. The establishment of the ethical management policies and plans (I) Has the Company demonstrated its ethical management policies in its regulations and external documents, and stated in its Memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the Board of Directors and the management	V		(I) The Company has established a "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" approved by the Board of Directors, which clearly stipulate the policies and practices of integrity management. The Company's integrity management policies	No significant difference.

Evaluation item	Operation status			The variations and causes of variations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
committed in fulfilling this commitment?			and practices are disclosed in internal regulations, annual reports, and the Company's website. The Company's Board of Directors and management actively implement their commitment to the integrity management policies.	
(II) Has the Company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within their business scope on a regular basis which are at a higher risk of being involved in unethical behavior, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”?	V		(II) In Paragraph 2, Article 7 of our Ethical Corporate Management Best Practice Principles, we prohibit the Company’s directors, managers, employees, people appointed, or ultimate controllers from bribery, illegal political contributions, improper charity donations or sponsorships, offering or acceptance of unreasonable gifts, hospitality, or other illegitimate interests, as well as infringement of trade secrets, trademark, patents, copyrights, or other intellectual property rights. In addition, the Company has established relevant operating procedures for employees to follow.	No significant difference.
(III) Has the Company specified operational procedures, behavioral guidelines, disciplines of violations, as well as an appeal system in the program against unethical behavior, and implemented such programs, and reviewed and revised the previous program on a regular basis?	V		(III) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" approved by the Board of Directors, which outlines the types of unethical conduct and the handling procedures, as well as the "Procedures for Handling Complaints and Whistleblowing" to ensure the notifier’s privacy and security.	No significant difference.
II. The implementation of the ethical management (I) Does the Company evaluate the ethical records of its transaction parties and explicitly include clauses on ethical conduct in contracts signed with its transaction parties?	V		(I) Before entering into a contract with an agent, supplier, customer, or counterparty in commercial dealings, the Company shall gain a thorough knowledge of the status of their ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract. If the counterparty in a commercial dealing is a supplier, the supplier shall be required to sign the	No significant difference.

Evaluation item	Operation status			The variations and causes of variations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			Company's "Suppliers' Undertaking of Integrity".	
(II) Has the Company set up a dedicated responsible unit to promote corporate ethical management under the Board of Directors, and has such unit reported its execution in terms of ethical management policy and preventive programs against unethical behaviors and the supervision status to the Board of Directors on a regular basis (at least once a year)?		V	(II) The Company has established an "Ethical Management Unit" responsible for formulating and supervising the implementation of ethical corporate management regulations, and reports the operation and implementation to the Board of Directors on an annual basis. The implementation of ethical management in 2023 was reported to the Board of Directors on October 25, 2023. In order to implement the philosophy of ethical management, the Company held internal training on ethical management, business ethics, and insider trading prevention in 2023, which attracted 4,991 participants for a total of 4,991 hours.	No significant difference.
(III) Has the Company established and implemented the policy to prevent the conflicts of interest and provide the suitable channels for reporting such conflicts?	V		(III) The rules of procedure for the board meeting expressly state the recusal system for the directors. If the motions proposed by the Board of Directors have conflict of interest with the directors or the legal person investors they represent, where there is a likelihood that the interests of the Company would be prejudiced, they may state their opinions and answer the questions, but they may not participate in the discussion or vote on those motions and shall recuse themselves from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. we have set up a mailbox for whistleblowing as a channel for complaints. If any illegal act is discovered, it can be reported directly to the Company and handled by dedicated personnel	No significant difference.
(IV) Has the Company established an effective accounting system and internal control system in order to implement ethical management, and propose relevant audit plans	V		(IV) To ensure the implementation of ethical management, the Company has established an effective accounting system and an internal control system. The internal auditors perform audits as per the internal audit plan and	No significant difference.

Evaluation item	Operation status			The variations and causes of variations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
according to the assessment results of the risks of unethical behaviors, and review the compliance status of the prevention of unethical behaviors, or entrust an account to carry out the review? (V) Does the company regularly organize the internal and external education training activities for the ethical management?	V		internal audit implementation rules. If any material anomalies are discovered, the internal auditors will immediately report to the chairman and independent directors while reporting to the Board of Directors for reference. (V) "Integrity, pragmatism, and sustainable development" are the Company's entrepreneurial spirit and business philosophy. We regularly organize education and training in connection with applicable policy of corporate social responsibility to enhance employees' knowledge of corporate social responsibility and regulations. Please refer to Table 1 for the 2023 social responsibility education and training results.	No significant difference.
III. The operating status of the corporate whistleblower system (I) Has the Company established the explicit whistleblower system, the incentive scheme and the convenient whistleblowing channels, and assign the appropriate personnel to investigate the target of the whistleblower complaint?	V		(I) The Company has established a specific whistleblowing system. Response methods include verbal notification, suggestion box, grievance hotline and email correspondence, and a dedicated staff is responsible for handling the matter in an impartial and confidential manner to resolve and improve problems.	No significant difference.
(II) Has the Company implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct?	V		(II) The Company has established procedures for accepting reports, which specify that in order to protect the whistleblowers' rights during the investigation process, each case will be handled in a confidential manner and that the name of whistleblowers or other relevant information that identifies whistleblowers will not be disclosed.	No significant difference.
(III) Has the Company establish the measures to protect the whistleblowers against the retaliation?	V		(III) In the operational procedures, the Company clearly states that it prohibits any act of retaliation against whistleblowers, informants, or those who assist in investigations. It also prohibits the disclosure of related information	No significant difference.

Evaluation item	Operation status			The variations and causes of variations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			to external parties, in order to protect the rights and interests of the parties involved. If information is leaked due to any reason, disciplinary action will be taken according to the circumstances.	
IV. Reinforcing the information disclosure Has the Company disclosed its Ethical Corporate Management Best Practice Principles and effectiveness on its website and the Market Observation Post System website?	V		The Company has disclosed the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Code of Ethics" and their effects on the Company's website (https://www.ose.com.tw/about/csr/company-management) and the Market Observation Post System.	No significant difference.
V. If the Company has its own Code of Integrity pursuant to the "Ethical Corporate Management Best Practice Principles for TWSE/PTEx Listed Companies", please describe the differences between its operation and the Code: The Code of Conduct established and operated by the Company is consistent with the provisions of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies".				
VI. Other important information for understanding the integrity of the Company's operations: The Company reviews the Ethical Corporate Management Best Practice Principles in conjunction with the revision of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies". The Company has established Governance Practice Guidelines, Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, Procedures for Ethical Management and Guidelines for Conduct, and Sustainability Report. Please refer to the Company's website at www.ose.com.tw.				

Table 1: the results of 2023 CSR education and training is as follows:

Course category	Name of class	Method of lecturing	Numbers of students
Enterprise operation laws	Insider trading and misconduct in financial statements and measures to be taken	External training	1
	IS&TS Information Security and Trade Secret Annual Education and Training	Internal training	4,006
	Insider Trading Prevention Education and Training	Internal training	12
	Risk Management Education and Training	Internal training	5
	Social Engineering Information Security Education and Training	Internal training	381
	Outlook for the global economy in the second half of 2023	External training	1
	2024 Global Economic Outlook and Industry Trends	External training	1
	ISO 27001:2022 Auditor Transfer Training Course	Internal training	22
	ISO 27001:2022 Information Security Management System-led Auditor Training Course	Internal training	10
	Global Future Risks and Opportunities for Sustainable Transformation	External training	1
	How to adjust the internal control system in response to the new requirements of ESG	External training	2

Course category	Name of class	Method of lecturing	Numbers of students
	Corporate Sustainable Value Enhancement and Risk Management System Improvement	External training	1
	Information Security Education and Training - Introduction to Information Security	Internal training	87
	Knowledge management evolution driven by digital transformation	External training	2
	Analysis of illegal cases involving audit/accounting personnel and the corresponding countermeasures.	External training	2
Human Rights Concept	RBA Responsible Business Alliance Code of Conduct	Internal training	5,517
	Sexual Harassment Prevention and Gender Equality in Employment Course	Internal training	21
Sustainable development	Advanced trend of ESG implementation in the semiconductor industry	Internal training	78
	ESG Goals Consensus Camp	Internal training	46
	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	External training	1
	New ESG Law & Financial Statement Impacts	External training	1
	Shaping the Advantages of Green Finance - Implementing Corporate Governance and Sustainability Principles	External training	1
	BSI Corporate Net Zero Strategic Planning Certification Course	External training	1
	International standard training (GRI_1, SASB, TCFD, corporate governance evaluation)	Internal training	171
	Creating low-carbon products from zero waste of resources	External training	1
	Responding to the challenge of carbon price - carbon resource management	External training	1
	Sharing of Carbon Rights Acquisition Practices	External training	1
	Hands-on approach to net zero carbon emissions: GHG inventory in practice	External training	1
	Identification of corporate environmental risks - ISO environmental and energy management system	External training	1
New employees orientation	RBA terms, Business Secret Act, Prevention of Sexual Harassment, Ethics, Personal Data Protection Act.	Internal training	1,390

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

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

Home→Investor Relations→Corporate Governance→Important Company Regulations

Home→Investor Relations→Corporate Governance→Ethical Corporate Management

3.4.9 Other material information that helps increase the understanding of the Implementation of Corporate Governance: Please refer to “3.4.3 Implementation of Corporate Governance and the variations and causes of variations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies-page 27.”

3.4.10 Implementation status of the internal control system

3.4.10.1 Internal control system statement

Orient Semiconductor Electronics, Limited
Internal control system statement

Date: January 31, 2024

According to the results of the 2023 self-evaluation of the internal control system, the Company hereby declares as follows:

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

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

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

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

V. Based on the results of the aforementioned assessment, the Company believed that, on December 31, 2023, the design and implementation of the internal control system (that includes the supervision and management of subsidiaries) were reasonable to ensure the objectives were achieved: the effectiveness and efficiency of operations, the reliability, timeliness, and transparency of reporting, and the compliance with applicable laws, regulations, and bylaws.

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

VII. This statement has been approved by the Company's Board of Directors on January 31, 2024. Among the six directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Orient Semiconductor Electronics, Limited

Chairman Signature or seal

President Signature or seal

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

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

3.4.12 Material resolutions made by the shareholders' meetings and the Board Meetings in the most recent year and by the date of the annual report publication:

3.4.12.1. The general meeting of shareholders was held on June 9, 2023, the material resolutions and the implementation status in the meeting:

Category	The resolutions of the General Meeting of Shareholders	Implementation
General Meeting of Shareholders	Adoption: 1. 2022 Business Report and Financial Statements. 2. Motion of 2022 Earnings Distribution. Discussion: 1. Revision of some provisions of the "Articles of Incorporation." 2. Issuance of new restricted employee shares	Adoption: 1. Approval by voting. 2. Approval by voting. Ex-dividend record date: July 5, 2023; payable date: July 26, 2023. Discussion: 1. The motion was approved by voting. The change has been registered at the Ministry of Economic Affairs on June 26, 2023. 2. The motion was approved by voting. Effective on August 25, 2023 by the Financial Supervisory Commission, and has not yet been issued.

3.4.12.2. Material resolutions in the Board Meeting:

Meeting Time	Category	Material resolutions
The 8th meeting of the 18th term February 22, 2023	Board Meeting	Discussion: 1. 2022 remuneration distribution for Employees and Directors. 2. 2022 parent company only and consolidated financial reports. 3. The effectiveness of the internal control system and provision of "Internal Control System" for 2022. 4. 2023 Business Plan. 5. Convening of 2023 General Shareholders' Meeting. 6. Revision of some provisions of the "Articles of Incorporation." 7. Proposal on amendment to the "Ethical Corporate Management Best Practice Principles". 8. Revision of the "Remuneration Measures for Directors and Members of Functional Committee". 9. Proposal to formulate the "Operating Procedures for Compiling and Verifying Sustainability Report". 10. Proposal on Bank Credit Line for 2023 Q1. 11. Loan from subsidiary, Coreplus (HK) Limited, to sub-subsidiary Valueplus Technology (suzhou) Co., Ltd. for refinancing purpose. 12. To set a capital reduction base date to offset the Company's new restricted employee shares, which the Company has withdrawn. 13. Evaluation of the CPA's independence and appropriateness. 14. Review of the appointment and remuneration of CPAs. 15. Proposal on preapproval of non-assurance services provided by attesting CPAs, the CPAs' firm, or the firm's affiliates to the Company and subsidiaries.
The 9th meeting of the 18th term April 26, 2023	Board Meeting	Discussion: 1. 2022 earnings distribution. 2. The compensation package for managers in 2022. 3. 2022 annual remuneration distribution to Directors. 4. 2023 Q1 consolidated financial statements. 5. Proposal for 2023 Q1 earning distribution. 6. Issuance of new restricted employee shares by the Company 7. Revision of some provisions of the internal control systems and

Meeting Time	Category	Material resolutions
		implementation details of internal audits. 8. Revision of the “Procedures for Ethical Management and Guidelines for Conduct”. 9. Formulation of the Sustainable Development Best Practice Principles. 10. Update the reason for convening the 2023 Annual General Meeting of Shareholders of the Company. 11. managers' compensation and remuneration as well as position adjustment.
The 10th meeting of the 18th term July 26, 2023	Board Meeting	Discussion: 1. 2023 Q2 consolidated financial statements. 2. Proposal on Bank Credit Line for 2023 Q3. 3. New loan from subsidiary, Coreplus (HK) Limited, to sub-subsidiary Technology (Suzhou) Co., Ltd. 4. Revision of certain provisions of the “Internal Control Systems” and “Implementation Details of Internal Audits”. 5. Revision of certain provisions of the "Corporate Governance Best Practice Principles." 6. Revision of certain provisions of the “Risk Management Policy and Operating Procedures”. 7. Revision of certain provisions of the” Related Party Transaction Management Regulations”.
The 11th meeting of the 18th term October 25, 2023	Board Meeting	Discussion: 1. 2023Q3 consolidated financial statements. 2. Revision of the Regulations for Issuance of New Restricted Employee Shares for 2023 3. Issuance of new restricted employee shares for 2023 4. Early redemption of the Company's Class B preferred shares . 5. Closure and cancellation of 100% owned subsidiary "OSE International Limited". 6. “Proposal on Bank Credit Line” for 2023 Q4. 7. The Company's establishment of a dedicated information security unit and the appointment of a chief information security officer. 8. Revision of some provisions of the internal control systems and implementation details of internal audits. 9. Revision of the “Operational Procedures of the Internal Control System”. 10. 2024 audit plan. 11. Personnel 12. The pension for the Senior Vice President.
The 12th meeting of the 18th term January 31, 2024	Board Meeting	Discussion: 1. 2023 remuneration distribution for employees and directors. 2. 2023 parent company only and consolidated financial reports. 3. The effectiveness of the internal control system and provision of “Internal Control System” for 2023. 4. 2024 Business Plan. 5. Election of Directors and Independent Director s of the Company. 6. Convening of 2024 General Shareholders’ Meeting. 7. Proposal on Bank Credit Line for 2024 Q1. 8. Re-appointed representative of subsidiary, Coreplus (HK) Limited. 9. Loan from subsidiary, Coreplus (HK) Limited, to sub-subsidiary Valueplus Technology (suzhou) Co., Ltd. for refinancing purpose. 10. Purchase of fixed assets.

Meeting Time	Category	Material resolutions
		11. Evaluation of the CPA's independence and appropriateness. 12. Review of the appointment and remuneration of CPAs. 13. Amendment to the “Audit Committee Charter”. 14. Amendment to the “Rules of Procedure for Board of Directors Meetings”
The 13th meeting of the 18th term March 27th, 2024	Board Meeting	Discussion: 1. 2023 earnings distribution. 2. Change in the number of directors and independent directors to be re-elected for the Company. 3. Update the reason for convening the 2024 Annual General Meeting of Shareholders of the Company. 4. Update the list of allotted people for the issuance of new restricted employee shares for 2023 on October 25, 2023.
The 14th meeting of the 18th term April 24, 2024	Board Meeting	Discussion: 1. 2024 Q1 consolidated financial statements. 2. The second quarter of 2024 "Proposal on Bank Credit Line". 3. The Board of Directors nominated a list of candidates for Director and Independent Director . 4. Releasing the restrictions on the new Directors' non-competition code. 5. Proposal to amend certain articles of the “Operating Procedures for Compiling and Verifying Sustainability Report”. 6. 2023 annual remuneration distribution to Directors. 7. The remuneration package for managers in 2023. 8. managers' compensation and remuneration as well as position adjustment.

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

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

3.5 Information of CPA fee

Unit: NT$ thousand

Name of CPA firm	Name of CPA	Audit period	Audit fee	Non-audit fee (note)	Total	Note
PwC Taiwan	Kuo-Hua Wang Tsai-Yen Chiang	2023.01.01~2023.12.31	6,650	3,035	9,685	

(Note) Non-audit fees include NT$480 thousand for tax compliance audit, NT$150 thousand for bonded goods inventory, NT$155 thousand for industrial and commercial registration, NT$200 thousand for transfer pricing, and NT$2,050 thousand for sustainability report project and assurance services.

3.6 Replacement of CPAs: the Company did not change CPAs in 2023.

3.7 The Chairman, President or Managerial Officers in Charge of Finance or Accounting Served at the Firms or Affiliates of CPAs :None.

3.8 Changes in Shareholding of Directors, Managers and Major shareholders:

3.8.1 Changes in the shareholdings of directors, supervisors, managers and major shareholders:

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Types of stocks</th><th colspan="2">2023</th><th colspan="2">As of April 9 of the current year</th></tr>
<tr><th>Increase (decrease) in shareholdings</th><th>Increase (decrease) in pledged shares</th><th>Increase (decrease) in shareholdings</th><th>Increase (decrease) in pledged shares</th></tr>
<tr><td>Chairman and Chief Marketing Officer</td><td>Yueh-Ming Tung</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Director</td><td>Chipbond Technology Corporation
Representative: Huoo-Wen Gau</td><td rowspan="3">Common shares
Preferred Shares B
Preferred Shares C</td><td rowspan="3">0
(90,090,000)
0</td><td rowspan="3">0</td><td rowspan="3">(16,650,000)
0
0</td><td rowspan="3">0</td></tr>
<tr><td>Director</td><td>Chipbond Technology Corporation
Representative: Shyh-Wey Lo</td></tr>
<tr><td>Shareholders with more than 10% of shareholding</td><td>Chipbond Technology Corporation</td></tr>
<tr><td>Independent Director</td><td>Ching-Tien Tsai</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Jerry Chiou</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Chia-Hua Hsu</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>President</td><td>Jia Rong Tu</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Senior Vice President</td><td>Chin-Chiu Wang</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Vice President</td><td>Chen-Ling Lai</td><td>Common shares</td><td>(18,000)</td><td>0</td><td>(27,000)</td><td>0</td></tr>
<tr><td>Vice President</td><td>Min-Lang Tsai</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Assistant Vice President</td><td>Jia Ming Yang</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Assistant Vice President</td><td>Che-Kuang Liu</td><td>Common shares</td><td>(9,000)</td><td>0</td><td>(18,000)</td><td>0</td></tr>
<tr><td>Assistant Vice President</td><td>Chen-Chung Sun</td><td>Common shares</td><td>(5,000)</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Assistant Vice President</td><td>Tseng-Chih Chi</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Assistant Vice President</td><td>Hung-Tai Mai</td><td>Common shares</td><td>0</td><td>0</td><td>(56,000)</td><td>0</td></tr>
<tr><td>Chief Financial Officer</td><td>Simon Hung</td><td>Common shares</td><td>(12,000)</td><td>0</td><td>(6,000)</td><td>0</td></tr>
<tr><td>Accounting Supervisor and Corporate</td><td>Shu-Yung Chu</td><td>Common shares</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
</table>

Title	Name	Types of stocks	2023		As of April 9 of the current year	
			Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares
Governance Officer						
Senior Vice President	Tzu Ming Liu (Date of resignation: 2024/01/01)	Common shares	0	0	0	0
Vice President	Liang-Chung Wu (Date of resignation: 2023/07/01)	Common shares	0	0	0	0
Assistant Vice President	Wen-bin Yang (Date of resignation: 2023/02/28)	Common shares	0	0	0	0

3.8.2 If the party to whom the shares are transferred or pledged is a stakeholder, the name of the stakeholder, the relationship with the Company, directors, supervisors, managers and shareholders holding more than 10% of the shares, and the information on the transfer of shares acquired shall be disclosed:

3.8.2.1 Information on shares transferred: None.

3.8.2.2 Shareholding pledge information: None.

3.9 Relationship among the Top Ten Shareholders

Name	Personal shareholdings		Shareholdings of spouse, minor children		Shareholdings by nominee arrangement		Name and relationship between the Company's top 10 shareholders who are mutually stakeholders, spouses or relatives within the second degree of kinship	
	Share	Proportion of shareholdings	Share	Proportion of shareholdings	Share	Proportion of shareholdings	Name	Relationship
Chipbond Technology Corporation	147,345,498	26.53%	0	0	0	0	None	None
Total International Stock Index Fund Investment Account of PGIA under custody of JPMorgan Chase Bank, N.A., Taipei Branch	5,022,208	0.90%	0	0	0	0	None	None
Min-Chung Huang	4,500,000	0.81%	0	0	0	0	None	None
The 2nd-tier new labor pension plan	3,850,000	0.69%	0	0	0	0	None	None
PGIA Trust Stock Index II Investment Account under custody of JPMorgan Chase	3,287,000	0.59%	0	0	0	0	None	None
JPMorgan Chase Bank, Taipei Branch is entrusted with the custody of the Vanguard Emerging Markets Stock Index Fund managed by the Vanguard Group.	3,278,792	0.59%	0	0	0	0	None	None

Name	Personal shareholdings		Shareholdings of spouse, minor children		Shareholdings by nominee arrangement		Name and relationship between the Company's top 10 shareholders who are mutually stakeholders, spouses or relatives within the second degree of kinship	
	Share	Proportion of shareholdings	Share	Proportion of shareholdings	Share	Proportion of shareholdings	Name	Relationship
HSBC in custody for Morgan Stanley International Limited dedicated account	2,240,887	0.40%	0	0	0	0	None	None
JPMorgan Chase as custodian of ABP Pension Fund Investment Account	1,798,000	0.32%	0	0	0	0	None	None
Arcadia Emerging Market Small Cap Equity Fund managed by HSBC as the custodian	1,750,000	0.32%	0	0	0	0	None	None
Standard Chartered Bank managed the Vanguard series of FTSEs except the U.S.	1,745,197	0.31%	0	0	0	0	None	None

3.10 Comprehensive Shareholding of Investee Companies

Unit: Shares; %; December 31, 2023

Investee (Note)	Shareholdings of the Company (1)		Shareholdings of directors, supervisors, managers, and business entities directly or indirectly controlled by the Company (2)		Syndicated shareholdings (1)+(2)	
	Share	Proportion of shareholdings	Share	Proportion of shareholdings	Share	Proportion of shareholdings
OSE INTERNATIONAL LTD.	Common 16,000,000	100.00%	Common 0	0	Common 16,000,000	100.00%
COREPLUS (HK) LTD.	Common 7,500,000	100.00%	Common 0	0	Common 7,500,000	100.00%
Ennoconn International Investment Co., Ltd.	Common 183,750,837	100.00%	Common 0	0	Common 183,750,837	100.00%

(Note): Investments accounted for using the equity method

IV. Capital Overview

4.1 Capital and shares

4.1.1 Sources of capital

April 11, 2024

Year/month	Issuance price	Authorized capital		Paid-in capital		Note		
		Share (Thousand shares)	Amount (NT$ thousand)	Share (Thousand shares)	Amount (NT$ thousand)	Sources of capital	Subscription of capital stock with assets other than cash	Others
April 1996	10	200,000	2,000,000	200,000	2,000,000	Capital increase by cash NT$353,213 thousand.	None	None
June 1996	10	420,000	4,200,000	261,325	2,613,250	Capital increase by the retained earnings NT$ 376,000 thousand, capital increase by the capital reserve NT$ 224,000 thousand, capital increase by the employee bonus NT$ 13,250 thousand.	None	None
April 1997	10	420,000	4,200,000	270,949	2,709,487	Transfer of the convertible bonds to the common stock NT$96,237 thousand.	None	None
June 1997	10	526,000	5,260,000	375,899	3,758,987	Capital increase by the retained earnings NT$593,378 thousand, capital increase by the capital reserve NT$436,227 thousand, capital increase by the employee bonus NT$ 19,895 thousand.	None	None
July 1997	10	526,000	5,260,000	407,987	4,079,867	Transfer of the convertible bonds to the common stock NT$320,880 thousand.	None	None
June 1998	10	1,000,000	10,000,000	586,876	5,868,671	Capital increase by the retained earnings NT$943,387 thousand, capital increase by the employee bonus NT$25,618 thousand, capital increase by the capital reserve NT$ 650,172 thousand, transfer of the convertible bonds to the common stock NT$169,626 thousand.	None	None
July 1999	10	1,000,000	10,000,000	710,532	7,105,324	Capital increase by the retained earnings NT$586,867 thousand, capital increase by the capital reserve NT$586,867 thousand, transfer of the convertible bonds to the common stock NT$10,104 thousand, capital increase by the employee bonus NT$52,815 thousand.	None	None
October 1999	10	1,000,000	10,000,000	810,532	8,105,324	Capital increase by cash NT$ 1,000,000 thousand	None	None
August 2000	10	1,400,000	14,000,000	993,143	9,931,428	Capital increase by the retained earnings NT$777,828 thousand, capital increase by the capital reserve NT$818,767 thousand, transfer of the convertible bonds to the common stock NT$160,684 thousand, capital increase by the employee bonus NT$68,825 thousand.	None	None
June 2001	10	1,400,000	14,000,000	1,091,383	10,913,826	Capital increase by the capital reserve NT$ 982,398 thousand	None	None
September 2001	10	1,400,000	14,000,000	1,241,383	12,413,826	Issuance of preferred shares for capital increase totaled NT$1,500,000 thousand.	None	None

Year/month	Issuance price	Authorized capital		Paid-in capital		Note		
		Share (Thousand shares)	Amount (NT$ thousand)	Share (Thousand shares)	Amount (NT$ thousand)	Sources of capital	Subscription of capital stock with assets other than cash	Others
January 2003	10	2,000,000	20,000,000	1,391,383	13,913,826	Issuance of the common stock for capital increase totaled NT$1,500,000 thousand at a discount.	None	None
March 2003	10	2,000,000	20,000,000	1,458,259	14,582,589	Transfer of the convertible bonds to the common stock NT$668,763 thousand at a discount.	None	None
September 2003	10	2,000,000	20,000,000	1,601,043	16,010,425	Transfer of the convertible bonds to the common stock NT$1,427,836 thousand at a discount.	None	None
December 2003	10	2,000,000	20,000,000	1,590,298	15,902,975	Retirement of the treasury stock NT$107,450 thousand.	None	None
December 2003	10	2,000,000	20,000,000	1,704,902	17,049,017	Transfer of the convertible bonds to the common stock NT$1,146,042 thousand at a discount.	None	None
February 2004	10	2,000,000	20,000,000	1,734,625	17,346,245	Transfer of the convertible bonds to the common stock NT$297,228 thousand at a discount.	None	None
August 2004	10	2,000,000	20,000,000	861,714	8,617,141	Capital reduction NT$8,729,104 thousand for making up the losses	None	None
December 2005	10	2,000,000	20,000,000	876,016	8,760,158	Transfer of the convertible bonds to the common stock NT$143,017 thousand at a discount.	None	None
May 2007	10	2,000,000	20,000,000	1,056,016	10,560,158	Issuance of the common stock by the private placement for capital increase totaled NT$1,800,000 thousand at a discount.	None	None
June 2008	10	2,000,000	20,000,000	606,016	6,060,158	Capital reduction NT$4,500,000 thousand for making up the losses	None	None
September 2011	10	2,000,000	20,000,000	806,016	8,060,158	Issuance of the common stock for capital increase totaled NT$2,000,000 thousand at a discount.	None	None
September 2018	10	2,000,000	20,000,000	552,329	5,523,285	Capital reduction NT$2,536,872 thousand for making up the losses	None	None
2019/12	10	2,000,000	20,000,000	557,329	5,573,285	NT$50,000 thousand of new restricted employee shares	None	None
July 2020	10	2,000,000	20,000,000	557,215	5,572,145	NT$1,140 thousand of restricted employee shares are recovered and cancelled.	None	None
September 2020	10	2,000,000	20,000,000	557,115	5,571,145	NT$1,000 thousand of restricted employee shares are recovered and cancelled.	None	None
December 2020	10	2,000,000	20,000,000	557,043	5,570,425	NT$720 thousand of restricted employee rights share are recovered and cancelled.	None	None
January 2021	10	2,000,000	20,000,000	827,313	8,273,125	Cash capital increased through private placement of NT$900,900 thousand of Class	None	None

Year/month	Issuance price	Authorized capital		Paid-in capital		Note		
		Share (Thousand shares)	Amount (NT$ thousand)	Share (Thousand shares)	Amount (NT$ thousand)	Sources of capital	Subscription of capital stock with assets other than cash	Others
						B preferred shares and NT$1,801,800 thousand of Class C preferred shares. The actual subscription prices for both Class B and C preferred shares were $11.10 per share.		
April 2021	10	2,000,000	20,000,000	827,131	8,271,310	NT$1,815 thousand of restricted employee shares are recovered and cancelled.	None	None
August 2021	10	2,000,000	20,000,000	827,082	8,270,820	NT$490 thousand of restricted employee shares are recovered and cancelled.	None	None
November 2021	10	2,000,000	20,000,000	825,702	8,257,019	NT$13,801 thousand of restricted employee shares are recovered and cancelled.	None	None
March 2022	10	2,000,000	20,000,000	825,687	8,256,867	NT$152 thousand of restricted employee shares are recovered and cancelled.	None	None
July 2022	10	2,000,000	20,000,000	825,668	8,256,675	NT$192 thousand of restricted employee shares are recovered and cancelled.	None	None
September 2022	10	2,000,000	20,000,000	825,650	8,256,495	NT$180 thousand of restricted employee rights share are recovered and cancelled.	None	None
November 2022	10	2,000,000	20,000,000	825,600	8,255,999	NT$496 thousand of restricted employee shares are recovered and cancelled.	None	None
March 2023	10	2,000,000	20,000,000	825,578	8,255,783	NT$216 thousand of restricted employee shares are recovered and cancelled.	None	None
January 2024	10	2,000,000	20,000,000	735,488	7,354,883	Class B preferred shares repurchased in advance for NT$900,900 thousand were written off due to capital reduction.	None	None

April 9, 2024; Unit: shares

Stock Class	Authorized capital (including the convertible shares of the convertible bonds)					Note
	Outstanding shares			Unissued shares	Total	
	Listed	Unlisted	Total			
Common shares	555,308,333	–	555,308,333	1,264,511,667	2,000,000,000	
Preferred shares	–	180,180,000	180,180,000			A private placement of securities with equity characteristics such as preferred shares
Total	555,308,333	180,180,000	735,488,333	1,264,511,667	2,000,000,000	

Relevant information of shelf registration: none

4.1.2 Structure of Shareholders

- Common stock

April 9, 2024

Structure of Shareholders / Quantity	Government agencies	Financial institutions	Other legal person investors	Individual	Foreign institutions and individuals	Total
Number of Persons	1	2	264	122,001	268	122,536
Shareholding	13	85,237	159,329,030	334,975,421	60,918,632	555,308,333
Proportion of shareholdings	0.00%	0.02%	28.69%	60.32%	10.97%	100%

- Preferred shares

April 9, 2024

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

4.1.3 Diversity of Ownership of common stock

April 9, 2024

Ranking of shareholding	Number of Shareholders	Shareholding	Proportion of shareholdings%
1-999	53,765	8,363,963	1.51%
1,000-5,000	57,005	113,603,512	20.46%
5,001-10,000	6,796	54,185,310	9.76%
10,001-15,000	1,727	22,269,664	4.01%
15,001-20,000	1,142	21,358,195	3.85%
20,001-30,000	899	23,327,564	4.20%
30,001-40,000	326	11,782,783	2.12%
40,001-50,000	208	9,740,781	1.75%
50,001-100,000	373	26,736,503	4.81%
100,001-200,000	145	20,302,268	3.66%
200,001-400,000	76	21,433,687	3.86%
400,001-600,000	28	13,654,003	2.46%
600,001-800,000	14	9,750,505	1.76%
800,001-1,000,000	10	8,792,116	1.58%
1,000,001 shares and more	22	190,007,479	34.21%
Total	122,536	555,308,333	100.00%

Diversity of Ownership of C Preferred Shares:

April 9, 2024

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

4.1.4 List of major Shareholders

- Common stock

April 9, 2024

Shares / Name of major Shareholders	Shareholding	Proportion of shareholdings
Chipbond Technology Corporation	147,345,498	26.53%
Total International Stock Index Fund Investment Account of PGIA under custody of JPMorgan Chase Bank, N.A., Taipei Branch	5,022,208	0.90%
Min-Chung Huang	4,500,000	0.81%
The 2nd-tier new labor pension plan	3,850,000	0.69%
PGIA Trust Stock Index II Investment Account under custody of JPMorgan Chase	3,287,000	0.59%
JPMorgan Chase Bank, Taipei Branch is entrusted with the custody of the Vanguard Emerging Markets Stock Index Fund managed by the Vanguard Group.	3,278,792	0.59%
HSBC in custody for Morgan Stanley International Limited dedicated account	2,240,887	0.40%
JPMorgan Chase as custodian of ABP Pension Fund Investment Account	1,798,000	0.32%
Arcadia Emerging Market Small Cap Equity Fund managed by HSBC as the custodian	1,750,000	0.32%
Standard Chartered Bank managed the Vanguard series of FTSEs except the U.S.	1,745,197	0.31%

- Preferred shares

April 9, 2024

Shares / Name of major Shareholders	Shareholding	Proportion of shareholdings
Chipbond Technology Corporation	Preferred Shares C 180,180,000	100.00%

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

Unit: NT$

Item / Fiscal Year			2022	2023	2024 Q1
Market price per share	Highest		26.70	67.90	82.80
	Lowest		14.70	17.60	52.50
	Average		19.16	33.45	65.55
Net value per share	Before distribution		13.26	15.33	15.05
	After distribution		12.41	14.13	Not yet resolved
EPS	Weighted average of shares		553,894,968	555,308,333	555,308,333
	EPS		2.02	2.66	0.70
Dividends per share	Cash dividends		0.85	1.20	Not applicable
	Stock grant	From retained earnings	0	0	
		From capital reserve	0	0	
	Accumulated unpaid dividends for preferred shares		0	0	
Analysis on ROI	Price to earnings ratio		9.49	12.58	
	Price to dividends ratio		22.54	27.88	
	Cash dividends yield		4.44%	3.59%	

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

Note 2: the amount of distribution of cash dividends for 2023 was approved by the board of directors on March 27, 2024.

Note 3: Calculation formula

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

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

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

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

4.1.6 Dividends policy and implementation status

4.1.6.1 Dividends policy

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

4.1.6.2 The dividend distribution proposed on the general meeting of shareholders: The Board of Directors, on March 27, 2024, approved the distribution of cash dividends from the 2023 undistributed earnings in the amount of NT$1.20 per share, totaling NT$882,586,000.

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

4.1.7 Impacts of the stock grants proposed by the current shareholders meeting on the Company's operations and EPS: Not applicable.

4.1.8 Remuneration for Employees, Directors and Supervisors:

4.1.8.1 The percentage or range of remuneration for employees and directors in the Articles of Incorporation: After the Company deducts the remuneration of the employees, the director and the supervisors from its income before tax, and also offsets the accumulated deficits , it should set aside the employees bonus at 10%~15% and the directors and supervisors bonus not more than 1% from the remaining income before tax.

The proportion of the remuneration distribution for the employees, the director and the supervisors or the bonus distribution by cash or stock should both be decided in the board meeting where at least two-thirds or more of all the members of the Board of Directors should attend and more than half of the attending members should approve the motion and the resolution should be reported in the shareholders' meeting as well.

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

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

4.1.8.3 Information on the adoption of the remuneration distribution by the Board of Directors:

(1) The amount of the remuneration distributed in cash or stock for the employees, directors and supervisors. Any discrepancy between the annual recognized distributed amount and figure, the difference, reason and response should be disclosed: On January 31, 2024, the Board of Directors resolved to distribute NT$249,200,000 for employees' remuneration and NT$24,910,000 for directors' remuneration in cash for 2023. There is no difference between the between the estimated amounts and the amounts to be distributed in the year in which such amounts recognized in expenses.

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

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

4.1.8.4.1 Remuneration for the employees: No difference.

4.1.8.4.2 Remuneration for the Directors: No difference.

4.1.9 Status of shares buyback: none.

4.2 Status of corporate bonds: none.

4.3 Preferred Stocks

April 26, 2024

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

<table>
<tr><td colspan="2" rowspan="3">2022</td><td>Maximum</td><td colspan="2" rowspan="6">This issue of privately placed preferred shares is not yet outstanding in the market and is therefore not applicable.</td></tr>
<tr><td>Minimum</td></tr>
<tr><td>Average</td></tr>
<tr><td colspan="2" rowspan="3">2023
(Note 4)</td><td>Maximum</td></tr>
<tr><td>Minimum</td></tr>
<tr><td>Average</td></tr>
<tr><td rowspan="2">Other equity</td><td colspan="2">Amount of shares converted or subscribed as of the printing date of the annual report</td><td rowspan="2">1. There is no agreed convertible right.
2. Recovered on December 27, 2023.</td><td>Years left before conversion date.</td></tr>
<tr><td colspan="2">Methods on issuance and conversion or stock option</td><td>Same as the foregoing recovery or conversion terms.</td></tr>
<tr><td colspan="3">Effect of issue conditions on the interests of preferred shareholders, possible dilution of shareholdings and effect on the interests of existing shareholders</td><td colspan="2">Class B preferred shares may not be converted into common stock, and Class C preferred shares shall not be converted into common stock until dividends from Class B and C preferred shares are distributed in preference to dividends of the common stock. If Class C preferred shares is converted into common stock, the earnings per share and voting rights of common stock holders will be diluted, depending on the number of shares converted to common stock, but the dilution of earnings per share will be limited and shall not have a significant impact on shareholders' equity.</td></tr>
</table>

Note 1: Preferred shares include public and private placement preferred shares in process. Publicly traded preferred shares are those that have been validated (approved) by the shareholders’ meeting; privately placed preferred shares are those that have been approved by the Board Meeting.

Note 2: The number of columns are adjusted according to the actual number.

Note 3: Private placements shall be marked in a prominent manner.

Note 4: Current year information as of the printing date of the annual report shall be included.

4.4 Global Depository Receipts: none

4.5 Status of employee stock option plan: none

4.6 Restricting Employees from Applying New Shares: on June 9, 2023, the shareholders' meeting resolved to issue "5,000,000 new restricted employee shares in 2023, which were approved by the Financial Supervisory Commission on August 25, 2023 and have not yet been issued.

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

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

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: none

4.8 Financing Plans and Implementation: None.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business scope

5.1.1.1 Business scope of the Company includes:

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

5.1.1.2 Proportion of operations

Product item	proportion of operations (%)
	2023
Plastic integrated circuit	66.28
EMS	33.72
Total	100.00

5.1.1.3 The current products(services) of the Company and the new products(services) we plan to develop:

(1) IC packaging and testing services
The items of services include: Packaging and testing services for IC and semiconductorparts.

(2) Electronics manufacturing services (EMS/CEM)
The items of services include: PCB Assembly, Box build and System integration, and the Company also provides the customers with Prototype and Pilot run services to advance the products introduction.

5.1.2 Current status of the industry

5.1.2.1 Current status and development of the industry

Semiconductor Group

(1)NAND Flash:

In 2023, with the ongoing Russia-Ukraine war, persistent high inflation, the US raising interest rates, and the impact of a series of events such as the Israel-Palestine Conflict, coupled with the slower-than-expected inventory clearance of electronic products, the global economy continues to hit rock bottom. In the first half of 2023, due to the ongoing situation of "low demand and high inventory," flash memory prices continued to decline, resulting in continuous revenue decline and losses for all flash memory manufacturers in 2023. In 2023, the various manufacturers began implementing production cut plans, and even initiated price hikes in the second half of the year. As a result, the price of mainstream 512Gb flash memory rose from US$1.0 at the beginning of 2023 to the current US$3.0 (with the manufacturers' target being US$3.5).. Distributors should stock up on dips in the second half of the year. The prices of end products have also been adjusted in response to this wave of price hikes.

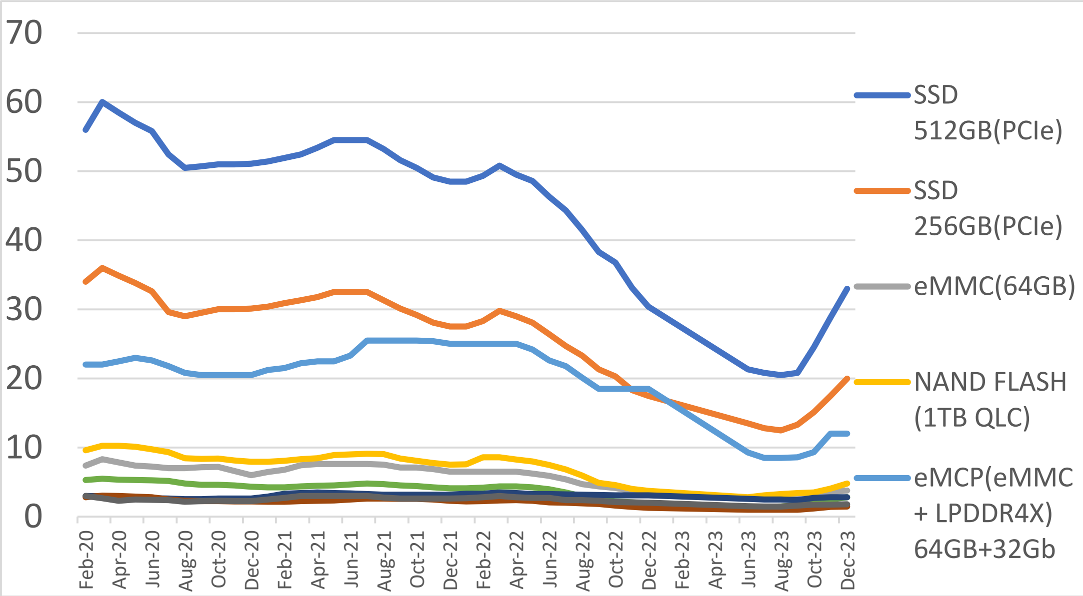


Figure 1 (Product Market Price)

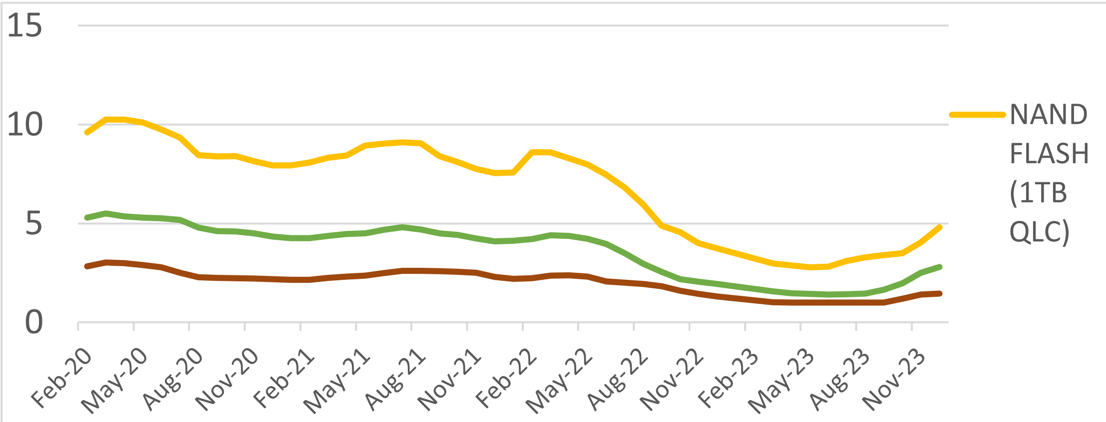


Figure 2 (NAND Flash price index trend)

In 2023, the 3D NAND flash remains a popular product in the market, and competitors are able to mass produce 100-plus-layer NAND flash. The mass production of 3D NAND Flash with 200 or more layers, originally scheduled for 2023, has been postponed to the second half of 2024 due to unfavorable market conditions and the ongoing production cuts.

Although the pressures from the Russia-Ukraine war and inflation have not been resolved, the manufacturers have implemented production cuts and reduced capital investments. Additionally, the NAND Flash manufacturers continue to raise prices. It is estimated that in the first half of 2024, NAND Flash prices will continue to rise due to production cuts. However, market demand remains sluggish, leading to a decline in customer purchasing momentum. Therefore, the first half of 2024 will be a challenging period for the packaging industry. In the second half of the year, as inventory levels in related industries reach standard levels, and NAND Flash manufacturers stop cutting production since prices have reached their target levels, they will gradually resume production capacity. For the packaging industry, market demand in the second half of 2024 might be able to return to the level before 2020.

NAND Flash itself has the advantages of being small, light weight and low power consumption, making Notebooks and other products abandon the use of traditional hard drives and use SSDs as storage devices instead. According to the statistical results of IEK (as figure 3), SSD accounts for 52.2% in the overall proportion despite of a drop of 4.5% compared with 2022. In 2024, driven by the demand for AI systems and big data management, the SSD market will continue to account for more than 50% of Flash storage.

As for the memory for mobile phones (eMMC/eMCP/eUFS), in the second half of 2023, as the original manufacturers reduced the Flash production and increased the price, the price of eMMC stopped falling and turned to increase. As mobile phones continue to support 5G systems, and the introduction of new Huawei devices has created a story in the market, the sales of mobile phones will grow in the second half of 2023, which will lead to the increasing demand for eUFS and drive the demand for Flash die in eUFS. As per the statistics of IEK, the percentage of the entire mobile phone memory in NAND flash memory applications has slightly increased from 29.0% in 2022 to 31.2% in 2023. In 2024, the demand for mobile phones will continue the growth trend in the second half of 2023. In addition, major mobile phone suppliers such as Samsung continue to increase the efforts of 5G mobile phones to market, and the demand for eUFS will continue to rise. The eMMC segment is also expected to continue to grow due to the rising demand for smart white household appliances, so that eMMC demand will not decrease due to the switch to eUFS in mobile phones.

For memory cards, despite the reduction of production and price increase by the original manufacturers in 2023, the proportion of NAND Flash applications for memory cards remained at 1.9% due to the weakening demand momentum of end customers resulted from the continuously high inflation. In 2024, the percentage of memory card will be around 2,0 %, due to market demand and the changes in consumer's usage habits.

Self-driving is the key point for the automobile development. The sensor, radar, AI, navigation, traffic performance analysis, multimedia entertainment and computing platform have transformed the automobile into a mobile data center. The NAND Flash enjoys the advantages of high efficiency, reliability, stability, and durability, it will become the best choice for the storage in the automobile industry. Since intelligent driver assistance system has become a piece of standard equipment in cars, in-vehicle memory as a percentage of the whole reached 1.3% from 2022’s 1%. It is estimated that as the proportion of electric vehicles continues to increase, the automotive memory will become the top three NAND flash applications in terms of demand.

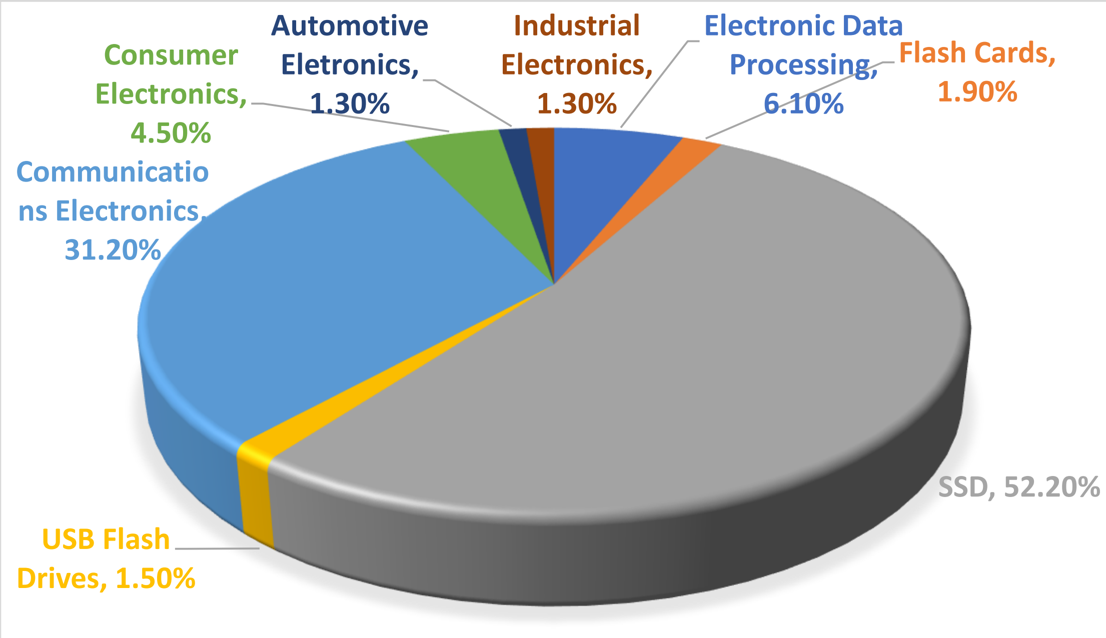


Figure 3 (proportion of Flash applications)

(2) For other IC:

According to the World Semiconductor Trade Statistics (WSTS), due to the Russo-Ukrainian War, the Israel-Palestine War, and rising inflation rates in 2023, the global economic recovery and de-inventory adjustment were not as good as expected. The production value reached US$520 billion in 2023, representing a 9.4% decline compared to 2022. According to the analysis of the Institute of Industry Intelligence, Information Strategy Council, the mainstream demand for semiconductors worldwide will recover in 2024 due to the postponement of inflation and interest rate increase and the continuous reduction of inventory. Coupled with the continuous growth of emerging applications (such as AI and automotive, etc.), it is estimated that the global semiconductor output value in 2024 will reach the level of 2022, reaching US$588 billion, with a growth rate of about 13.1%. In 2023, the overall semiconductor production value in Taiwan was affected by the poor global market demand, and the overall production value will reach NT$4.3 trillion, a decline of 11.2% compared to 2022. Benefited from the destocking to a reasonable level and advanced process technology leading the continuous development of AI, high-performance computing, 5G and other related fields, it is estimated that Taiwan's overall semiconductor production value will reach NT$4.9 trillion in 2024, growth of 14.1% from 2023.

Electronics Manufacturing Services Group

(1)For SSD cards:

In 2023, due to the slow post-COVID-19 recovery and the impact of inflation in Europe and the United States, market demand has slowed down. However, whether future market demand will continue to be affected by the COVID-19 pandemic, inventory depletion, and geopolitical factors remains to be observed.

(2) For petroleum exploration:

The oil price, despite being weighed by the pandemic, the booming demand for electric vehicles, and the adjusted international energy policies, is expected to grow substantially in 2024, given the prospect of soaring demand due to soaring oil price effected by the Russia-Ukraine war in 2022.

(3) For servers:

Digital transformation is one of the key factors for enhancing competitiveness. The demand for data processing by artificial intelligence (AI), the Internet of Things (IoT), 5G mobile broadband, and AI will continue to grow substantially, driving the demand for computing servers to increase year by year. In 2023, the enhanced performance of AI applications boosted the demand for AI servers. In 2024, it is estimated that demand for AI servers will continue to rise, while demand for traditional servers will remain flat。

5.1.2.2 Relationship of upstream, midstream, and downstream in the Industry

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

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

5.1.2.3 Trends and competition situation of products

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

(1) Technique integration and quality yield rate:

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

(2) Complete supply chain lowers the material cost constantly

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

(3) Complete products development team:

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

5.1.3 Current status of technology and R&D

5.1.3.1 R&D expenses invested

Unit: NT$ thousand

Fiscal Year / Item	2022	2023	2024 Q1
R&D expenses	340,002	386,747	95,666
Operating revenue	15,531,669	16,690,436	4,176,029
R&D expenses as a percentage of revenue	2.19%	2.32%	2.29%

5.1.3.2 Technologies or products developed successfully

◆ Semiconductor Group

(1) Put ultra-thin wearable memory verification into mass production.

(2) Completion of the development and verification of high heat dissipation package.

(3) Development and mass production of the world's first 2TB microSD.

(4) Development and mass production of the world's first 512GB NM Card.

(5) Completion of LPDDR5 product verification and introduction of mass production.

(6) Completion of EUFS 3.1 product certification and mass production.

◆ Electronics Manufacturing Services Group

(1) Cooperate with the government policy and direction and successfully cooperate to complete the mission of satellite launch.

(2) The technique of manufacturing process over IPC class 3 for manufacturing standard regulation enters the mass production stage, and is applied to the petroleum exploration, aerospace and satellite industries and so on.

(3) Develop and make use of automation for SSD production lines.

5.1.4 Long-term and short-term business plans

5.1.4.1 Short-term business plan:

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

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

5.1.4.2 Long-term business plan:

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

5.2 Market and Sales Overview

5.2.1 Market analysis

5.2.1.1 Regions of sales (offer) of major products (services)

Unit: NT$ thousand

Area \ Fiscal Year		2022 Sales amount	2022 %	2023 Sales amount	2023 %
Foreign sales	America	2,777,381	17.88	3,145,890	18.85
	China	2,994,265	19.28	4,183,478	25.06
	Others	2,594,208	16.70	2,849,089	17.07
Sub-total		8,365,854	53.86	10,178,457	60.98
Domestic sales		7,165,815	46.14	6,511,979	39.02
Total		15,531,669	100.00	16,690,436	100.00

5.2.1.2 Market share

Unit: NT$ 100 million

Industry category	Fiscal Year	OSE packaging revenue	Output value of packaging industry in Taiwan	Market share
IC packaging	2021	105.29	4,354	2.42%
	2022	90.70	4,660	1.95%
	2023	100.03	3,931	2.54%

Source: TSIA; Institute of Industrial Technology Research Institute IEK (February 2024).

5.2.1.3 Market demand, supply, and growth status in the future

◆ Semiconductor Group

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

◆ Electronics Manufacturing Services Group

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

(1) Continued demand of SSD cards.
(2) Increase of the high-end class 3 technology, allowing extensive production application range.
(3) The enterprise digitalization results in the increase of data or materials. In addition, the increase of data is also driven by IoT, 5G mobile broadband services, improvement of AI technique and application, the accumulated data will become bigger and bigger, which results in the growing demand for computing servers year by year.

5.2.1.4 Niche for competition

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

5.2.1.5 Advantages, disadvantages, and responsive strategy in the long-term development

◆ Advantages

(1) The big companies of device integration will increase the proportion of outsourcing constantly to drive the demand for the packaging and testing.
(2) The international packaging companies conduct the merger continually, so the customers look for other packaging companies for the cooperation.
(3) The global original equipment manufacturers focus on the core abilities like the brand and R&D, and outsource the manufacturing for the products.
(4) The demand for mobile communication products continue increasing, which cause the demand for the key peripherals to grow as well.
(5) The strong demand for the server motherboard, SIP module, PDA, smartphone assembly Board and the products for the leading companies in the niche market will drive the demand for packaging, testing and EMS in the market.
(6) The introduction of OLPC will drive the demand for flash memory.
(7) The development of IoT and smart home causes the related products to become the mainstream in the coming five years, driving the growth of the entire semiconductor

industry.

(8) The construction of 5G communication is about to be finished, so there will be a machine-replacing wave and the demand for semiconductor will increase day by day.

◆ Disadvantages

(1) The products life cycle becomes shorter and the functions get more complicated day by day, it is not easy to get back the return on investment on the machines and equipment.

(2) The competition of the price and the increase of the materials cost cause the margin pressure.

(3) Due to the impact of geopolitics worldwide, some customers in Taiwan and foreign countries request the Company not to use materials from mainland China, driving relevant materials cost up and profits down.

(4) In response to the rapid drop for the price of the electronic products, many customers find the low manufacturing cost solutions in China, so many Taiwanese products in the mid and low price range are no longer competitive because of the manufacturing cost

(5) Customers reduced placed orders because they were destocking, driving our revenue down.

◆ Responsive strategy

(1) Controlling the cost strictly and decreasing the expenditures.

(2) Taking advantage of R&D ability to enter the niche market and build the threshold for new technologies.

(3) Making good use of the decision-making for the investments in manufacturing equipment and fixed assets to maximize the marginal effect.

(4) Utilizing the effect of flextime to provide the accurate real-time production information, services for products technologies and knowledge.

(5) Using the technology for multiple layer stacking, so the customers can acquire the memory cards with low cost and high price.

(6) Bringing out the functionality and the flexibility of the logistics management for the supply chain and strengthen the partnership with the suppliers.

(7) The strict and careful management for the material inventory to lower the materials inventory risk.

(8) Using the local materials in Taiwan or look for the alternative materials for spreading the risks.

(9) Continue to develop new markets.

5.2.2 Important uses and production process of major products

5.2.2.1 Important uses of major products

◆ Semiconductor Group

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

◆ Electronics manufacturing services (EMS) Group

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

5.2.2.2 Production process of major products

(1) Production process of packaging products

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

(2) Production process of electronic products

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

5.2.3 Supply status of major materials

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

5.2.4 Major purchases and sales customer lists in the last two years

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

Unit: NT$ thousand

2022				2023				2024Q1			
Name	Amount	Proportion in annual net sales 〔%〕	Relationship with the issuer	Name	Amount	Proportion in annual net sales 〔%〕	Relationship with the issuer	Name	Amount	Proportion in current year's net sales up to the last quarter 〔%〕	Relationship with the issuer
Company A	3,027,400	19.49	None	Company A	3,050,510	18.27	None	Company A	1,018,698	24.39	None
Company B	2,746,441	17.68	None	Company B	3,100,340	18.58	None	Company B	618,627	14.81	None
Company C	2,334,387	15.03	None	Company C	2,088,048	12.51	None	Company C	614,529	14.72	None
Company D	1,209,479	7.79	None	Company D	1,860,363	11.15	None	Company D	581,391	13.92	None
Others	6,213,962	40.01		Others	6,591,175	39.49		Others	1,342,784	32.16	
Net sales	15,531,669	100.00		Net sales	16,690,436	100.00		Net sales	4,176,029	100.00	

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

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

Unit: NT$ thousand

2022				2023				2024Q1			
Name	Amount	Proportion in annual net purchase 〔%〕	Relationship with the issuer	Name	Amount	Proportion in annual net purchase 〔%〕	Relationship with the issuer	Name	Amount	Proportion in current year's net purchase up to the last quarter 〔%〕	Relationship with the issuer
Company a	1,184,233	16.44	None	Company a	1,235,946	16.40	None	Company a	451,790	23.31	None
Company b	1,030,379	14.30	None	Company b	837,277	11.11	None	Company b	154,556	7.97	None
Others	4,990,371	69.26		Others	5,462,634	72.49		Others	1,331,819	68.72	
Net purchase	7,204,983	100.00		Net purchase	7,535,857	100.00		Net purchase	1,938,165	100.00	

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

5.2.5 Production volume and value in the past two years

Unit: thousand pieces / NT$ thousand

Year	2022			2023		
Production volume and value / Major product	Capacity	Volume	Value	Capacity	Volume	Value
Plastic integrated circuit	2,134,913	1,001,552	7,315,914	1,744,982	938,488	7,292,490
EMS	195,972	120,156	5,320,245	165,970	93,885	5,195,376
Others	794,392	561,133	684,444	794,392	492,242	706,929
Total	3,125,277	1,682,841	13,320,603	2,705,344	1,524,615	13,194,795

5.2.6 Sales volume and value in the past two years

Unit: thousand pieces / NT$ thousand

Year	2022				2023			
Sales volume and value / Major product	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plastic integrated circuit	668,355	5,110,543	335,031	3,935,386	522,310	4,482,358	415,073	5,520,673
EMS	12,045	1,405,459	94,651	3,740,726	36,327	1,542,198	75,776	3,966,340
Others	372,337	649,813	186,346	689,742	272,247	487,423	216,509	691,444
Total	1,052,737	7,165,815	616,028	8,365,854	830,884	6,511,979	707,358	10,178,457

5.3 Human resources

Fiscal Year / Employee		2022	2023	Up to March 31 of the current year
Number of Employees	Fiscal Year Employee	2,955	3,076	3,114
	Fiscal Year Employee	2,035	2,126	2,166
	Fiscal Year Employee	4,990	5,202	5,280
Average age		37.43	37.27	37.22
Average seniority		9.60	8.51	8.40
Education distribution %	Doctor	0.02%	0.02%	0.00%
	Master	5.05%	5.67%	5.91%
	University/College	66.21%	67.82%	68.15%
	Senior high school	25.57%	23.63%	23.16%
	Less than Senior high school	3.15%	2.86%	2.78%

5.4 Environmental protection expenditure

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

5.5 Labor relations

5.5.1 The measures of employee welfare, retirement system and its implementation status, and labor-management agreements:

5.5.1.1 The measures of Employee welfare:

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

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

employees and publicly awards them. By encouraging the employees who meet the core value of the Company, they will also further inspire other employees.

5.5.1.2 Further study and educational training for Employees:

(1) We value our human resources and put lots of effort on talent cultivation and plan the annual education and training program for employees according to the organizational development and the Company's annual strategic targets and select the development focus of the year.

(2) By establishing OSE e-Academy, a digital learning platform, we provide colleagues with diverse learning methods and environments, enabling them to learn new knowledge according to their needs without being constrained by time and space and grasp their learning status and progress.

(3) Establish standardized orientation, pre-employment training, and professional training programs in conjunction with a counselor system for new recruits to help them adapt to the working environment and quickly integrate into the team.

(4) Aside from internal learning resources, we also provide colleagues with subsidies for external workshops or pursuit of further academic advancement.

(5) Establish an internal lecturer training system to train employees to serve as internal lecturers of the company to impart professional knowledge and skills, and to recognize the "Golden Teacher Award" every year to thank the lecturers for their enthusiastic teaching.

(6) Implement the dual-career project to provide technical training and multiple general education courses for the students who participate in Industry-Academe Collaboration Program.

(7) Encourage employees to show their best at work. The Company promotes its continuous improvement programs (CIP) and provides relevant trainings. In carrying out CIP events, the Company encourages employees to continue improving their performance and quality and pass down what they know onto other employees.

(8) Conducted education and training for 44,264 times (5,202 people) in 2023. We offered education and training to a total of 95,999.50 hours, the training expenses totaled NT$4,692,536, and the satisfaction score was 90 points, enabling employees to develop their professional abilities according to their positions and demonstrate such abilities at work.

Employee category	Gender	Number of Persons	Training hours	Average training hours	Total expense (NT$)
Technical position	Male	581	9,075.30	15.60	4,692,536
	Female	2,491	26,433.59	10.60	
Professional position	Male	1,078	28,110.61	26.10	
	Female	577	16,450.82	28.50	
Administration position	Male	268	8,976.72	33.50	
	Female	207	6,952.46	33.60	
Total		**5,202**	**95,999.50**	**18.45**	

5.5.1.3 Retirement system:

To ensure employees are protected upon retirement, Huatai applies both the Labor Standards Act and the Labor Pension Act. Employees can also choose to continue being subject to the relevant provisions of the Labor Standards Act. For such employees, the company calculates retirement payments based on their years of service and the average salary of the 6 months prior to retirement, contributing an amount equal to 10% of the total salary to a retirement fund on a monthly basis. This fund is deposited in a dedicated account at the Bank of Taiwan under the name of the Labor Retirement Reserve Supervision Committee. As for the labor pension system defined by the Labor Pension Act, the company contributes an amount equal to 6% of each employee's monthly salary to their individual accounts at the Labor Insurance Bureau.

Employees who meet the requirements for voluntary retirement as stated in Article 53 of the Labor Standards Act may apply for retirement at any time.

Before the end of each year, we estimate the balance of the account for the labor retirement reserve. If the balance is not sufficient to cover the pension for employees who are expected to meet the retirement criteria in the following year, we will make up for the difference before the end of March of the following year and submit it to the Supervisory Committee of Labor Retirement Reserve for review.

5.5.1.4 Other important agreements:

(1) Formulated the employee reporting system to provide the employees with the reporting channels.

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

(3) Regular labor meetings are held to achieve two-way communication through the labor meeting platform to achieve harmony between labor and management.

5.5.2 Losses suffered from labor disputes in the most recent year and as of the date of printing of the annual report (including labor inspection results in violation of the Labor Standards Act, which shall include the date of penalty, the number of the penalty received, the provision of the violation, the content of the violation, and the content of the penalty):

Date of penalty	Number of penalty received	Violation of laws and regulations	Contents of violation	Amount of penalty
July 19, 2023	Jing-Jia-Si-Lao-Zi No. 1120103766	Article 24 of the Labor Standards Act	Wages for extended working hours were not paid as required	50,000

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

5.6 IT Security Management

5.6.1 Information security risk management framework

To improve information security management, the Company has set up an “Information Security Governance Committee” to handle and report information security incidents, regularly raise employees’ awareness of information security, and perform audits of information security to strengthen management efficiency.

5.6.2 Information security policy

5.6.2.1 Formulate information security management measures in accordance with laws and regulations, provide appropriate protection measures for the Company's information assets, and ensure confidentiality, integrity, availability, and compliance.

5.6.2.2 Regularly evaluate the impact of various man-made natural disasters on the Company's information assets, and formulate disaster prevention measures and disaster recovery plans for important and key information assets.

5.6.2.3 Supervise employees' information security protection work and establish a correct concept of information security protection.

5.6.2.4 Require all employees and clients or suppliers who use the Company's computer system to strictly comply with the Company's information security regulations. Any violation will be subject to relevant legal liabilities.

5.6.3 Specific management plan

5.6.3.1 To fully protect the Company's intellectual property and the data on stakeholders, including employees, clients, suppliers, and shareholders, the Company has formulated information security management regulations and established relevant management systems, while clearly defining the seven major operating procedures for information asset management and information system access control, physical security of information equipment, information system operational security, network communication security, information security anomaly response, security software development management and formulating and implementing relevant management regulations, forms, and work instructions.

5.6.3.2 As information security insurance is an emerging type of insurance, after considering the synergy of issues, such as insurance coverage, claims, claim identification, and qualifications of identification agencies, the Company does not purchase asset security insurance for now. However, in response to the challenges to information security, we will perform social security and information security incident exercises every year to increase the employees' awareness of information security crises and information security personnel's abilities to respond, in order to prevent and effectively detect and curb any incident in the first place. In addition, we offer information security education and training for all employees and train those with information security certificates step by step.

5.6.3.3 The Company has established "Regulations Governing the Management of Business Secrets", which defines the confidentiality level and permissions to access documents, and has also established a document management center and document management system, while protecting important documents with encryption software.

5.6.3.4 Strengthen the management of personnel. As per the Signed Non-Disclosure Agreement Management Regulations, new employees shall sign an employee agreement containing the confidentiality clauses. If the work or job involves specific trade secrets or specific projects involve confidential information, employees shall additionally sign the Specific Employee Non-Disclosure Agreement or the Specific Person Project Personnel Non-Disclosure Agreement. Such signed agreements shall be entered into the signed non-disclosure agreement management system for archiving after signing.

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

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

Type of contract	Counterparty	Contract period	Major contents	Restriction
Land lease	Bureau of Industrial Parks, Ministry of Economic Affairs (B.I.P)	2018.07.01–2030.02.28	1. Leasing 10 plots of land in the Kaohsiung Nanzih Technology Industrial Park from others (based on the lease agreements); the actual leased area is 72,231m^2 2. Rental and payment	
Investment and construction	Bureau of Industrial Parks, Ministry of Economic Affairs (B.I.P)	2021.08.12–2024.12.31	1. Invested in the establishment of plants on the land leased from the Kaohsiung Nanzih Technology Industrial Park 2. Plant building guarantee deposit	Note 1
Technology Collaboration	Chipbond Technology Corporation	Commenced on January 6, 2021, and it is subject to termination in accordance to the terms in the contract	1. Co-development of technologies 2. Vesting of interests and profit sharing method	
Construction contracting	Verizon Construction	2023.06.02~2024.04.02	1. Contents and payment terms for the construction of main structure and diaphragm wall at Plant Jing 1. 2. Inspection and warranty	
Construction contracting	Verizon Construction	2024.02.01~Warranty expiration	1. Contents and payment terms for the construction of main structure and diaphragm wall at Plant Jing 1 2. Inspection and warranty	
Bank credit contract	First Bank	2023.09.25~2030.09.25	Medium-term borrowings	Restricted to plant construction

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

VI. Financial Information

6.1 Five-Year Financial Summary

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

6.1.1.1 Condensed balance sheet—consolidated financial statements

Unit: NTD thousand

Item \ Fiscal Year		Financial information in the past five years (Note 1)					
		2019	2020	2021	2022	2023	Year-to-date through March 31, 2024
Current assets		6,258,470	6,047,594	8,925,236	9,475,031	10,620,661	11,049,697
Property, plant and equipment		6,264,246	5,285,569	5,403,685	5,220,775	5,081,550	5,370,723
Intangible assets		58,445	34,706	32,972	47,547	80,670	83,360
Other assets		3,337,589	3,143,880	2,656,596	2,203,431	2,684,127	2,755,508
Total assets		15,918,750	14,511,749	17,018,489	16,946,784	18,467,008	19,259,288
Current liabilities	Before distribution	8,263,388	4,677,296	5,695,853	4,684,321	5,739,264	6,885,686
	After distribution	8,263,388	4,677,296	5,675,250	4,664,321	5,719,483 (Note 2)	5,983,319 (Note 2)
Non-current liabilities		1,589,207	2,231,685	2,350,571	2,511,687	1,453,901	1,301,897
Total liabilities	Before distribution	9,852,595	6,908,981	8,046,424	7,196,008	7,193,165	8,187,583
	After distribution	9,852,595	6,908,981	8,025,821	7,176,008	7,173,384 (Note 2)	7,285,216 (Note 2)
Equity attributed to owners of the parent company		6,066,155	7,602,768	8,972,065	9,750,776	11,273,843	11,071,705
Capital		5,573,285	7,372,225	7,356,119	7,355,099	7,354,883	7,354,883
Capital reserve		45,711	220,723	234,897	238,171	238,387	238,387
Retained earnings	Before distribution	537,191	160,707	1,545,928	2,350,299	3,546,487	3,163,250
	After distribution	454,342	160,707	812,012	1,725,134	2,663,901 (Note 2)	3,163,250
Other equity		(90,032)	(150,887)	(164,879)	(192,793)	134,086	315,185
Treasury stock		—	—	—	—	—	—
Non-controlling interest		—	—	—	—	—	—
Total equity	Before distribution	6,066,155	7,602,768	8,972,065	9,750,776	11,273,843	11,071,705
	After distribution	5,983,306	7,602,768	8,238,149	9,125,611	10,391,257 (Note 2)	11,071,705

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

(Note 2): Amount approved by the Board of Directors meeting dated March 27, 2024.

6.1.1.2 Condensed statement of comprehensive income－consolidated financial statements

Unit: NTD thousand

Item \ Fiscal Year	Financial information in the past five years (Note 1)					
	2019	2020	2021	2022	2023	Year-to-date through March 31, 2024
Operating revenue	17,515,145	13,851,909	15,948,138	15,531,669	16,690,436	4,176,029
Operating margin	1,772,942	697,353	2,936,744	2,522,924	3,315,300	826,627
Operating profit(loss)	776,472	(186,030)	1,876,281	1,433,300	2,074,147	518,217
Non-operating income and expenses	(39,879)	(57,178)	62,895	334,988	144,148	103,816
Net income (loss) before tax	736,593	(243,208)	1,939,176	1,768,288	2,218,295	622,033
Net income(loss) from continuing operations	587,960	(266,123)	1,530,581	1,448,653	1,881,210	499,349
Loss of discontinued operations	—	—	—	—	—	—
Net income (loss)	587,960	(266,123)	1,530,581	1,448,653	1,881,210	499,349
Other comprehensive income/loss (net of tax)	(28,711)	(141,994)	(169,503)	54,197	267,022	181,099
Total comprehensive income (loss)	559,249	(408,117)	1,361,078	1,502,850	2,148,232	680,448
Net income attributed to the owner of parent company	587,960	(266,123)	1,530,581	1,448,653	1,881,210	499,349
Net income attributed to non-controlling interest	—	—	—	—	—	—
Total comprehensive income attributed to the owner of parent company	559,249	(408,117)	1,361,078	1,502,850	2,148,232	680,448
Total comprehensive income attributed to non-controlling interest	—	—	—	—	—	—
EPS	1.06	(0.48)	2.24	2.02	2.66	0.70

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

6.1.2 Condensed balance sheet and statement of comprehensive income－individual financial statements

6.1.2.1 Condensed balance sheet－individual financial statements

Unit: NTD thousand

Item \ Fiscal Year		Financial information in the past five years (Note 1)					Year-to-date through March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		5,755,448	5,638,487	8,090,775	8,314,260	9,473,385	Not Applicable
Property, plant and equipment		6,220,127	5,246,877	5,349,052	5,173,917	5,049,224	
Intangible assets		58,192	34,553	32,421	47,163	80,415	
Other assets		3,838,398	3,471,938	3,396,864	3,325,517	3,873,670	
Total assets		15,872,165	14,391,855	16,869,112	16,860,857	18,476,694	
Current liabilities	Before distribution	8,273,415	4,564,321	5,546,942	4,585,000	5,749,044	
	After distribution	8,273,415	4,564,321	5,526,339	4,565,000	5,729,263 (Note 2)	
Non-current liabilities		2,212,565	2,224,766	2,350,105	2,525,081	1,453,807	
Total liabilities	Before distribution	9,806,010	6,789,087	7,897,047	7,110,081	7,202,851	
	After distribution	9,806,010	6,789,087	7,876,444	7,090,081	7,183,070 (Note 2)	
Equity attributed to owners of the parent company		6,066,155	7,602,768	8,972,065	9,750,776	11,273,843	
Capital		5,573,285	7,372,225	7,356,119	7,355,099	7,354,883	
Capital reserve		45,711	220,723	234,897	238,171	238,387	
Retained earnings	Before distribution	537,191	160,707	1,545,928	2,350,299	3,546,487	
	After distribution	454,342	160,707	812,012	1,725,134	2,663,901 (Note 2)	
Other equity		(90,032)	(150,887)	(164,879)	(192,793)	134,086	
Treasury stock		—	—	—	—	—	
Non-controlling interest		—	—	—	—	—	
Total equity	Before distribution	6,066,155	7,602,768	8,972,065	9,750,776	11,273,843	
	After distribution	5,983,306	7,602,768	8,238,149	9,125,611	10,391,257 (Note 2)	

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

(Note 2): Amount approved by the Board of Directors meeting dated March 27, 2024.

6.1.2.2 Condensed statement of comprehensive income－individual financial statements

Unit: NTD thousand

Item \ Fiscal Year	2019	2020	2021	2022	2023	Year-to-date through March 31, 2024
	Financial information in the past five years (Note 1)					
Operating revenue	17,235,914	13,567,698	15,670,942	15,227,957	16,468,033	Not Applicable
Operating margin	1,697,504	666,801	2,913,953	2,506,597	3,343,486	
Operating profit(loss)	763,309	(124,361)	1,919,509	1,452,443	2,140,108	
Non-operating income and expenses	(29,308)	(121,032)	9,528	305,309	77,773	
Net income (loss) before tax	734,001	(245,393)	1,929,037	1,757,752	2,217,881	
Net income(loss) from continuing operations	587,960	(266,123)	1,530,581	1,448,653	1,881,210	
Loss of discontinued operations	—	—	—	—	—	
Net income (loss)	587,960	(266,123)	1,530,581	1,448,653	1,881,210	
Other comprehensive income/loss (net of tax)	(28,711)	(141,994)	(169,503)	54,197	267,022	
Total comprehensive income (loss)	559,249	(408,117)	1,361,078	1,502,850	2,148,232	
Net income attributed to the owner of parent company	587,960	(266,123)	1,530,581	1,448,653	1,881,210	
Net income attributed to non-controlling interest	—	—	—	—	—	
Total comprehensive income attributed to the owner of parent company	559,249	(408,117)	1,361,078	1,502,850	2,148,232	
Total comprehensive income attributed to non-controlling interest	—	—	—	—	—	
EPS	1.06	(0.48)	2.24	2.02	2.66	

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

6.1.3 CPA's audited opinion in the past five years

Fiscal Year	Name of CPA	Name of CPA	Audit Opinion
2019	Zhi-Zheng Chen	Cheng-Chu Chen	Unqualified opinion
2020	Zhi-Zheng Chen	Cheng-Chu Chen	Unqualified opinion
2021	Kuo-Hua Wang	Tsai-Yen Chiang	Unqualified opinion
2022	Kuo-Hua Wang	Tsai-Yen Chiang	Unqualified opinion
2023	Kuo-Hua Wang	Tsai-Yen Chiang	Unqualified opinion

6.2 Five-Year Financial Analysis

6.2.1 Financial analysis in the past 5 years—consolidated financial statements:

Analysis item (Note 3) \ Year (note 1)		Financial analysis inthe past five years					Year-to-date through March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets ratio	61.89	47.61	47.28	42.46	38.95	42.51
	Long-term capital to property, plant and equipment ratio	111.28	186.06	209.54	234.88	250.47	230.39
Solvency %	Current ratio	75.74	129.30	156.70	202.27	185.05	160.47
	Quick ratio	59.96	103.53	122.93	161.15	155.47	136.12
	Interest coverage ratio	7.36	(2.17)	59.48	69.25	62.07	141.51
Operating performance	Account receivable turnover (time)	6.06	5.38	5.51	4.87	4.46	3.68
	Average collection days	60	68	66	75	82	99
	Inventory turnover (time)	11.17	11.00	8.77	7.14	7.82	8.44
	Account payable turnover (time)	4.84	4.81	4.64	4.11	3.82	3.26
	Average days for sales	33	33	42	51	47	43
	Property, plant and equipment turnover (time)	2.63	2.40	2.98	2.92	3.24	3.20
	Total assets turnover (time)	1.07	0.91	1.01	0.91	0.94	0.89
Profitability	Return on assets (%)	4.17	(1.34)	9.88	8.65	10.79	2.67
	Return on equity (%)	10.16	(3.89)	18.47	15.47	17.90	4.47
	Net income before tax to paid-in capital ratio(%)	13.22	(3.30)	26.36	24.04	30.16	8.46
	Net profit margin (%)	3.36	(1.92)	9.60	9.33	11.27	11.96
	EPS (NT$)	1.05	(0.48)	2.24	2.02	2.66	0.70
Cash flow	Cash flow ratio (%)	36.73	15.28	52.36	59.09	46.12	11.93
	Cash flow adequacy ratio (%)	114.61	123.05	162.53	160.71	190.84	47.48
	Cash re-investment ratio (%)	13.09	2.39	10.36	6.68	6.36	2.62
Leverage	Operation leverage	8.07	(23.73)	3.46	4.22	3.31	3.31
	Financial leverage	1.18	0.71	1.02	1.02	1.02	1.01

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

◎Profitability

Return on assets / Net income before tax to paid-in capital ratio / Net profit margin / EPS (NT$):

The increase compared with the same period last year was mainly due to the increase in the company's profits.

◎Cash flow

Cash flow ratio:

The decrease compared with the same period last year was mainly due to the growth of the company's operations, the simultaneous increase in purchase demand, and the increase in current liabilities.

◎Leverage

Operation leverage:

The decrease compared with the same period last year was mainly due to the substantial increase in operating profits.

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

Note 2: The calculation formula for the financial analysis:

1. Financial structure

(1) Liabilities to assets ratio = total liabilities/ total assets.

(2) Long-term capital to property, plant and equipment ratio = (total equity + non-current liabilities)/ net worth of property, plant and equipment.

2. Solvency

(1) Current ratio = current assets/current liabilities.

(2) Quick ratio = (current assets – inventory – pre-payments)/current liabilities

(3) Interest coverage ratio= net income before income tax and interest expenses /interest expense for current period.

3. Operating performance

(1) Receivables (including account receivable and Note receivable from operation) turnover = net sales/balance of average receivables (including account receivable and Note receivable from operation).

(2) Average collection days = 365/ receivables turnover.

(3) Inventory turnover = cost of sales /average inventory.

(4) Payables (including account payable and Note payable from operation) turnover = cost of sales /balance of average payables (including account payable and Note payable from operation).

(5) Average days for sales = 365/inventory turnover

(6) Property, plant and equipment turnover = net sales /average net worth of property, plant and equipment.

(7) Total assets turnover = net sales/average total assets.

4. Profitability

(1) Return on assets = [profit/loss after tax + interest expenses x (1-tax rate)]/average total assets.

(2) Return on equity = profit/loss after tax / average total equity.

(3) Net profit ratio = profit, loss after tax /net sales

(4) EPS = (Profit and loss attributable to owners of the parent company – dividends from preferred stocks)/weighted average number of outstanding shares

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities/ current liabilities

(2) Net cash flow adequacy ratio = net cash flow from operating activities in the past five years/(capital expenditures + inventory increase + cash dividends) in the past five years.

(3) Cash re-investment ratio = (net cash flow from operation activities – cash dividends)/ (gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage:

(1) Operation leverage = (net operating revenue – variable operating costs and expenses)/operating profit

(2) Financial leverage = operating profit/(operating profit-interest expenses).

6.2.2 Financial analysis in the past five years — individual financial statements:

Analysis item (Note 3)	Year (note 1)	Financial analysis inthe past five years					Year-to-date through March 31, 2024
		2019	2019	2019	2019	2019	
Financial structure (%)	Liabilities to assets ratio	61.78	47.17	46.81	42.17	38.98	Not Applicable
	Long-term capital to property, plant and equipment ratio	112.07	187.30	211.67	237.26	252.07	
Solvency %	Current ratio	69.57	123.53	145.86	181.34	164.78	
	Quick ratio	56.33	99.95	114.42	145.14	137.47	
	Interest coverage ratio	7.45	(2.32)	62.24	69.08	62.05	
Operating performance	Account receivable turnover (time)	6.03	5.36	5.48	4.81	4.43	
	Average collection days	61	68	67	76	82	
	Inventory turnover (time)	13.49	11.36	9.55	7.91	8.63	
	Account payable turnover (time)	4.83	4.75	4.73	4.19	3.83	
	Average days for sales	27	32	38	46	42	
	Property, plant and equipment turnover (time)	2.61	2.37	2.96	2.89	3.22	
	Total assets turnover (time)	1.06	0.90	1.00	0.90	0.93	
Profitability	Return on assets (%)	4.18	(1.37)	9.96	8.71	10.81	
	Return on equity (%)	10.16	(3.89)	18.47	15.47	17.90	
	Net income before tax to paid-in capital ratio(%)	13.17	(1.69)	26.22	23.90	30.16	
	Net profit margin (%)	3.41	(1.96)	9.77	9.51	11.42	
	EPS (NT$)	1.05	(0.48)	2.24	2.02	2.66	
Cash flow	Cash flow ratio (%)	36.55	11.67	52.90	61.36	45.96	
	Cash flow adequacy ratio (%)	105.68	120.49	158.41	162.90	190.97	
	Cash re-investment ratio (%)	13.21	1.72	10.28	6.85	6.37	
Leverage	Operation leverage	8.07	(35.09)	3.35	4.11	3.19	
	Financial leverage	1.18	0.63	1.02	1.02	1.02	

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

◎Profitability

Return on assets / Net income before tax to paid-in capital ratio / Net profit margin / EPS (NT$):

The increase compared with the same period last year was mainly due to the increase in the company's profits.

◎Cash flow

Cash flow ratio:

The decrease compared with the same period last year was mainly due to the growth of the company's operations, the simultaneous increase in purchase demand, and the increase in current liabilities.

◎Leverage

Operation leverage:

The decrease compared with the same period last year was mainly due to the substantial increase in operating profits.

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

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

Audit Committee’s Review Report

The board of directors has prepared the 2023 parent company only and consolidated financial statements, which have been audited by Kuo-Hua Wang and Tsai-Yen Chiang, CPAs at PwC Taiwan, by whom an audit report has been issued. The financial statements, business report, and the earnings appropriation proposal have been reviewed by the Audit Committee without inappropriate disclosures with respect to the above identified, and the Audit Committee hereby issues this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

To
The 2024 Orient Semiconductor Electronics’s Annual General Shareholders’ Meeting

Orient Semiconductor Electronics, Ltd.
Convener of the Audit Committee: Chia-Hua Hsu

March 27, 2024

6.4 Consolidated Financial Statements and Independent Auditors' Report

Orient Semiconductor Electronics, Limited

Representation letter on the consolidated financial statements of affiliated enterprises

In the fiscal year of 2023 (from January 1, 2023 to December 31, 2023), the consolidated entities within the consolidated financial statement of affiliated enterprises in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are identical to the entities within the consolidated financial statement in accordance with the International Financial Reporting Standards NO. 10. All information that is required to be disclosed in the consolidated financial statements of affiliated enterprises and subsidiaries is the same as the information required to be disclosed in the consolidated financial statements of affiliated enterprises.

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

Hereby declares

Name of the Company: Orient Semiconductor Electronics

Responsible Person: Yueh-Ming Tung

January 31 , 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Orient Semiconductor Electronics, Ltd. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Existence and occurrence of sales revenue recognition of top 10 customers

Description

Please refer to Note 4(31) for accounting policies on revenue recognition and Note 6(20) for details of operating revenue account.

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

How our audit addressed the matter

Our audit procedures performed included the following:

1. Understood, assessed and tested the design and execution of internal control procedures of top 10 customers' sales revenue recognition.
2. Obtained the details of top 10 customers' details of sales revenue and sampled customers' orders, delivery bills, invoices and collection records.

3. Examined the content and related evidences of sales returns and discounts to top 10 customers after the balance sheet date.
4. Sampled and sent confirmations to inquire on the balance of accounts receivable. Performed reconciliation and alternative audit procedures on the confirmation replies.

Realisability of deferred tax assets

Description

Please refer to Note 4(29) of parent company only financial statements for details of accounting policies on the recognition of deferred income tax assets. As of December 31, 2023, the amount of the Group's deferred income tax assets was NTD 634,413 thousand, please refer to Note 6(27) of parent company only financial statements for details.

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

How our audit addressed the matter

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

1. Obtained future operating plan and forecasted income statements which were approved by management.
2. Examined the estimates in the forecasted income statements and compared that with historical result, and assessed the reasonableness of related assumptions which were adopted.

3. Compared taxable income in the future years with taxable loss in the past years and assessed the realisability of deferred income tax assets.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. Total assets of these subsidiaries and the balances of these investments accounted for under the equity method amounted to NT$12,252 thousand, constituting 0.07% of the consolidated total assets as at December 31, 2022, and operating revenue both amounted to NT$0 thousand, constituting 0% of the consolidated total operating revenue for the year then ended.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Orient Semiconductor Electronics, Ltd. as at and for the years ended December 31, 2023 and 2022.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Wang, Kuo-Hua Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan

February 7, 2024

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

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023			December 31, 2022		
				AMOUNT	%		AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	3,909,728	21	$	3,945,818	23
1136	Current financial assets at amortised cost	6(3)		-	-		245,600	1
1140	Current contract assets	6(20)		409,186	2		272,248	2
1150	Notes receivable, net	6(4)		-	-		155	-
1170	Accounts receivable, net	6(4)		4,462,716	24		3,022,087	18
1180	Accounts receivable due from related parties, net	6(4) and 7		270	-		399	-
1200	Other receivables			106,713	1		38,894	-
1220	Current tax assets			3,194	-		-	-
130X	Inventories	6(5)		1,604,909	9		1,818,028	11
1410	Prepayments			93,171	1		107,990	1
1479	Other current assets, others			30,774	-		23,812	-
11XX	**Current Assets**			10,620,661	58		9,475,031	56
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(2)		1,839,213	10		1,021,427	6
1550	Investments accounted for using equity method	6(6)		-	-		1,843	-
1600	Property, plant and equipment	6(7) and 8		5,081,550	28		5,220,775	31
1755	Right-of-use assets	6(8)		146,307	1		166,755	1
1780	Intangible assets	6(10)		80,670	-		47,547	-
1840	Deferred tax assets	6(27)		634,413	3		973,068	6
1915	Prepayments for business facilities			25,276	-		20,581	-
1920	Guarantee deposits paid	8		36,603	-		17,098	-
1990	Other non-current assets, others			2,315	-		2,659	-
15XX	**Non-current assets**			7,846,347	42		7,471,753	44
1XXX	**Total assets**		$	18,467,008	100	$	16,946,784	100

(Continued)

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(20)	$ 87,187	-	$ 77,879	-
2170	Accounts payable		3,966,349	22	3,042,415	18
2180	Accounts payable to related parties	7	1,474	-	736	-
2200	Other payables	6(12)	1,396,947	8	1,299,565	8
2220	Other payables to related parties	7	19,781	-	20,000	-
2230	Current tax liabilities		214	-	123,863	1
2250	Current provisions		46,477	-	14,439	-
2280	Current lease liabilities		25,400	-	27,958	-
2320	Long-term liabilities, current portion	6(13) and 8	107,054	1	-	-
2365	Current refund liabilities		4,481	-	21,068	-
2399	Other current liabilities, others		83,900	-	56,398	-
21XX	**Current Liabilities**		5,739,264	31	4,684,321	27
	Non-current liabilities					
2540	Non-current portion of non-current borrowings	6(13) and 8	1,131,908	6	1,148,962	7
2580	Non-current lease liabilities		108,460	1	133,352	1
2635	Non-current preference share liabilities	6(15)	-	-	1,003,851	6
2640	Net defined benefit liability, non-current	6(14)	178,046	1	185,658	1
2645	Guarantee deposits received		35,487	-	39,864	-
25XX	**Non-current liabilities**		1,453,901	8	2,511,687	15
2XXX	**Total Liabilities**		7,193,165	39	7,196,008	42
	Equity attributable to owners of parent					
	Share capital	6(16)(17)				
3110	Share capital - common stock		5,553,083	30	5,553,299	33
3120	Preference share		1,801,800	10	1,801,800	11
	Capital surplus	6(18)				
3200	Capital surplus		238,387	1	238,171	1
	Retained earnings	6(19)				
3310	Legal reserve		346,070	2	192,241	1
3320	Special reserve		192,793	1	157,357	1
3350	Unappropriated retained earnings		3,007,624	16	2,000,701	12
	Other equity interest					
3400	Other equity interest		134,086	1	(192,793)	(1)
31XX	**Equity attributable to owners of the parent**		11,273,843	61	9,750,776	58
3XXX	**Total equity**		11,273,843	61	9,750,776	58
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 18,467,008	100	$ 16,946,784	100

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20) and 7	$ 16,690,436	100	$ 15,531,669	100
5000	Operating costs	6(5)(10)(25)(26) and 7	(13,375,136)	(80)	(13,008,745)	(84)
5900	Net operating margin		3,315,300	20	2,522,924	16
	Operating expenses	6(10)(25)(26)				
6100	Selling and administrative expenses		(860,865)	(5)	(742,128)	(5)
6300	Research and development expenses		(386,747)	(3)	(340,002)	(2)
6450	Impairment gain and reversal of impairment loss (Impairment loss) determined in accordance with IFRS 9	12(2)	6,458	-	(7,548)	-
6000	Total operating expenses		(1,241,154)	(8)	(1,089,678)	(7)
6500	Net other income (expenses)	6(8)	1	-	54	-
6900	Operating profit		2,074,147	12	1,433,300	9
	Non-operating income and expenses					
7100	Interest income	6(21)	46,135	-	11,102	-
7010	Other income	6(22) and 7	175,386	1	166,048	1
7020	Other gains and losses	6(23)	(40,685)	-	153,180	1
7050	Finance costs	6(24)	(36,326)	-	(25,909)	-
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method	6(6)	(362)	-	30,567	-
7000	Total non-operating revenue and expenses		144,148	1	334,988	2
7900	**Profit before income tax**		2,218,295	13	1,768,288	11
7950	Income tax expense	6(27)	(337,085)	(2)	(319,635)	(2)
8200	**Profit for the year**		$ 1,881,210	11	$ 1,448,653	9
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial (losses) gains on defined benefit plans	6(14)	($ 74,821)	-	$ 120,460	1
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	314,187	2	(72,236)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	16,282	-	(24,002)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		255,648	2	24,222	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		811	-	37,794	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(27)	10,563	-	(7,819)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		11,374	-	29,975	1
8300	**Total other comprehensive income for the year**		$ 267,022	2	$ 54,197	1
8500	**Total comprehensive income for the year**		$ 2,148,232	13	$ 1,502,850	10
	Profit, attributable to:					
8610	Owners of parent		$ 1,881,210	11	$ 1,448,653	9
	Comprehensive income attributable to:					
8710	Owners of parent		$ 2,148,232	13	$ 1,502,850	10
	Basic earnings per share	6(28)				
9750	Basic		$	2.66	$	2.02
9850	Diluted		$	2.54	$	1.94

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

		Equity attributable to owners of the parent									
		Share capital			Retained earnings			Other equity interest			
Year 2022	Notes	Ordinary share	Preference share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Total equity
Balance at January 1, 2022		$ 5,554,319	$ 1,801,800	$ 234,897	$ 53,719	$ 106,988	$ 1,385,221	($ 41,911)	($ 115,445)	($ 7,523)	$ 8,972,065
Profit for the year		-	-	-	-	-	1,448,653	-	-	-	1,448,653
Other comprehensive income (loss)		-	-	-	-	-	96,368	29,975	(72,146)	-	54,197
Total comprehensive income (loss)		-	-	-	-	-	1,545,021	29,975	(72,146)	-	1,502,850
Appropriation and distribution of 2021 retained earnings:											
Legal reserve		-	-	-	138,522	-	(138,522)	-	-	-	-
Special reserve		-	-	-	-	50,369	(50,369)	-	-	-	-
Cash idvidends	6(19)	-	-	-	-	-	(733,916)	-	-	-	(733,916)
Share-based payment transactions	6(16)(17)	(1,020)	-	483	-	-	-	-	-	7,523	6,986
Disposal of investments accounted for under the equity method		-	-	2,791	-	-	-	-	-	-	2,791
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(2)	-	-	-	-	-	(6,734)	-	6,734	-	-
Balance at December 31, 2022		$ 5,553,299	$ 1,801,800	$ 238,171	$192,241	$ 157,357	$ 2,000,701	($ 11,936)	($ 180,857)	$ -	$ 9,750,776
Year 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 year		-	-	-	-	-	1,881,210	-	-	-	1,881,210
Other comprehensive income (loss)		-	-	-	-	-	(59,857)	11,374	315,505	-	267,022
Total comprehensive income		-	-	-	-	-	1,821,353	11,374	315,505	-	2,148,232
Appropriation and distribution of 2022 retained earnings:											
Legal reserve		-	-	-	153,829	-	(153,829)	-	-	-	-
Special reserve		-	-	-	-	35,436	(35,436)	-	-	-	-
Cash dividend	6(19)	-	-	-	-	-	(625,165)	-	-	-	(625,165)
Share-based payment transactions	6(16)(17)	(216)	-	216	-	-	-	-	-	-	-
Balance at December 31, 2023		$ 5,553,083	$ 1,801,800	$ 238,387	$346,070	$ 192,793	$ 3,007,624	($ 562)	$ 134,648	$ -	$ 11,273,843

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,218,295	$ 1,768,288
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(25)	947,730	1,112,078
Amortization expense	6(10)(25)	48,362	26,739
(Gain) loss on expected credit impairment	12(2)	(6,458)	7,548
Losses on financial assets at fair value through profit or loss	6(23)	-	1,261
Interest expense	6(24)	36,326	25,909
Interest income	6(21)	(46,135)	(11,102)
Dividend income	6(22)	(118,745)	(54,660)
Stock option compensation cost from subsidiary	6(16)	-	6,986
Share of loss (profit) of associates and ventures accounted for using the equity method	6(6)	362	(30,567)
Loss (gain) on disposal of property, plant and equipment	6(23)	1,123	(20,498)
Property, plant and equipment transferred to expenses		4,320	-
Gain on disposal of non-current assets held for sale	6(23)	-	(52,164)
Impairment loss on non-financial assets	6(23)	4,451	-
Scrapping inventory and loss on decline in market value	6(5)	173,894	22,620
Gain arising from lease modifications	6(8)	(1)	(1,948)
Reclassification of exchange differences on translation of foreign financial statements to foreign exchange losses		(507)	(5,956)
Other losses		-	521
Gain on recovery of preference share liabilities	6(15)	(2,570)	-
Changes in operating assets and liabilities			
Changes in operating assets			
(Increase) decrease in contract assets		(136,938)	23,842
Decrease (increase) in notes receivable		155	(9)
Increase in accounts receivable		(1,433,953)	(131,822)
(Increase) decrease in accounts receivable due from related parties		(43)	458,010
(Increase) decrease in other receivable		(66,151)	18,831
Decrease in other receivables due from related parties		-	62,813
Decrease in inventories		40,709	4,761
Decrease in prepayments		17,009	1,028
Increase in other current assets, others		(6,939)	(7,655)
Decrease in other non-current assets, others		351	1,355
Changes in operating liabilities			
Increase (decrease) in contract liabilities		9,308	(11,165)
Increase (decrease) in accounts payable		923,071	(192,238)
Increase (decrease) in accounts payable to related parties		306	(9)
Increase (decrease) in other payalbe		120,772	(105,070)
Increase in other payables to related parties		-	14,491
Increase in current provisions		32,038	4,083
Increase (decrease) in other current liabilities		10,906	(2,664)
Decrease in net defined benefit liability		(82,433)	(181,082)
Cash inflow generated from operations		2,688,615	2,752,555
Interest received		45,986	10,642
Income tax received		-	4,982
Income tax paid		(87,738)	-
Net cash flows from operating activities		2,646,863	2,768,179

(Continued)

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in non-current financial assets at fair value through other comprehensive income		($ 503,599)	($ 801,062)
Proceeds from liquidation of financial assets at fair value through other comprehensive income	6(2)	-	22,082
Decrease (increase) in non-current financial assets at amortised cost		248,297	(229,395)
Acquistion of property, plant and equipment (including prepayment for equipment)	6(29)	(859,072)	(1,092,284)
Proceeds from disposal of non-current assets held for sale		-	964,396
Proceeds from disposal of property, plant and equipment		18,199	31,774
(Increase) decrease in refundable deposits		(19,585)	138,851
Acquistion of intangible assets	6(10)	(79,470)	(41,170)
Decrease in long-term accounts receivable due from related		-	93,400
Dividends received	6(22)	118,745	54,660
Net cash flows used in investing activities		(1,076,485)	(858,748)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(30)	-	1,621,958
Decrease in short-term borrowings	6(30)	-	(1,922,195)
Decrease in short-term notes and bills payable	6(30)	-	(50,011)
Proceeds from long-term borrowings	6(30)	90,000	863,262
Repayments of long-term borrowings	6(30)	-	(362,694)
Repayments of preference share liabilities	6(15)(30)	(999,999)	-
Decrease in guarantee deposits received	6(30)	(4,375)	(17,156)
Payments of lease liabilities	6(30)	(27,950)	(34,306)
Interest paid		(37,667)	(29,779)
Cash dividends paid	6(19)	(625,165)	(733,916)
Net cash flows used in financing activities		(1,605,156)	(664,837)
Effect of exchange rate changes on cash and cash equivalents		(1,312)	(21,947)
Net (decrease) increase in cash and cash equivalents		(36,090)	1,222,647
Cash and cash equivalents at beginning of year		3,945,818	2,723,171
Cash and cash equivalents at end of year		$ 3,909,728	$ 3,945,818

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. History and Organisation

(1) Orient Semiconductor Electronics Limited (the "Company") was incorporated in Kaohsiung City in June 1971 under the provisions of the Company Act of the Republic of China (R.O.C.). The address of the Company's registered office is at No. 9, Central 3rd Street, Nanzih District, Kaohsiung City. The Company and its subsidiaries (collectively referred herein as the "Group"), were primarily engaged in various types of integrated 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 January 31, 2024.

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®") Accounting Standards 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
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 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 IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	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.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards 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
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 21, 'Lack of exchangeability'	January 1, 2025

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 Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Transactions, balances and unrealised gains or losses between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

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

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

Note 2: OSEP has stopped operation in the fourth quarter of 2011 and was dissolved and liquidated on July 31, 2023.

Note 3: On October 25, 2023, the Board of Directors of OSE BVI resolved to discontinue operations and implement the deregistration. The related procedures are in progress.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date; and

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date; and

(d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment.

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

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

A. The contractual rights to receive the cash flows from the financial asset expire.

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

(13) Leasing arrangements (lessor)－operating leases

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

(14) Inventories

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

(15) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognises the Group’s share of change in equity of the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Non-current assets held for sale

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

(17) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. The lease liability is at the present value of the lease payments that are not paid and shall be discounted using the Group's incremental borrowing rate at commencement date. The lease payments include fixed payments less any lease incentives receivable.

The lease liability is subsequently measured using an effective interest method on an amortised cost basis and the interest expense is allocated over the lease term. The amount of the remeasurement of the lease liability shall be recognised as an adjustment to the right-of-use asset if there are changes in the lease term or to the lease payments not arising from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

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

(b) Any lease payments made at or before the commencement date.

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

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

(19) Intangible assets

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

(20) Impairment of non-financial assets

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

(21) Borrowings

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

(22) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

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

(23) Preference share liability

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

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

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

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

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

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

(26) Provisions

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

(27) Employee benefits

A. Salaries and other short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

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

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

(28) Employee share-based payment

Employee restricted shares:

A. Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

B. Before satisfying the vested condition of restricted stocks which were issued by the Company, there was no right to appropriate earnings. Other options were the same as the issued common stocks of the Company (including but not limited to: capital reduction, dividend distribution from capital surplus), and equity interest from consolidation, split, share transference and other legal events.

C. For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem at no consideration and retire those stocks which were not vested.

(29) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(30) Share capital

Ordinary shares are classified as equity. The classification of preference shares is determined by assessing the particular rights attached to the preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. Preference shares are classified as liabilities when they have the fundamental characteristic of financial liabilities (Note 4(23)); otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(31) Revenue recognition

A. Package and test service

(a) The Group provides package and test of integrated circuit and related business. When performing a contract, the objective is to create or strengthen assets which were controlled by customers, thus, revenue was recognised over time, recognised as contract assets before the contract has been completed, and was transferred to accounts receivable when issuing bills. If the collected proceeds from sales exceeded the amount of recognised revenue, the difference was recognised as contract liabilities.

(b) As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

B. Manufacturing service of electronic products

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

(b) Sales revenue was recognised as contract price, a refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

C. The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision. As of the balance sheet date, the Group estimated probable warranty obligation and recognised liability provisions.

(32) Operating segments

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

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

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

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

Revenue recognition on a net/gross basis

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

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

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

B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

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

On December 31, 2023, the carrying amount of the Group's inventories was $1,604,909.

B. Realisability of deferred tax assets

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

On December 31, 2023, the Group recognised deferred tax assets amounting to $634,413.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 152	$ 189
Checking accounts and demand deposits	2,826,086	3,356,169
Time deposits	1,083,490	589,460
	$ 3,909,728	$ 3,945,818

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

B. The Group’s time deposits have been transferred to “financial assets at amortised cost－current” as the maturity periods were more than three months, 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	December 31, 2023	December 31, 2022
Non-current items:		
Unlisted stocks	$ 4,022	$ 10,613
Listed stocks	1,835,191	1,010,814
	$ 1,839,213	$ 1,021,427

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 $1,839,213 and $1,021,427 as at December 31, 2023 and 2022, respectively.

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

C. For the years ended December 31, 2023 and 2022, the Group has financial assets at fair value through other comprehensive income recognised in comprehensive income (loss) due to changes of fair value in the amounts of $314,187 and ($72,236), respectively.

D. 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	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity over three months	$ -	$ 245,600

A. For the years ended December 31, 2023 and 2022, the interest income from demand and time deposits was recognised under interest income from bank deposits, please refer to Note 6(21).

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)

	December 31, 2023	December 31, 2022
Notes receivable	$ -	$ 155
Less: Loss allowance	-	-
	$ -	$ 155
Accounts receivable	$ 4,469,325	$ 3,035,158
Less: Loss allowance	(6,609)	(13,071)
	$ 4,462,716	$ 3,022,087
Accounts receivable due from related parties	$ 271	$ 399
Less: Loss allowance	(1)	-
	$ 270	$ 399

A. For details of the aging analysis of notes and accounts receivable which were based on the dates past due and information relating to credit risk, please refer to Note 12(2).

B. As of December 31, 2023 and 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 December 31, 2023 and 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 $0 and $155, respectively. As at December 31, 2023 and 2022, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was $4,462,986 and $3,022,486, respectively.

(5) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 1,359,552	$ 1,585,642
Supplies	148,271	157,344
Work in progress	515,059	315,903
Finished goods	37,432	40,867
	2,060,314	2,099,756
Less: Allowance for valuation loss	(455,405)	(281,728)
	$ 1,604,909	$ 1,818,028

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

	Year ended December 31	
	2023	2022
Cost of goods sold	$ 13,226,032	$ 13,014,518
Scrapping inventory and loss on decline in market value	173,894	22,620
Others	(24,790)	(28,393)
	$ 13,375,136	$ 13,008,745

B. As of December 31, 2023 and 2022, the fire insurance amounts of inventories were $14,421,650 and $15,234,807, respectively.

(6) Investments accounted for using equity method

	2023	2022
At January 1	$ 1,843	$ 467,174
Disposal of investments accounted for using equity method	(1,527)	-
Share of profit or loss of investments accounted for using equity method	(362)	30,567
Transfers to non-current assets held for sale	-	(503,729)
Changes in other equity interest	46	7,831
At December 31	$ -	$ 1,843

	December 31, 2023		December 31, 2022	
	Amount	Shareholding ratio	Amount	Shareholding ratio
Associates:				
OSE PROPERTIES, INC.	$ -	-	$ 1,843	39.99%
SCS HIGHTECH INC.	-	18.17%	-	18.17%
	$ -		$ 1,843	

A. The carrying amount of the Group's investment in SCS HIGHTECH, INC. has been recognised as nil, 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. The Group's investee, OSE Properties, Inc. has been dissolved and liquidated on July 31, 2023.

C. In April 2022, the Board of Directors of the Group resolved to dispose ATP Electronics Taiwan Inc. In June 2022, the Group signed a share transfer agreement to sell 18.31% of ownership for proceeds of $501,962. All proceeds from the sale had been collected in accordance with the agreement and the equity settlement and transfer was completed in September 2022. Additionally, please refer to Note 6(11) for the details of the transfer to non-current assets held for sale.

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

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

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

	Year ended December 31	
	2023	2022
(Loss) profit	($ 362)	$ 30,567
Other comprehensive income, net of tax	-	5,199
Total comprehensive (loss) income for the period	($ 362)	$ 35,766

(7) Property, plant and equipment

	December 31, 2023	December 31, 2022
Property, plant and equipment		
- Owner-occupied	$ 5,080,853	$ 5,219,945
- Operating leases	697	830
	$ 5,081,550	$ 5,220,775

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	-	17,081	-	-	287	798,565	815,933
Disposals	(7,019)	(70,735)	(1,124)	(761)	(31,331)	-	(110,970)
Transfers	273,337	733,332	-	998	9,234	(1,021,221)	(4,320)
Impact of changes in foreign exchange rate	-	(1,989)	(10)	(42)	(222)	-	(2,263)
December 31, 2023	$ 7,350,068	$ 16,071,508	$ 2,054	$ 58,536	$ 396,378	$ 422,662	$ 24,301,206
Depreciation and impairment:							
January 1, 2023	$ 4,920,862	$ 13,051,014	$ 2,937	$ 58,009	$ 350,059	$ -	$ 18,382,881
Depreciation expense	152,032	755,278	-	21	19,317	-	926,648
Impairment loss (Note)	127	3,811	2	81	430	-	4,451
Disposals	(7,019)	(51,798)	(1,072)	(685)	(30,804)	-	(91,378)
Impact of changes in foreign exchange rate	-	(2,010)	(9)	(40)	(190)	-	(2,249)
December 31, 2023	$ 5,066,002	$ 13,756,295	$ 1,858	$ 57,386	$ 338,812	$ -	$ 19,220,353

Note: Certain property, plant and equipment of the Group's EMS Group were impaired because the economic benefits will not be as expected. The Group wrote down the carrying amount of the assets based on the recoverable amount and recognised an impairment loss accordingly.

	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	$ 7,031,115	$ 14,745,469	$ 4,187	$ 59,325	$ 376,097	$ 927,623	$ 23,143,816
Additions	-	75	-	-	-	908,887	908,962
Disposals	(28,720)	(431,708)	(1,047)	(1,131)	(9,731)	-	(472,337)
Transfers	81,355	1,058,394	-	-	51,842	(1,191,591)	-
Impact of changes in foreign exchange rate	-	21,589	48	147	202	399	22,385
December 31, 2022	$ 7,083,750	$ 15,393,819	$ 3,188	$ 58,341	$ 418,410	$ 645,318	$ 23,602,826
Depreciation and impairment:							
January 1, 2022	$ 4,809,885	$ 12,524,278	$ 3,930	$ 58,965	$ 344,036	$ -	$ 17,741,094
Depreciation expense	131,868	936,888	5	22	15,569	-	1,084,352
Disposals	(20,891)	(428,474)	(1,042)	(1,119)	(9,710)	-	(461,236)
Transfers	-	(28)	-	-	-	-	(28)
Impact of changes in foreign exchange rate	-	18,350	44	141	164	-	18,699
December 31, 2022	$ 4,920,862	$ 13,051,014	$ 2,937	$ 58,009	$ 350,059	$ -	$ 18,382,881
Carrying amount, net:							
December 31, 2023	$ 2,284,066	$ 2,315,213	$ 196	$ 1,150	$ 57,566	$ 422,662	$ 5,080,853
December 31, 2022	$ 2,162,888	$ 2,342,805	$ 251	$ 332	$ 68,351	$ 645,318	$ 5,219,945

B. Property, plant and equipment for operating lease

	Buildings and structures	
	2023	2022
Cost:		
January 1 and December 31	$ 10,721	$ 10,721
Depreciation:		
At January 1	$ 9,891	$ 9,758
Additions	133	133
At December 31	$ 10,024	$ 9,891
Carrying amount, net:	$ 697	$ 830

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

	Year ended December 31	
	2023	2022
Amount capitalised	$ 133	$ 6,590
Range of the interest rates for capitalisation	1.775%	0.89%～1.28%

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

E. As of December 31, 2023 and 2022, the insured amount of fire insurance of property, plant and equipment were $10,547,590 and $10,151,541, 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:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 113,820	$ 125,250
Machinery and equipment	27,932	33,711
Transportation equipment	4,555	7,794
	$ 146,307	$ 166,755

	Year ended December 31	
	2023	2022
	Depreciation expense	Depreciation expense
Land	$ 11,430	$ 12,309
Buildings and structures	-	5,974
Machinery and equipment	5,779	5,779
Transportation equipment	3,740	3,501
	$ 20,949	$ 27,563

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $796 and $7,176, respectively.

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

	Year ended December 31	
Items affecting profit or loss	2023	2022
Interest expense on lease liabilities	$ 2,615	$ 3,156
Expense on short-term lease contracts	13,908	6,333
Expense on leases of low-value assets (excluding expense on leases of low-value assets of short-term lease)	3,338	2,964
Gains arising from lease modifications (shown as ‘other gains and losses’)	-	1,894
Gains arising from lease modifications (shown as ‘other income and expenses - net’)	1	54

E. For the years ended December 31, 2023 and 2022, the total amounts of the Group’s cash outflow from leasing were $47,811 and $46,759, 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:

	Year ended December 31	
	2023	2022
Related revenue from fixed lease payments	$ 6,385	$ 7,235

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

	December 31, 2023	December 31, 2022
Within 1 year	$ 4,025	$ 5,124
Later than one year but not later than two years	729	3,919
Later than two years but not later than three years	703	729
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	2,226	2,929
	$ 9,089	$ 14,107

D. For disclosures of property, plant and equipment leased under operating lease and within the scope of 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	79,470	41,170
Reclassifications	2,017	126
At December 31	$ 563,137	$ 481,650
Accumulated amortisation		
At January 1	$ 434,103	$ 407,382
Amortisation charge	48,362	26,739
Net exchange differences	2	(18)
At December 31	$ 482,467	$ 434,103
Book value	$ 80,670	$ 47,547

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

	Year ended December 31	
	2023	2022
Operating costs	$ 21,144	$ 14,729
Selling and administrative expenses	$ 19,799	$ 5,846
Research and development expenses	$ 7,419	$ 6,164

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 to be completed within a year. As of January 31, 2022, the assets of disposal group held for sale amounted to $136,137, and there were no related liabilities. The Company collected the full amount of the consideration for the sale of the plant in July 2022 and completed the related procedures.

B. The Board of Directors of the Company resolved to dispose all shares of ATP Electronics Taiwan Inc. held by the Group in April 2022. The transaction was expected to be completed and settled within a year. Therefore, the Group transferred related assets to disposal group held for sale. The assets of the disposal group held for sale as at December 31, 2022 amounted to $500,812 and there were no related liabilities. The Company collected the full amount of the consideration for the shares in September 2022 and completed the related procedures.

C. 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) Other payables

	December 31, 2023	December 31, 2022
Salary and bonus payable	$ 571,001	$ 504,618
Pension payable	40,341	38,321
Employees' compensation and directors' remuneration payable	277,777	221,996
Payables for machinery and equipment	269,709	303,918
Utilities expense payable	43,407	34,418
Compensation payable	2,073	17,193
Insurance premiums payable	89,165	78,454
Employment Stability Fund payable	16,411	15,125
Other payables	87,063	85,522
	$ 1,396,947	$ 1,299,565

(13) Long-term borrowings

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to September 2030; interest is payable monthly; principal is repayable at maturity.	1.35%~1.775% (Note)	None	$ 1,238,962
Less: Current portion				(107,054)
				$ 1,131,908

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)	None	$ 1,148,962
Less: Current portion				-
				$ 1,148,962

Note: 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.

A. For the years ended December 31, 2023 and 2022, the amounts of interest expense recognised in profit or loss were $15,331 and $6,834, respectively.

B. Under the credit contract with certain banks, the Group is required to review financial ratios or values such as current ratio, net tangible assets, interest coverage ratio, and debt ratio in the latest consolidated financial statements at certain times during the credit period. As of the reporting date, the Group did not violate any of the related financial conditions.

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

(14) Pensions

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

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 958,189	$ 956,158
Fair value of plan assets	(780,143)	(770,500)
Net defined benefit liability	$ 178,046	$ 185,658

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

2023	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 956,158	($ 770,500)	$ 185,658
Current service cost	4,937	-	4,937
Interest expense (income)	10,900	(8,783)	2,117
	971,995	(779,283)	192,712
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(4,392)	(4,392)
Change in financial assumptions	-	-	-
Experience adjustments	79,213	-	79,213
	79,213	(4,392)	74,821
Pension fund contribution	-	(89,487)	(89,487)
Paid pension	(93,019)	93,019	-
At December 31	$ 958,189	($ 780,143)	$ 178,046

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

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31	
	2023	2022
Discount rate	1.14%	1.14%
Future salary increases	1.00%	1.00%

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

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 19,835)	$ 21,945	$ 21,863	($ 19,955)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 20,390)	$ 22,439	$ 22,355	($ 20,513)

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

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

(f) The Company expects to pay contributions for the pension plan in the amount of $45,529 in the succeeding one year.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 4 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	828,613
1-2 year(s)		100,753
2-5 years		13,158
Over 5 years		93,204
	$	1,035,728

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

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

(c) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were $126,803 and $129,884, respectively.

(15) Preference share liability

On December 31, 2023: There were no such transactions.

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

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 years ended December 31, 2022, the amount of interest expense which was estimated by annual rate and amortised based on interest method was $18,498 and $18,703, respectively.

B. As of December 31, 2022, the value of preference share returned all amounted to $0. Refer to Note 6(23) 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. Please refer to Note 11(1) for the information of class B preferred shares which have been called back as resolved by the Company's Board of Directors.

(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.

D. On October 25, 2023, the Board of Directors resolved that the Company's class B preferred shares, which was issued on December 21, 2023, on the day after 3 years of the issuance date, may be withdrawn at the actual issuance price in cash at any time in accordance with the Company's Articles of Incorporation. On December 27, 2023, the Company repurchased shares at a repurchase price of $11.1 per share and decreased capital by cancelling 90,090 thousand, and the total amount was $999,999. Accordingly, the Company recognised a gain on recovery of preference share liabilities amounting to $2,570, which was shown as other income. The record date for the capital reduction was set on December 27, 2023, and the registration was completed on January 11, 2024.

(16) Share-based payment

A. For the year ended December 31, 2023: There were no such transactions.

B. For the year ended December 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	1,681
Called back in the period (Note)	(108)
Options vested	(1,573)
At December 31	-

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

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 year ended December 31, 2022, the Group recognised expenses due to share-based payment transactions in the amount of $6,986.

(17) Share capital

A. On December 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 December 31, 2023, the Company's paid-in capital was $7,354,883, consisting of 555,308 thousand common 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.

Note: Details of the registration of changes in the Company's paid-in capital due to the recovery of class B preferred shares are provided in Note 6(15) D.

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)	(102)
Restricted shares called back but not yet cancelled at the end of the period	-	(22)
At December 31	555,308	555,308

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 and recovery of class B preferred shares, please refer to Note 6(15).

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

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

F. On June 9, 2023, the shareholders 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, has been applied for effectiveness through FSC on August 25, 2023. The related processes are still ongoing.

(18) Capital surplus

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

	December 31, 2023	December 31, 2022
Premium on issuance of common shares	$ 17,417	$ 17,417
Premium on issuance of preferred shares	198,198	198,198
Changes in ownership interests in subsidiaries	5,832	5,832
Difference between consideration and carrying amount of subsidiaries acquired or disposed	16,940	16,940
Employee restricted shares	-	(216)
	$ 238,387	$ 238,171

(19) 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. The aforementioned regulation had been revoked by the shareholders at their meeting on June 9, 2023.

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. On June 9, 2023, the shareholders resolved 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.

C. The industry environment of the Company is constantly changing and the enterprise is in the growth stage of its life cycle. Considering the Company's capital requirement in the future and long-term financial plan and satisfying shareholders' demand of cash inflow, the expected appropriation amount in the current year shall not be lower than 10% of accumulated distributable amount. However, if the accumulated distributable earnings is lower than 1% of paid-in capital, the earnings cannot be appropriated, and the cash dividend shall not be lower than 10% of total dividend.

D. According to Company Act, the distribution to legal reserve shall continue until the total amount equals to total capital. Legal reserve is used to offset accumulated deficits. If the Company has no deficits, 25% of the part of legal reserve exceeding the paid-in capital can be used to issue new stocks or cash to shareholders in proportion to their share ownership.

E. Following the adoption of TIFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory- Securities-Corporate-1010012865, which sets out the following provisions for compliance: On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that a company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

F. On June 9, 2023, the shareholders 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.

G. On June 10, 2022, the shareholders resolved the earnings appropriation for the year ended December 31, 2021 with a common share dividend of 1 per share and the total amount was $553,736; and with Class C preferred stock dividend of 1 per share. The total dividends amounted to $180,180.

(20) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers		
IC packaging and testing service revenue	$ 11,016,833	$ 9,901,937
Electronics manufacturing service revenue	5,508,538	5,480,184
Other operating revenue	165,065	149,548
	$ 16,690,436	$ 15,531,669

A. Disaggregation of revenue from contracts with customers

Year ended December 31, 2023	Semiconductor Group	EMS Group	Total
IC packaging and testing service revenue	$ 11,016,833	$ -	$ 11,016,833
Manufacture of electronic products	-	5,508,538	5,508,538
Others	44,859	120,206	165,065
	$ 11,061,692	$ 5,628,744	$ 16,690,436
Timing of revenue recognition:			
Over time	$ 11,016,833	$ -	$ 11,016,833
At a point in time	44,859	5,628,744	5,673,603
	$ 11,061,692	$ 5,628,744	$ 16,690,436

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

B. Contract assets and liabilities

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

	December 31, 2023	December 31, 2022
Current contract assets		
IC packaging and testing service	$ 409,186	$ 272,248
Current contract liabilities		
IC packaging and testing service	$ 65,329	$ 68,026
Manufacture of electronic products	21,858	9,853
	$ 87,187	$ 77,879

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 years ended December 31, 2023 and 2022, revenue recognised that was included in the contract liability balance at the beginning of the period amounted to $5,281 and $13,178, respectively.

(21) Interest income

	Year ended December 31	
	2023	2022
Interest income from bank deposits	$ 41,107	$ 10,576
Interest income from loans to others	-	525
Interest income from financial assets measured at amortised cost	5,028	1
	$ 46,135	$ 11,102

(22) Other income

	Year ended December 31	
	2023	2022
Service revenue	$ 9,996	$ 26,815
Rental revenue	6,385	7,235
Dividend income	118,745	54,660
Other income	40,260	77,338
	$ 175,386	$ 166,048

(23) Other gains and losses

	Year ended December 31	
	2023	2022
(Losses) gains on disposals of property, plant and equipment	($ 1,123)	$ 20,498
Impairment loss on property, plant and equipment	(4,451)	-
Gains on disposals of non-current assets held for sale	-	52,164
Net currency exchange (losses) gains	(43,505)	101,628
Gains on lease modification	1	1,894
Losses on financial assets at fair value through profit or loss	-	(1,261)
Others	8,393	(21,743)
	($ 40,685)	$ 153,180

(24) Finance costs

	Year ended December 31	
	2023	2022
Interest expense on borrowings from financial institutions	$ 15,339	$ 10,636
Interest expense on lease liability	2,615	3,156
Dividends on preference share liabilities	18,498	18,703
Others	7	4
	36,459	32,499
Less: Capitalisation of qualifying assets	(133)	(6,590)
	$ 36,326	$ 25,909

(25) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense	$ 4,283,191	$ 4,164,179
Depreciation charges on property, plant and equipment (Note)	926,781	1,084,515
Depreciation expense on right-of-use assets	20,949	27,563
Amortisation charges on intangible assets	48,362	26,739

Note: Including the amortisation of losses on sale and leaseback transactions to depreciation charges amounting to $0 and $30 for the years ended December 31, 2023 and 2022, respectively.

(26) Employee benefit expense

	Year ended December 31	
	2023	2022
Salary expenses	$ 3,516,858	$ 3,407,333
Labour and health insurance fees	356,809	337,433
Pension costs	133,857	139,197
Directors' remuneration	27,790	22,926
Compensation cost of employee restricted shares	-	6,986
Other personnel expenses	247,877	250,304
	$ 4,283,191	$ 4,164,179

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 10%~15% for employees' compensation and under 1% for remuneration to directors.

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

For the years ended December 31, 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 $249,200 and $197,500; as well as $24,910 and 19,740, respectively.

Employees' compensation of $197,500 and directors' 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. The compensation and remuneration had been distributed as of the reporting date.

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

(27) Income tax

A. Income tax expense

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the period	$ 414	$ 26,799
Prior year income tax (over) underestimation	(28,797)	91,874
Total current tax	(28,383)	118,673
Deferred tax:		
Origination and reversal of temporary differences	365,468	38,370
Origination and reversal of tax loss	-	162,592
Total deferred tax	365,468	200,962
Income tax expense	$ 337,085	$ 319,635

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

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	($ 14,964)	$ 24,092
Changes in fair value of financial assets at fair value through other comprehensive income	(1,318)	(90)
Currency translation differences	(10,563)	7,819
	($ 26,845)	$ 31,821

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 467,519	$ 372,629
Items adjusted in accordance with tax regulation	(43,689)	(20,548)
Temporary difference not recognised as deferred tax assets	6,247	(5,903)
Change in assessment of realisation of deferred tax assets	(64,195)	(40,936)
Prior year taxable loss not recognised as deferred tax assets	-	(71,532)
Effect from investment tax credits	-	(5,949)
Prior year income tax (over) underestimation	(28,797)	91,874
Income tax expense	$ 337,085	$ 319,635

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

	2023				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Translation differences	December 31
Deferred tax assets:					
- Temporary differences:					
Unrealised foreign exchange loss	$ 3,282	$ 8,144	$ -	$ -	$ 11,426
Allowance for inventory valuation losses	54,134	30,896	-	-	85,030
Investments accounted for using equity method	849,281	(861,701)	10,563	-	(1,857)
Impairment of assets	1,600	-	-	-	1,600
Net defined benefit liability - non-current	38,790	(16,487)	14,964	-	37,267
Reserve for unused compensated absence	7,622	314	-	-	7,936
Others	16,438	(7,346)	1,318	-	10,410
Unused tax losses	1,921	480,712	-	(32)	482,601
	$ 973,068	($ 365,468)	$ 26,845	($ 32)	$ 634,413

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

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

(1) The Company:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	$ 1,155,026	$ -	$ -	2027
2018	530,448	327,339	-	2028
2020	203,866	203,866	-	2030
2023	1,872,353	1,872,353	-	2033

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	$ 1,155,026	$ -	$ -	2027
2018	530,448	-	-	2028
2020	203,866	162,513	162,513	2030

(2) Foreign subsidiaries:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	$ 6,296	$ 6,296	$ 4,407	2024
2020	25,865	25,865	25,865	2025
2021	28,343	28,343	28,343	2026
2022	13,456	13,456	13,456	2027
2023	32,460	32,460	32,460	2028

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	$ 6,401	$ 6,401	$ 4,480	2024
2020	26,295	26,295	26,295	2025
2021	28,814	28,814	28,814	2026
2022	13,679	13,679	13,679	2027

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

	December 31, 2023	December 31, 2022
Deductible temporary difference	$ -	$ 1,261

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

(28) Earnings per share

	Year ended December 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	$ 1,881,210		
Less: Dividends on class C preferred shares	(401,576)		
Profit attributable to ordinary shareholders of the parent (Note)	$ 1,479,634	555,308	$ 2.66
Diluted earnings per share			
Profit attributable to the parent	$ 1,881,210	555,308	
Less: Dividends on class C preferred shares	(401,576)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	6,012	
Convertible preferred stock	401,576	180,180	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,881,210	741,500	$ 2.54

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 1,448,653		
Less: Dividends on class C preferred shares	(330,484)		
Profit attributable to ordinary shareholders of the parent (Note)	$ 1,118,169	553,895	$ 2.02
Diluted earnings per share			
Profit attributable to the parent	$ 1,448,653	553,895	
Less: Dividends on class C preferred shares	(330,484)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	12,636	
Employee restricted stock	-	1,474	
Convertible preferred stock	330,484	180,180	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,448,653	748,185	$ 1.94

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(17)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.

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31	
	2023	2022
Purchase of property, plant and equipment	$ 815,933	$ 908,962
Increase (decrease) in prepayments for business facilities	8,930	(146,574)
Add: Opening balance of payable on equipment (Note)	303,918	633,814
Less: Ending balance of payable on equipment (Note)	(269,709)	(303,918)
Cash paid during the period	$ 859,072	$ 1,092,284

Note : Shown as 'other payables'.

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

	Year ended December 31	
	2023	2022
Prepayments for business facilities transferred to prepayments	$ 2,200	$ 195
Prepayments for business facilities transferred to property, plant and equipment	$ 525,104	$ 792,559
Prepayments for business facilities transferred to intangible assets	$ 2,035	$ 140
Long-term borrowings, current portion	$ 107,054	$ -

(30) Changes in liabilities from financing activities

	January 1, 2023	Cash flows	Changes in foreign exchange rate	Others	December 31, 2023
Long-term borrowings	$ 1,148,962	$ 90,000	$ -	$ -	$ 1,238,962
Lease liabilities	161,310	(27,950)	-	500	133,860
Guarantee deposits received	39,864	(4,375)	(2)	-	35,487
Preference share liabilities	1,003,851	(999,999)	-	(3,852)	-

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

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 (Note 2)
Chipbond Technology Corporation (Chipbond)	Entities with significant influence to the Group
Phison Electronics Corp. (Phison)	Key management personnel (Note 3)

Note 1: In April 2022, the Company's Board of Directors resolved to dispose ATP Electronics Taiwan Inc. which was transferred to non-current assets held for sale, please refer to Note 6(11) for details. The Company sold all its equity interests in ATP in August to September 2022; therefore, it was no longer the Company's associate.

Note 2: The Group's investee, OSE PROPERTIES, INC., has dissolved and liquidated on July 31, 2023.

Note 3: This person was no 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

	Year ended December 31	
	2023	2022
Phison	$ -	$ 2,017,268
Associates	-	142,197
Entities with significant influence to the Group	400	953
	$ 400	$ 2,160,418

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

B. Purchases

	Year ended December 31	
	2023	2022
Key management personnel of the Group	$ -	$ 1,054
Entities with significant influence to the Group	2,942	1,853
Associates	-	654
	$ 2,942	$ 3,561

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

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
Entities with significant influence to the Group	$ 271	$ 399
Less: Loss allowance	(1)	-
	$ 270	$ 399

Receivables from related parties mainly arose from sales. The terms for receivables from sales are 30 days after monthly billings. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
Entities with significant influence to the Group	$ 1,474	$ 736
Other payables:		
Entities with significant influence to the Group	$ 19,781	$ 20,000

Payables to related parties pertain to purchase of materials and dividends on preference share liabilities. The payment terms are 30 days after monthly billings. The payables bear no interest.

E. Property transactions

(a)Acquisition of property, plant and equipment:

	Year ended December 31	
	2023	2022
Key management personnel of the Group	$ -	$ 360

(b)Disposal of property, plant and equipment:

	Year ended December 31			
	2023		2022	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
Entities with significant influence to the Group	$ -	$ -	$ 6,180	$ 6,149

F. Lease transactions－lessee

The Group leased land from OSE Properties, Inc. Rental contracts are made for periods from 1999 to 2049 and the rental is payable monthly based on mutual agreements. The contract was terminated since January 1, 2022 due to the sale of land by OSE Properties, Inc. Please refer to Note 6(23) for the related gain on lease modification.

G. Lease transactions－lessor

	Year ended December 31	
	2023	2022
Rental income:		
ATP	$ -	$ 2,838
Entities with significant influence to the Group	1,255	826
	$ 1,255	$ 3,664

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

H. Loans to/from related parties

Loans to PROPERTIES:

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

(b) Interest income for the year ended December 31, 2022 amounted to $525. For the year ended December 31, 2022, interest income was collected at 2.5% per annum.

I. Others

(a) The dividends from the entities with significant influence to the Group that the Group recognised for the years ended December 31, 2023 and 2022 were $118,745 and $54,660, respectively. In addition, details of the Company's class B preferred shares held by the entities with significant influence to the Group are provided in Notes 6(15) and (24).

(b) The Group disposed all shares of ATP Electronics Taiwan Inc. in September 2022, and some equity was repurchased as treasury stock by ATP Electronics Taiwan Inc. The transaction amount was $137,067, and the gain on disposal was $2,302. Information about the disposal is provided in Note 6(6).

(3) Key management compensation

	Year ended December 31	
	2023	2022
Short-term employee benefits	$ 92,304	$ 86,278
Post-employment benefits	594	617
Share-based payment	-	705
	$ 92,898	$ 87,600

8. Pledged Assets

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Property, plant and equipment			
- Buildings and structures	$ 724,158	$ 771,674	Credit line for long-term-borrowings
- Machinery and equipment	76,917	330,803	Credit line for long-term-borrowings
Guarantee deposits paid - time deposits	14,077	14,000	Customs guarantee or others
	$ 815,152	$ 1,116,477	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2023 and 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 notes of $0 and $400,000, respectively.

B. As of December 31, 2023 and 2022, the Company issued promissory notes of $7,618,276 and $8,017,920, respectively, as guarantees for bank loans.

C. As of December 31, 2023 and 2022, the Company issued promissory notes of $14,242 and $13,738, respectively, as guarantees for payments of raw materials and machineries purchased.

D. As of December 31, 2023 and 2022, the Group had letters of credit issued but not used amounting to US$0 thousand and US$112 thousand, respectively.

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 389,110	$ 201,515

F. Details of the commitments on financial terms under credit contracts with certain banks are provided in Note 6(13) B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None .

12. Others

(1) Capital management

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

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

	December 31, 2023	December 31, 2022
Total liabilities	$ 7,193,165	$ 7,196,008
Total assets	$ 18,467,008	$ 16,946,784
Gearing ratio	39%	42%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	$ 1,839,213	$ 1,021,427
Financial assets at amortised cost		
Cash and cash equivalents (excluding cash on hand)	$ 3,909,576	$ 3,945,629
Financial assets at amortised cost	-	245,600
Notes receivable	-	155
Accounts receivable (including related parties)	4,462,986	3,022,486
Other receivables	106,713	38,894
Guarantee deposits paid	36,603	17,098
	$ 8,515,878	$ 7,269,862
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable (including related parties)	$ 3,967,823	$ 3,043,151
Other payables (including related parties)	1,416,728	1,319,565
Long-term borrowings (including current portion)	1,238,962	1,148,962
Preference share liability	-	1,003,851
	$ 6,623,513	$ 6,515,529
Lease liability (including current and non-current)	$ 133,860	$ 161,310

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) The Group has established appropriate policies, procedures and internal controls in accordance with the relevant regulations to manage the aforementioned financial risks. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on the relevant regulations and internal control procedures. The Group complies with its financial risk management policies at all times.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.

ii. The Group's management hedges foreign exchange risk through natural hedges or derivative financial instruments (including forward foreign exchange contracts) to prevent decreases in value of assets denominated in foreign currencies and fluctuations in future cash flows. The use of these derivative financial instruments assists in decreasing the effect of foreign currency fluctuations but cannot eliminate the impact entirely. The Group's purpose to hold certain investments in foreign operations is for strategic investments; thus, the Group does not hedge those investments.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 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	$ 163,387	30.71	$ 5,017,615	1%	$ 50,176	$ -
JPY:NTD	734,289	0.2174	159,634	1%	1,596	-
Non-monetary items						
USD:NTD	19,539	30.71	600,028	1%	-	6,000
Financial liabilities						
Monetary items						
USD:NTD	87,670	30.71	2,692,346	1%	26,923	-
JPY:NTD	483,077	0.2174	105,021	1%	1,050	-

	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	30.7	$ 3,681,698	1%	$ 36,817	$ -
JPY:NTD	805,561	0.2325	187,293	1%	1,873	-
Non-monetary items						
USD:NTD	20,714	30.7	635,907	1%	-	6,359
Financial liabilities						
Monetary items						
USD:NTD	71,953	30.7	2,208,957	1%	22,090	-
JPY:NTD	580,962	0.2325	135,074	1%	1,351	-

iv. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to ($43,505) and $101,628, respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by $18,392 and $10,214, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's long-term borrowings are floating-rate debts; therefore, the effective interest rate of its long-term borrowings will vary according to changes in market interest rates. If the market interest rate had increased/decreased by 25 basis points with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $2,478 and $2,298, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the counterparties of financial instruments on the contract obligations. The Group is exposed to credit risk from its operating activities (mainly accounts receivable and notes receivable) and from its financing activities (mainly bank deposits and various financial instruments). The maximum exposure to aforementioned credit risk was the carrying amount of financial assets recognised in the consolidated balance sheet.

ii. Customer credit risk is managed by each business unit in accordance with the Group's policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

iii. As of December 31, 2023 and 2022, the amounts of accounts and notes receivable from top ten customers constitute 84% and 81%, respectively, of the Group's total accounts and notes receivable. The credit concentration risk of the remaining accounts and notes receivable is immaterial.

iv. The Group's treasury manages the credit risks of bank deposits and other financial instruments based on the Group's credit policy. Because the Group's counterparties are determined based on the Group's internal control, only banks and companies with good credit rating and with no significant default risk are accepted. Consequently, there is no significant credit risk.

v. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 90 days.

vi. The Group classifies customer's contract assets and notes and accounts receivable in accordance with credit rating of customer, geographic area and industry sector. The Group applies the simplified approach using a provision matrix to estimate the expected credit loss.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix classified by customers is as follows:

December 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)	$ 2,554,784	$ 264,292	$ 140,192	$ 2,426	$ 8,991	$ -	$ 2,970,685
Lifetime expected credit losses	(2,695)	(582)	(463)	(125)	(461)	-	(4,326)
Carrying amount	$ 2,552,089	$ 263,710	$ 139,729	$ 2,301	$ 8,530	$ -	$ 2,966,359
Loss ratio	0.11%	0.22%	0.33%	0.44%～5.15%	0.66%～5.15%	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	$ 1,782,381	$ 99,429	$ 26,208	$ 79	$ -	$ -	$ 1,908,097
Lifetime expected credit losses	(2,006)	(196)	(82)	-	-	-	(2,284)
Carrying amount	$ 1,780,375	$ 99,233	$ 26,126	$ 79	$ -	$ -	$ 1,905,813
Loss ratio	0.11%	0.22%	0.33%	0.44%	0.66%～8.33%	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%	

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 receivables are as follows:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 13,071	$ 5,521
Provision for impairment	-	7,548
Reversal of impairment loss	(6,458)	-
Effect of foreign exchange	(3)	2
At December 31	$ 6,610	$ 13,071

For provisioned loss for the years ended December 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. As of December 31, 2023 and 2022, the Group's total unused amounts of short-term borrowings was $3,557,550 and $4,274,122, respectively. The Group's total unused amounts of long-term borrowings was $4,850,000 and $3,459,038, respectively.

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

	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
December 31, 2023					
Non-derivative financial liabilities:					
Accounts payable (including related parties)	$ 3,967,823	$ -	$ -	$ -	$ 3,967,823
Other payables (including related parties)	1,416,728	-	-	-	1,416,728
Long-term borrowings (including current portion)	120,919	904,909	243,722	5,824	1,275,374
Lease liabilities	27,623	26,709	23,374	76,214	153,920

	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

(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, 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 December 31, 2023 and 2022 are as follows:

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

December 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	$1,835,191	$ -	$ 4,022	$ 1,839,213

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

(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 years ended December 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 years ended December 31, 2023 and 2022:

	2023	
	Derivative instrument	Non-derivative equity instrument
At January 1 and December 31	$ -	$ 10,613
Losses recognised in profit or loss	-	-
Losses recognised in other comprehensive income	-	(6,591)
At December 31	$ -	$ 4,022

	2022	
	Derivative instrument	Non-derivative equity instrument
At January 1	$ 1,261	$ 25,575
Losses recognised in profit or loss	(1,261)	-
Losses recognised in other comprehensive income	-	(14,962)
At December 31	$ -	$ 10,613

F. For the years ended December 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 December 31, 2023		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	$	4,022	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

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:

On December 31, 2023: There were no such transactions.

			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	$ -	$ -

13. Supplementary Disclosures

(1) Significant transactions information

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

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

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

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

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

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: Please refer to table 6.

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

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China):Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

(4) Major shareholders information

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

14. Segment Information

(1) General information

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

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

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

(2) Segment information

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

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

	Year ended December 31, 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	$ 11,061,692	$ 5,628,744	$ -	$ -	$ 16,690,436
Inter-segment revenue	-	98,253	-	(98,253)	-
Total revenue	$ 11,061,692	$ 5,726,997	$ -	($ 98,253)	$ 16,690,436
Segment income	$ 1,866,423	$ 219,030	$ 132,842	$ -	$ 2,218,295

	Year ended December 31, 2022				
	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	$ 9,972,295	$ 5,559,374	$ -	$ -	$ 15,531,669
Inter-segment revenue	-	182,226	-	(182,226)	-
Total revenue	$ 9,972,295	$ 5,741,600	$ -	($ 182,226)	$ 15,531,669
Segment income	$ 1,323,337	$ 388,929	$ 56,022	$ -	$ 1,768,288

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

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

(3) Reconciliation for segment income (loss)

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

(4) Information on products and services

Please refer to Note 6 (20) for the related information.

(5) Geographical information

Geographical information of the Group for the years ended December 31, 2023 and 2022 is as follows：

	Year ended December 31			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 6,511,979	$ 7,142,574	$ 7,165,815	$ 6,433,188
America	3,145,890	-	2,777,381	-
China	4,183,478	32,757	2,994,265	47,241
Others	2,849,089	-	2,594,208	1,158
	$ 16,690,436	$ 7,175,331	$ 15,531,669	$ 6,481,587

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31			
	2023		2022	
	Revenue	Segment	Revenue	Segment
Company A	$ 3,100,340	Semiconductor and electronic manufacturing services group	$ 2,746,441	Semiconductor and electronic manufacturing services group
Company B	3,050,510	Electronic manufacturing services group	3,027,400	Electronic manufacturing services group
Company C	2,088,048	Semiconductor and electronic manufacturing services group	2,334,387	Semiconductor and electronic manufacturing services group
	$ 8,238,898		$ 8,108,228	

Orient Semiconductor Electronics, Limited and Subsidiaries
Loans to others
Year ended December 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 year ended December 31, 2023	Balance at December 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 1)	Ceiling on total loans granted (Note 1)	Footnote
2	COREPLUS (HK) LIMITED	Value-Plus Technology (Suzhou) Co.	Other receivables due from related parties	Y	61,420 (USD 2,000)	61,420 (USD 2,000)	30,710 (USD 1,000)	-	Short-term financing	-	Short-term capital requirements for operating and business purposes	-	-	-	522,100 (USD 17,001)	522,100 (USD 17,001)	-

Note 1: In accordance with the Company's "Procedures for Provision of Loans", limit on loans to others is 40% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.
However, limit on loans to direct or indirect wholly-owned foreign subsidiaries of the Company is 200% of the Company's net asset. Limit on endorsements to a single party is 30% of the Company's net asset based on the latest audited or reviewed financial statements.

Orient Semiconductor Electronics, Limited and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 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	$ 3,382,152	$ 76,775 (USD 2,500)	$ 76,775 (USD 2,500)	$ 10,749 (USD 350)	$ -	0.68%	$ 11,273,843	Y	N	N	-

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

(1)The Company is ‘0’.

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

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

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

Orient Semiconductor Electronics, Limited and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 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	557	-	557	-
Orient Semiconductor Electronics,Limited	SCREENBEAM's stocks - preference share	None	Financial assets at fair value through other comprehensive income - non-current	2,352,941	3,465	-	3,465	-
Hua-Cheng Investment Co.	Chipbond Technology Corporation	Entity with significant influence	Financial assets at fair value through other comprehensive income - non-current	25,383,000	1,835,191	3.41%	1,835,191	-

Orient Semiconductor Electronics, Limited and Subsidiaries
Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2023		Addition		Disposal				Balance as at December 31, 2023	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount (Note)	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Orient Semiconductor Electronics, Limited	Hua-Cheng Investment Co., Ltd.	Investments accountd for using equity method	-	Subsidiary	138,993,437	$ 1,489,232	44,757,400	$ 940,075 (Note 1)	$ -	$ -	$ -	$ -	183,750,837	$ 2,429,307
Hua-Cheng Investment Co., Ltd.	Stocks - Chipbond Technology	Financial assets at fair value through other comprehensive income - non-current	-	-	17,610,000	1,010,814	7,773,000	824,377 (Note 2)	-	-	-	-	25,383,000	1,835,191

Note 1: In 2023, the Company newly invested $500,000 in Hua-Cheng Investment Co. and the additional investment included the investment income (loss) and other comprehensive income recognised in the period.
Note2: Addition for the period included the unrealised valuation adjustment at the balance sheet date amounting to $320,778.

Orient Semiconductor Electronics, Limited and Subsidiaries

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Orient Semiconductor Electronics, Limited	Buildings and structures	October 27, 2022	Note	Note	Note	None	N/A	N/A	N/A	N/A	Price comparison and negotiation	For production use	-

Note: On October 27, 2022, the Board of Director resolved to invest in the Diamond Area Renew Program of Nanzih Technology Industrial Park, with the expected investment amount of $2,793,000. The actual investment amount was accounted by the actual contract amount.
As of December 31, 2023, the contractor of some contracted work items is Verizon Construction & Engineering Limited Company, and the accumulated payments amounted to $148,800.

Orient Semiconductor Electronics, Limited and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Orient Semiconductor Electronics,Limited	COREPLUS (HK) LIMITED	Subsidiary	Purchases	$ 103,319	1.42%	60 days after monthly billings	-	-	$ 1,084	0.02%	Note 1

Note 1: The amount of purchases (sales) pertains to the amount after offsetting sales of raw materials by the Company to the subsidiary and purchases of processed finished goods by the Company from the subsidiary.
In addition, accounts payable at the end of the period pertain to the balance after offsetting accounts receivable and payable. These amounts were eliminated in the consolidated financial statements.

Orient Semiconductor Electronics, Limited and Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 7 | Expressed in thousands of NTD

Transactions amount between the parent company and subsidiaries or between subsidiaries reaching $10 million is provided below: | (Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Orient Semiconductor Electronics,Limited	OSE INTERNATIONAL LTD.	1	Other payables	$ 77,923	-	0.42%
1	COREPLUS (HK) LIMITED	Orient Semiconductor Electronics,Limited	2	Sales revenue	103,319	Same with general transaction terms	0.62%
1	COREPLUS (HK) LIMITED	Value-Plus Technology (Suzhou) Co.	3	Other receivables	30,710	-	0.17%
2	Value-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Sales revenue	84,068	Same with general transaction terms	0.50%
2	Value-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Accounts receivable	11,401	-	0.06%

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

(1) Parent company is ‘0’.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Orient Semiconductor Electronics, Limited and Subsidiaries

Information on investees

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 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	$ -	$ 3,971,119 (USD 129,375,408)	-	-	$ -	$ 28,848	$ 27,022	Note 1, 2, 4
Orient Semiconductor Electronics, Limited	OSE PROPERTIES, INC.	Philippines	(1) Sales of properties (2) Lease of properties (3) Other property-related business	-	9,384 (USD 305,559)	-	-	-	(904)	(362)	Note 2, 4
Orient Semiconductor Electronics, Limited	OSE INTERNATIONAL LTD.	British Virgin IS.	Investments of various manufacturing businesses	491,360 (USD 16,000,000)	491,360 (USD 16,000,000)	16,000,000	100%	339,007	13,131	13,131	Note 1, 4
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 3
Orient Semiconductor Electronics, Limited	COREPLUS (HK) LIMITED	Hong Kong	Procure to order and components assembly outsourcing	230,325 (USD 7,500,000)	230,325 (USD 7,500,000)	7,500,000	100%	261,021	(61,559)	(61,559)	Note 1, 4
Orient Semiconductor Electronics, Limited	HUA-CHENG INVESTMENT CO.	Taiwan	Reinvestments in various business	2,055,828	1,508,254	183,750,837	100%	2,429,307	119,297	119,297	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	-	153,500 (USD 5,000,000)	-	-	-	28,848	1,826	Note 1, 2, 4

Note 1: Inter-company transactions between companies within the Group are eliminated.

Note 2: The investee was dissolved and liquidated on July 31, 2023.

Note 3: The investee was abolished on March 8, 2007.

Note 4: Initial investment amount of the reinvestee which use foreign currencies to prepare financial statements is translated to NTD at the spot rate at the period end.

Orient Semiconductor Electronics, Limited and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net loss of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment loss recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
Value-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	165,482 (USD 5,388,522)	Investment and establishment in COREPLUS, and then reinvestment (2)	$ 158,328	$ -	$ -	$ 158,328	($ 42,331)	100%	($ 42,331)	$ 14,381	$ -	Note 3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 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	$ 6,764,305	Note 3

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

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

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

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

Orient Semiconductor Electronics, Limited and Subsidiaries

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

Year ended December 31, 2023

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

	Sale (purchase)		Service revenue		Accounts receivable (payable)		Other receivables		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Other
Value-Plus Technology (Suzhou) Co.	$ -	-	$ 84,068	100%	$ 11,401	100%	$ 554	96%	$ -	-	$ 61,420	$ 61,420	-	$ -	

Orient Semiconductor Electronics, Limited and Subsidiaries

Major shareholders information

December 31, 2023

Table 11

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

Note 1: Chipbond Technology Corporation held the Company's common shares and class C preferred shares without voting rights amounting to 163,995,498 shares and 180,180,000 shares, respectively, and totally held 344,175,498 shares.

Note 2: As of December 31, 2023, the issuance period of Class C preferred shares has not been fulfilled for 5 years, therefore, the shareholders of preferred shares have not implemented the conversion right. Information relating to issuance terms of the conversion right is provided in Note 6(17) E(e).

6.5 Parent Company Only Financial Statements and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying balance sheets of Orient Semiconductor Electronics, Ltd. (the "Company") as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Existence of sales revenue recognition of top 10 customers

Description

Please refer to Note 4(29) for accounting policies on revenue recognition and Note 6(19) for details of operating revenue account.

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

How our audit addressed the matter

Our audit procedures performed included the following:

1. Understood, assessed and tested the design and execution of internal control procedures of top 10 customers' sales revenue recognition.
2. Obtained the details of top 10 customers' details of sales revenue and sampled customers' orders, delivery bills, invoices and collection records.

3. Examined the content and related evidences of sales returns and discounts to top 10 customers after the balance sheet date.
4. Sampled and sent confirmations to inquire on the balance of accounts receivable. Performed reconciliation and alternative audit procedures on the confirmation replies.

Realisability of deferred tax assets

Description

Please refer to Note 4(27) of parent company only financial statements for details of accounting policies on the recognition of deferred income tax assets. As of December 31, 2023, the amount of the Company's deferred income tax assets was NTD632,524 thousand, please refer to Note 6(26) of parent company only financial statements for details.

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

How our audit addressed the matter

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

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

Other matter-Reference to the audits of other auditors

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

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

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

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

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

Auditors’ responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Wang, Kuo-Hua　　　　　　　　　Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan

February 7, 2024

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollar)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,913,570	16	$ 3,314,126	20
1140	Current contract assets	6(19)	409,186	2	272,248	2
1150	Notes receivable, net	6(3)	-	-	155	-
1170	Accounts receivable, net	6(3)	4,426,389	24	2,967,570	18
1180	Accounts receivable due from related parties, net	6(3) and 7	1,355	-	38,925	-
1200	Other receivables		118,882	1	38,975	-
1210	Other receivables due from related parties	7	1,781	-	1,865	-
1220	Current tax assets		3,194	-	-	-
130X	Current inventories	6(4)	1,483,440	8	1,559,517	9
1410	Prepayments		86,896	-	99,910	-
1479	Other current assets, others		28,692	-	20,969	-
11XX	**Current assets**		9,473,385	51	8,314,260	49
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	4,022	-	10,613	-
1550	Investments accounted for using equity method	6(5)	3,029,335	16	2,138,629	13
1600	Property, plant and equipment	6(6) and 8	5,049,224	27	5,173,917	31
1755	Right-of-use assets	6(7)	146,307	1	166,755	1
1780	Intangible assets	6(9)	80,415	1	47,163	-
1840	Deferred tax assets	6(26)	632,524	4	971,147	6
1915	Prepayments for business facilities		25,276	-	20,581	-
1920	Guarantee deposits paid	8	34,068	-	16,291	-
1990	Other non-current assets, others		2,138	-	1,501	-
15XX	**Non-current assets**		9,003,309	49	8,546,597	51
1XXX	**Current tax assets**		$ 18,476,694	100	$ 16,860,857	100

(Continued)

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollar)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(19)	$ 87,187	1	$ 77,872	1
2170	Accounts payable		3,925,757	21	2,920,733	17
2180	Accounts payable to related parties	7	1,494	-	855	-
2200	Other payables	6(11)	1,370,653	7	1,257,121	7
2220	Other payables to related parties	7	19,781	-	20,000	-
2230	Current tax liabilities		-	-	113,131	1
2250	Current provisions		46,477	-	14,439	-
2280	Current lease liabilities		25,400	-	27,958	-
2320	Long-term liabilities, current portion	6(12) and 8	107,054	1	-	-
2365	Current refund liabilities		4,481	-	21,068	-
2399	Other current liabilities, others	7	160,760	1	131,823	1
21XX	**Current liabilities**		5,749,044	31	4,585,000	27
	Non-current liabilities					
2540	Non-current portion of non-current borrowings	6(12) and 8	1,131,908	6	1,148,962	7
2580	Non-current lease liabilities		108,460	1	133,352	1
2635	Non-current preference share liabilities	6(14)	-	-	1,003,851	6
2640	Net defined benefit liability, non-current	6(13)	178,046	1	185,658	1
2645	Guarantee deposits received		35,393	-	39,768	-
2650	Credit balance of investments accounted for using equity method	6(5)	-	-	13,490	-
25XX	**Non-current liabilities**		1,453,807	8	2,525,081	15
2XXX	**Liabilities**		7,202,851	39	7,110,081	42
	Equity					
	Share capital	6(14)(16)				
3110	Ordinary share		5,553,083	30	5,553,299	33
3120	Preference share		1,801,800	10	1,801,800	11
	Capital surplus	6(17)				
3200	Capital surplus		238,387	1	238,171	1
	Retained earnings	6(18)				
3310	Legal reserve		346,070	2	192,241	1
3320	Special reserve		192,793	1	157,357	1
3350	Unappropriated retained earnings		3,007,624	16	2,000,701	12
	Other equity interest					
3400	Other equity interest		134,086	1	(192,793)	(1)
3XXX	**Equity**		11,273,843	61	9,750,776	58
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 18,476,694	100	$ 16,860,857	100

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31 2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(19) and 7	$ 16,468,033	100	$ 15,227,957	100
5000	Operating costs	6(4)(9)(24)(25) and 7	(13,124,547)	(80)	(12,721,360)	(83)
5900	Gross profit from operations		3,343,486	20	2,506,597	17
	Operating expenses	6(9)(24)(25)				
6100	Selling and administrative expenses		(823,290)	(5)	(706,379)	(5)
6300	Research and development expenses		(386,747)	(2)	(340,002)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	6,658	-	(7,827)	-
6000	Operating expenses		(1,203,379)	(7)	(1,054,208)	(7)
6500	Net other income (expenses)	6(7)	1	-	54	-
6900	Net operating income		2,140,108	13	1,452,443	10
	Non-operating income and expenses					
7100	Interest income	6(20)	32,203	-	11,942	-
7010	Other income	6(21) and 7	36,494	-	81,749	-
7020	Other gains and losses	6(22)	(52,127)	-	130,294	1
7050	Finance costs	6(23)	(36,326)	-	(25,820)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(5)	97,529	-	107,144	1
7000	Non-operating income and expenses		77,773	-	305,309	2
7900	**Profit before income tax**		2,217,881	13	1,757,752	12
7950	Income tax expense	6(26)	(336,671)	(2)	(309,099)	(2)
8200	**Profit for the year**		$ 1,881,210	11	$ 1,448,653	10
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	(Losses) gains on remeasurements of defined benefit plans	6(13)	($ 74,821)	-	$ 120,460	1
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(2)	(6,591)	-	(7,185)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(5)	320,778	2	(65,051)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	16,282	-	(24,002)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		255,648	2	24,222	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(5)	811	-	37,794	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(26)	10,563	-	(7,819)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		11,374	-	29,975	-
8300	**Other comprehensive income**		$ 267,022	2	$ 54,197	-
8500	**Total comprehensive income**		$ 2,148,232	13	$ 1,502,850	10
	Basic earnings per share	6(27)				
9750	Basic earnings per share		$	2.66	$	2.02
9850	Diluted earnings per share		$	2.54	$	1.94

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Share capital			Retained earnings			Other equity interest			
	Notes	Ordinary share	Preference share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on remeasurements of defined benefit plan	Total equity
Year ended December 31, 2022											
At January 1, 2022		$ 5,554,319	$ 1,801,800	$ 234,897	$ 53,719	$ 106,988	$ 1,385,221	($ 41,911)	($ 115,445)	($ 7,523)	$ 8,972,065
Profit for the year		-	-	-	-	-	1,448,653	-	-	-	1,448,653
Other comprehensive income (loss) for the year		-	-	-	-	-	96,368	29,975	(72,146)	-	54,197
Total comprehensive income (loss)		-	-	-	-	-	1,545,021	29,975	(72,146)	-	1,502,850
Distribution of 2021 earnings:	6(18)										
Legal reserve		-	-	-	138,522	-	(138,522)	-	-	-	-
Special reserve		-	-	-	-	50,369	(50,369)	-	-	-	-
Cash dividends		-	-	-	-	-	(733,916)	-	-	-	(733,916)
Share-based payment transactions	6(15)	(1,020)	-	483	-	-	-	-	-	7,523	6,986
Disposal of investments accounted for under the equity method		-	-	2,791	-	-	-	-	-	-	2,791
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(2)	-	-	-	-	-	(6,734)	-	6,734	-	-
At December 31, 2022		$ 5,553,299	$ 1,801,800	$ 238,171	$ 192,241	$ 157,357	$ 2,000,701	($ 11,936)	($ 180,857)	$ -	$ 9,750,776
Year ended December 31, 2023											
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 year		-	-	-	-	-	1,881,210	-	-	-	1,881,210
Other comprehensive (loss) income for the year		-	-	-	-	-	(59,857)	11,374	315,505	-	267,022
Total comprehensive income		-	-	-	-	-	1,821,353	11,374	315,505	-	2,148,232
Distribution of 2022 earnings:	6(18)										
Legal reserve		-	-	-	153,829	-	(153,829)	-	-	-	-
Special reserve		-	-	-	-	35,436	(35,436)	-	-	-	-
Cash dividends		-	-	-	-	-	(625,165)	-	-	-	(625,165)
Share-based payment transactions	6(15)	(216)	-	216	-	-	-	-	-	-	-
At December 31, 2023		$ 5,553,083	$ 1,801,800	$ 238,387	$ 346,070	$ 192,793	$ 3,007,624	($ 562)	$ 134,648	$ -	$ 11,273,843

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,217,881	$ 1,757,752
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(7)(24)	939,356	1,095,887
Amortization expense	6(9)(24)	48,235	26,554
(Gain) loss on expected credit impairment	12(2)	(6,658)	7,827
Losses on financial assets at fair value through profit or loss	6(22)	-	1,261
Interest expense	6(23)	36,326	25,820
Interest income	6(20)	(32,203)	(11,942)
Share-based payments	6(15)	-	6,986
Share of profit of associates and joint ventures accounted for using the equity method	6(5)	(97,529)	(107,144)
Gain on disposal of property, plant and equipment	6(22)	(885)	(20,501)
Property, plant and equipment transferred to expenses		4,320	-
Gain on disposal of non-current assets held for sale	6(22)	-	(6,700)
Scrapping inventory and loss on decline in market value	6(4)	154,477	19,577
Gain arising from lease modifications	6(7)	(1)	(278)
Reclassification of exchange differences on translation of foreign financial statements to foreign exchange gains		(507)	(2,957)
Other losses	6(22)	-	521
Gain on recovery of preference share liabilities	6(14)	(2,570)	-
Changes in operating assets and liabilities			
Changes in operating assets			
(Increase) decrease in contract assets		(136,938)	23,842
Decrease (increase) in notes receivable		155	(9)
Increase in accounts receivable		(1,452,155)	(128,227)
Decrease in accounts receivable due from related parties		37,564	434,566
(Increase) decrease in other receivables		(64,503)	16,809
Decrease in other receivables due from related parties		84	15,706
(Increase) decrease in current inventories		(78,400)	75,930
Decrease (increase) in other prepayments		15,214	(10,837)
Increase in other current assets, others		(7,705)	(7,795)
(Increase) decrease in other non-current assets -others		(637)	588
Changes in operating liabilities			
Increase (decrease) in contract liabilities		9,315	(10,279)
Increase (decrease) in accounts payable		1,005,024	(163,691)
Increase (decrease) in accounts payable to related parties		639	(184)
Increase (decrease) in other payables		147,581	(57,847)
Increase in current provisions		32,038	4,083
Increase (decrease) in other current liabilities		12,350	(5,378)
Decrease in net defined benefit liability		(82,433)	(181,082)
Cash inflow generated from operations		2,697,435	2,798,858
Interest received		32,286	9,568
Income tax refunded		-	4,994
Income tax paid		(87,527)	-
Net cash flows from operating activities		2,642,194	2,813,420

(Continued)

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from liquidation of financial assets at fair value through other comprehensive income	6(2)	$ -	$ 22,082
Decrease in current financial assets at amortised cost		-	11,465
Acquisition of investments accounted for using the equity method	6(5)	(500,000)	(1,209,920)
Acquisition of property, plant and equipment (including prepayment for equipment)	6(28)	(841,173)	(1,091,294)
Proceeds from disposal of property, plant and equipment		826	31,774
(Increase) decrease in refundable deposits		(17,777)	117,188
Decrease in long-term accounts receivable due from related parties		-	518,507
Acquisition of intangible assets	6(9)	(79,470)	(41,170)
Proceeds from disposal of non-current assets held for sale		-	290,005
Net cash flows used in investing activities		(1,437,594)	(1,351,363)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(29)	-	1,621,958
Decrease in short-term borrowings	6(29)	-	(1,911,958)
Decrease in short-term notes and bills payable	6(29)	-	(50,011)
Proceeds from long-term borrowings	6(29)	90,000	863,262
Repayments of long-term borrowings	6(29)	-	(362,694)
Proceeds from issuing preference share liabilities	6(14)(29)	(999,999)	-
Decrease in guarantee deposits received	6(29)	(4,375)	(17,156)
Payments of lease liabilities	6(29)	(27,950)	(28,203)
Interest paid		(37,667)	(27,446)
Cash dividends paid	6(18)	(625,165)	(733,916)
Net cash flows used in financing activities		(1,605,156)	(646,164)
Net (decrease) increase in cash and cash equivalents		(400,556)	815,893
Cash and cash equivalents at beginning of year		3,314,126	2,498,233
Cash and cash equivalents at end of year		$ 2,913,570	$ 3,314,126

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. History and Organisation

(1) Orient Semiconductor Electronics Limited (the "Company") was incorporated in Kaohsiung City in June 1971 under the provisions of the Company Act of the Republic of China (R.O.C.). The address of the Company's registered office is at No. 9, Central 3rd St., Nanzi Processing Export Zone, Kaohsiung City. The Company was primarily engaged in various types of integrated circuit, semiconductor components, computer motherboard, various types of electronic inventory, manufacture, combination, processing and export of computer and communication circuit board.

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

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

These financial statements were authorised for issuance by the Board of Directors on January 31, 2024.

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®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the 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
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards 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
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 21, 'Lack of exchangeability'	January 1, 2025

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

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

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of income within 'other gains and losses'.

B. Translation of foreign operations

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date; and

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date; and

(d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment.

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

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

(11) Leasing arrangements (lessor)－operating leases

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

(12) Inventories

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

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

A. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

E. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Non-current assets held for sale

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

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3~51 years
Machinery and equipment	3~ 7 years
Transportation equipment	3 ~ 5 years
Office equipment	3 ~ 6 years
Other equipment	2 ~ 7 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. The lease liability is at the present value of the lease payments that are not paid and shall be discounted using the Company's incremental borrowing rate at commencement date. The lease payments include fixed payments less any lease incentives receivable.

The lease liability is subsequently measured using an effective interest method on an amortised cost basis and the interest expense is allocated over the lease term. The amount of the remeasurement of the lease liability shall be recognised as an adjustment to the right-of-use asset if there are changes in the lease term or to the lease payments not arising from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

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

(b) Any lease payments made at or before the commencement date.

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

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

(17) Intangible assets

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

(18) Impairment of non-financial assets

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

(19) Borrowings

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

(20) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

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

(21) Preference share liability

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

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

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

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

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

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

(24) Provisions

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

(25) Employee benefits

A. Salaries and other short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

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

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

(26) Employee share-based payment

Employee restricted shares:

A. Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

B. Before satisfying the vested condition of restricted stocks which were issued by the Company, there was no right to appropriate earnings. Other options were the same as the issued common stocks of the Company (including but not limited to: capital reduction, dividend distribution from capital surplus), and equity interest from consolidation, split, share transference and other legal events.

C. For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem at no consideration and retire those stocks which were not vested.

(27) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(28) Share capital

Ordinary shares are classified as equity. The classification of preference shares is determined by assessing the particular rights attached to the preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments.Preference shares are classified as liabilities when they have the fundamental characteristic of financial liabilities (See Note 4(21)); otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(29) Revenue recognition

A. Package and test service

(a) The Company provides package and test of integrated circuit and related business. When performing a contract, the objective is to create or strengthen assets which were controlled by customers, thus, revenue was recognised over time, recognised as contract assets before the contract has been completed, and was transferred to accounts receivable when issuing bills. If the collected proceeds from sales exceeded the amount of recognised revenue, the difference was recognised as contract liabilities.

(b) As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

B. Manufacturing service of electronic products

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

(b) Sales revenue was recognised as contract price, a refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

C. The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision. As of the balance sheet date, the Company estimated probable warranty obligation and recognised liability provisions.

(30) Operating segments

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

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

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

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

Revenue recognition on a net/gross basis

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

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

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

B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

C. The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

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

On December 31, 2023, the carrying amount of the Company's inventories was $1,483,440.

B. Realisability of deferred tax assets

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

On December 31, 2023, the Group recognised deferred tax assets amounting to $632,524.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 120	$ 120
Checking accounts and demand deposits	2,575,640	2,724,546
Time deposits	337,810	589,460
	$ 2,913,570	$ 3,314,126

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

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

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Unlisted stocks	$ 4,022	$ 10,613

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $4,022 and $10,613 as at December 31, 2023 and 2022, respectively.

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

C. For the years ended December 31, 2023 and 2022, the Company has financial assets at fair value through other comprehensive income recognised in comprehensive income (loss) due to changes of fair value in the amounts of ($6,591) and ($7,185), respectively.

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

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

	December 31, 2023	December 31, 2022
Notes receivable	$ -	$ 155
Less: Loss allowance	-	-
	$ -	$ 155
Accounts receivable	$ 4,432,998	$ 2,980,843
Less: Loss allowance	(6,609)	(13,273)
	$ 4,426,389	$ 2,967,570
Accounts receivable due from related parties	$ 1,361	$ 38,925
Less: Loss allowance	(6)	-
	$ 1,355	$ 38,925

A. For details of the aging analysis of notes and accounts receivable which were based on the dates past due, please refer to Note 12(2).

B. As of December 31, 2023 and 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 $3,326,253.

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

D. As at December 31, 2023 and 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 Company's notes receivable were $0 and $155, and accounts receivable were $4,427,744 and $3,006,495, respectively.

(4) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 1,213,392	$ 1,323,509
Supplies	148,271	157,344
Work in progress	513,734	312,792
Finished goods	33,194	36,546
	1,908,591	1,830,191
Less: Allowance for valuation loss	(425,151)	(270,674)
	$ 1,483,440	$ 1,559,517

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

	Year ended December 31	
	2023	2022
Cost of goods sold	$ 12,994,866	$ 12,730,163
Scrapping inventory and loss on decline in market value	154,477	19,577
Others	(24,796)	(28,380)
	$ 13,124,547	$ 12,721,360

B. As of December 31, 2023 and 2022, the fire insurance amount of inventories were $14,204,854 and $15,068,842, respectively.

(5) Investments accounted for using equity method

	Year ended December 31	
	2023	2022
At January 1	$ 2,138,629	$ 1,136,804
Additions of investments accounted for using equity method	500,000	1,209,920
Disposal of investments accounted for using equity method	(15,487)	-
Earnings distribution of investments accounted for using equity method	97,529	107,144
Transfers to non-current assets held for sale	-	(257,959)
Changes in other equity interest	322,095	(24,300)
Others	59	66
	3,042,825	2,171,675
Add (Less): Credit balance of investments accounted for using equity method transferred to (reversed from) non-current liabilities	(13,490)	(33,046)
At December 31	$ 3,029,335	$ 2,138,629

	December 31, 2023		December 31, 2022	
	Amount	Shareholding ratio	Amount	Shareholding ratio
Subsidiaries:				
ORIENT SEMICONDUCTOR ELECTRONICS PHILIPPINES,INC. (OSEP)	$ -	-	($ 13,490)	93.67%
OSE INTERNATIONAL LTD.	339,007	100%	325,908	100%
COREPLUS (H.K.) LIMITED	261,021	100%	321,646	100%
HUA-CHENG INVESTMENT CO.	2,429,307	100%	1,489,232	100%
	$ 3,029,335		$ 2,123,296	
Add: Credit balance of investments accounted for using equity method transferred to non-current liabilities	-		13,490	
	3,029,335		2,136,786	
Associates				
OSE PROPERTIES, INC.	-	-	1,843	39.99%
SCS HIGHTECH INC.	-	18.17%	-	18.17%
	-		1,843	
	$ 3,029,335		$ 2,138,629	

A. Subsidiaries

(a) Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company’s subsidiaries.

(b) As of December 31, 2022, the Company continued to recognise losses of OSEP proportionate to its ownership, resulting in the credit balance of investments accounted for using equity method, which were transferred to non-current liabilities.

(c) OSEP has stopped operation in the fourth quarter of 2011 and was dissolved and liquidated on July 31, 2023.

(d) On October 25, 2023, the Board of Directors of OSE INTERNATIONAL LTD. resolved to discontinue operations and implement the deregistration. The related procedures are in progress.

B. Associates

(a) OSE PROPERTIES, INC. has been dissolved and liquidated on July 31, 2023.

(b) The carrying amount of the Company's investment in SCS HIGHTECH, INC. has been recognised as nil, and there is no further legal or constructive obligation to accrue additional losses. The company has been approved to nullify the registration in 2004 and is still pending liquidation.

(c) In April 2022, the Board of Directors of the Company resolved to dispose ATP Electronics Taiwan Inc. In June 2022, the Company signed a share transfer agreement to sell 9.57% of ownership for proceeds of $262,365, and all proceeds from the sale had been collected in accordance with the agreement and the equity settlement and transfer were completed in September 2022. Additionally, please refer to Note 6(12) for the details of the transfers to non-current assets held for sale.

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

(e) As of December 31, 2023 and 2022, the Company had no significant associate.

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

As of December 31, 2023 and 2022, the carrying amount of the Company's individually immaterial associates amounted to $0 and $1,843, respectively.

	Year ended December 31	
	2023	2022
(Loss) profit for the year	($ 362)	17,909
Other comprehensive income, net of tax	-	2,717
Total comprehensive (loss) income for the year	($ 362)	$ 20,626

(6) Property, plant and equipment

	December 31, 2023	December 31, 2022
Property, plant and equipment		
- Owner-occupied	$ 5,048,527	$ 5,173,087
- Operating leases	697	830
	$ 5,049,224	$ 5,173,917

A. Property, plant and equipment for self-use

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction equipment under acceptance	Total
Cost and revaluation increment:							
January 1, 2023	$ 7,083,750	$ 15,232,385	$ 40	$ 54,064	$ 399,079	$ 645,318	$ 23,414,636
Additions	-	-	-	-	-	798,034	798,034
Disposals	(7,019)	(36,341)	-	-	(28,116)	-	(71,476)
Transfer	273,337	733,332	-	998	8,703	(1,020,690)	(4,320)
December 31, 2023	$ 7,350,068	$ 15,929,376	$ 40	$ 55,062	$ 379,666	$ 422,662	$ 24,136,874
Depreciation and impairment:							
January 1, 2023	$ 4,920,862	$ 12,932,212	$ 40	$ 54,064	$ 334,371	$ -	$ 18,241,549
Depreciation expense	152,032	747,967	-	-	18,275	-	918,274
Disposals	(7,019)	(36,341)	-	-	(28,116)	-	(71,476)
Transfer	-	-	-	-	-	-	-
December 31, 2023	$ 5,065,875	$ 13,643,838	$ 40	$ 54,064	$ 324,530	$ -	$ 19,088,347

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction equipment under acceptance	Total
Cost and revaluation increment:							
January 1, 2022	$ 7,031,115	$ 14,414,955	$ 1,087	$ 54,064	$ 359,079	$ 926,643	$ 22,786,943
Additions	-	-	-	-	-	907,972	907,972
Disposals	(28,720)	(240,964)	(1,047)	-	(9,548)	-	(280,279)
Transfer	81,355	1,058,394	-	-	49,548	(1,189,297)	-
December 31, 2022	$ 7,083,750	$ 15,232,385	$ 40	$ 54,064	$ 399,079	$ 645,318	$ 23,414,636
Depreciation and impairment:							
January 1, 2022	$ 4,809,885	$ 12,243,508	$ 1,077	$ 54,064	$ 330,320	$ -	$ 17,438,854
Depreciation expense	131,868	928,666	5	-	13,596	-	1,074,135
Disposals	(20,891)	(239,962)	(1,042)	-	(9,545)	-	(271,440)
Transfer	-	-	-	-	-	-	-
December 31, 2022	$ 4,920,862	$ 12,932,212	$ 40	$ 54,064	$ 334,371	$ -	$ 18,241,549
Carrying amount, net:							
December 31, 2023	$ 2,284,193	$ 2,285,538	$ -	$ 998	$ 55,136	$ 422,662	$ 5,048,527
December 31, 2022	$ 2,162,888	$ 2,300,173	$ -	$ -	$ 64,708	$ 645,318	$ 5,173,087

B. Property, plant and equipment for operating lease

	Buildings and structures	
	2023	2022
Cost:		
January 1 and December 31, 2023	$ 10,721	$ 10,721
Depreciation:		
At January 1	$ 9,891	$ 9,758
Additions	133	133
At December 31	$ 10,024	$ 9,891
Carrying amount, net:	$ 697	$ 830

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

	Year ended December 31	
	2023	2022
Amount capitalised	$ 133	$ 6,590
Range of the interest rates for capitalisation	1.775%	0.89%～1.28%

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

E. As of December 31, 2023 and 2022, the insured amount of fire insurance of property, plant and equipment were $10,413,177 and $10,015,334, respectively.

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

(7) Leasing arrangements－lessee

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

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 113,820	$ 125,250
Machinery and equipment	27,932	33,711
Transportation equipment	4,555	7,794
	$ 146,307	$ 166,755

	Year ended December 31	
	2023	2022
	Depreciation expense	Depreciation expense
Land	$ 11,430	$ 12,309
Machinery and equipment	5,779	5,779
Transportation equipment	3,740	3,501
	$ 20,949	$ 21,589

C. For the years ended December 31, 2023 and 2022, the Company has increases in right-of-use assets of $796 and $7,176, respectively.

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

	Year ended Decmeber 31	
Items affecting profit or loss	2023	2022
Interest expense on lease liabilities	$ 2,615	$ 3,099
Expense on short-term lease contracts	2,288	2,116
Expense on leases of low-value assets	3,338	2,964
(Excluding expense on leases of low-value assets of short-term lease)		
Gains arising from lease modifications (shown as 'other income and expenses - net')	1	278

E. For the years ended December 31, 2023 and 2022, the total amount of the Company's cash outflow from leasing were $36,191 and $36,382, respectively.

(8) Leasing arrangements - lessor

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

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

	Year ended Decmeber 31	
	2023	2022
Fixed lease payments and related income from variable lease payments determined by indexes or rates:	$ 6,385	$ 7,235

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2023	December 31, 2022
Within 1 year	$ 4,025	$ 5,124
Later than one year but not later than two years	729	3,919
Later than two years but not later than three years	703	729
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	2,226	2,929
	$ 9,089	$ 14,107

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

(9) Intangible assets

	Computer software	
	2023	2022
Cost		
At January 1	$ 473,276	$ 431,980
Additions－acquired separately	79,470	41,170
Reclassifications	2,017	126
At December 31	$ 554,763	$ 473,276
Accumulated amortisation		
At January 1	$ 426,113	$ 399,559
Amortisation charge	48,235	26,554
At December 31	$ 474,348	$ 426,113
Book value	$ 80,415	$ 47,163

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

	Year ended December 31	
	2023	2022
Operating costs	$ 21,017	$ 14,544
Administrative expenses	$ 19,799	$ 5,846
Research and development expenses	$ 7,419	$ 6,164

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

(10) Non-current assets held for sale

A. The assets related to certain plants located in Kaohsiung Nanzih Technology Industrial Park have been reclassified as disposal group held for sale following the approval of the Company's Board of Directors to sell the plants for cooperating with the Land Redevelopment Project of Technology Industrial Park Administration. The transaction and ownership transfer are expected be completed within a year. As of January 1, 2022, the assets of disposal group held for sale amounted to $136,137, and there were no related liabilities. The Company collected the full amount of the consideration for the sale of the plant in July 2022 and completed the related procedures.

B. The Board of Directors of the Company resolved to dispose all shares of ATP Electronics Taiwan Inc. held by the Company in April 2022. The transaction was expected to be completed and settled within a year. Therefore, the Company transferred related assets to disposal group held for sale. The assets of the disposal group held for sale as at September 30, 2022 amounted to $257,959 and there were no related liabilities. The Company collected the full amount of the consideration for the disposal of the shares in September 2022 and completed the related procedures.

C. No impairment loss incurred as a result of the remeasurement of the aforementioned disposal group held for sale at the lower of its carrying amount or fair value less costs to sell.

(11) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	$ 562,950	$ 496,867
Pension payable	40,341	38,321
Employees' compensation and directors'remuneration payable	277,777	221,988
Payables for machinery and equipment	269,709	303,918
Utilities expense payable	43,061	34,418
Compensation payable	2,073	17,193
Insurance premiums payable	89,165	78,454
Employment Stability Fund payable	16,411	15,125
Other payables	69,166	50,837
	$ 1,370,653	$ 1,257,121

(12) Long-term borrowings

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Unsecured borrowings	Borrowing period is from August 2021 to September 2030; interest is repayable monthly; principal is repayable periodically.	1.35%~1.775% (Note)	None	$ 1,238,962
Less: Current portion				(107,054)
				$ 1,131,908

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

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

A. For the years ended December 31, 2023 and 2022, the amounts of interest expense recognised in profit or loss were $15,331 and $6,834, respectively.

B. Under the credit contract with certain banks, the Company is required to review financial ratios or values such as current ratio, net tangible assets, interest coverage ratio, and debt ratio in the latest consolidated financial statements at certain times during the credit period. As of the reporting date, the Company did not violate any of the related financial conditions.

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

(13) Pensions

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

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 958,189	$ 956,158
Fair value of plan assets	(780,143)	(770,500)
Net defined benefit liability	$ 178,046	$ 185,658

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 956,158	($ 770,500)	$ 185,658
Current service cost	4,937	-	4,937
Interest expense (income)	10,900	(8,783)	2,117
	971,995	(779,283)	192,712
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(4,392)	(4,392)
Change in financial assumptions	-	-	-
Experience adjustments	79,213	-	79,213
	79,213	(4,392)	74,821
Pension fund contribution	-	(89,487)	(89,487)
Paid pension	(93,019)	93,019	-
At December 31	$ 958,189	($ 780,143)	$ 178,046

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

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31	
	2023	2022
Discount rate	1.14%	1.14%
Future salary increases	1.00%	1.00%

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

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 19,835)	$ 21,945	$ 21,863	($ 19,955)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 20,390)	$ 22,439	$ 22,355	($ 20,513)

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

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

(f) The Company expects to pay contributions for the pension plan in the amount of $45,529 in the succeeding one year.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 4 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 828,613
1-2 year(s)	100,753
2-5 years	13,158
Over 5 years	93,204
	$ 1,035,728

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

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were $120,870 and $120,937, respectively.

(14) Preference share liability

On December 31, 2023: There were no such transactions.

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

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 years ended December 31, 2023 and 2022, the amount of interest expense which was estimated by annual rate and amortised based on interest method were $18,498 and $18,703, respectively.

B. As of December 31, 2022, the value of preference share returned all amounted to $0. Refer to Note 6(22) 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 Company 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 were no earnings or earnings were not sufficient to be appropriated to class B preferred shares, the distributable earnings shall be appropriated to class B preferred shares. The dividend deficiency shall be made up in a profitable year or quarter subsequently in the first priority.

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

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

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

(e) Class B preferred shares were not promised to be transferred to common share.

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

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

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

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

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

(k) Class B preferred shares will not be listed in the issuance period.

D. On October 25, 2023, the Board of Directors resolved that the Company's class B preferred shares, which was issued on December 21, 2023, on the day after 3 years of the issuance date, may be withdrawn at the actual issuance price in cash at any time in accordance with the Company's Articles of Incorporation. On December 27, 2023, the Company repurchased shares at a repurchase price of $11.1 per share and decreased capital by cancelling 90,090 thousand, and the total amount was $999,999. Accordingly, the Company recognised a gain on recovery of preference share liabilities amounting to $2,570, which was shown as other income. The record date for the capital reduction was set on December 27, 2023, and the registration was completed on January 11, 2024.

(15) Share-based payment

A. For the year ended December 31, 2023: There were no such transactions.

B. For the year ended December 31, 2022, the Company's share-based payment arrangements were as follows:

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

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

(a) After employees obtain employee restricted shares, starting from the effective date of capital increase, if employees are on-the-job when the vested period has expired, also, meet certain standard of annual individual performance assessment and comply with regulation, did not violate service contract of the Company, working rules and be punished, the employees can achieve vested conditions.

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

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

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

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

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

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

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

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

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

Note: For the restricted shares which were called back by the Company during the year ended December 31, 2022, 22 thousand shares have not yet completed the registration of cancellation as of December 31, 2022.

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

E. For the year ended December 31, 2022, the Company recognised expenses due to share-based payments transaction in the amount of $6,986.

(16) Share capital

A. On December 31, 2023, the Company's authorised capital was $20,000,000, consisting of 2,000,000 thousand shares (including the number of option certificate which can be purchased), and will be issued in several times. The shares which were not issued can be issued in common shares and preference shares in several times based on the Company's business requirement, 90,000 thousand shares will be retained for option certificates. As of December 31, 2023, the Company's paid-in capital was $7,354,883, consisting of 555,308 thousand common shares, and 180,180 thousand class C preferred shares in private placement, with a par value of $10 per share. All proceeds from shares issued have been collected. The Company's outstanding number of preference shares in the beginning and ending of the year were the same.

Note: Details of the registration of changes in the Company's paid-in capital due to the recovery of class B preferred shares are provided in Note 6(14) D.

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 year	22	15
Restricted shares not yet vested at the beginning of the year	-	1,681
Shares issued at January 1	555,330	555,432
Cancellation of employee restricted shares	(22)	(102)
Restricted shares called back but not yet cancelled at the end of the year	-	(22)
At December 31	$ 555,308	$ 555,308

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(14).

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

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

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

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

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

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

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

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

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

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

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

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

F. On June 9, 2023, the shareholders 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, has been applied for effectiveness through FSC on August 25, 2023. The related processes are still ongoing.

(17) Capital surplus

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

	December 31, 2023	December 31, 2022
Premium on issuance of common shares	$ 17,417	$ 17,417
Share premium on preferred share	198,198	198,198
Changes in ownership interests in subsidiaries	5,832	5,832
Difference between consideration and carrying amount of subsidiaries acquired or disposed	16,940	16,940
Employee restricted shares	-	(216)
	$ 238,387	$ 238,171

(18) 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. The aforementioned regulation had been revoked by the shareholders at their meeting on June 9, 2023.

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. On June 9, 2023, the shareholders resolved 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 Article 228-1 and paragraph 5 of Article 240 of the Company Act.

C. The industry environment of the Company is constantly changing and the enterprise is in the growth stage of its life cycle. Considering the Company's capital requirement in the future and long-term financial plan and satisfying shareholders' demand of cash inflow, the expected appropriation amount in the current year shall not be lower than 10% of accumulated distributable amount. However, if the accumulated distributable earnings is lower than 1% of paid-in capital, the earnings cannot be appropriated, and the cash dividend shall not be lower than 10% of total dividend.

D. According to Company Act, the distribution to legal reserve shall continue until the total amount equals to total capital. Legal reserve is used to offset accumulated deficits. If the Company has no deficits, 25% of the part of legal reserve exceeding the paid-in capital can be used to issue new stocks or cash to shareholders in proportion to their share ownership.

E. Following the adoption of TIFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance: On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that a company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

F. On June 9, 2023, the shareholders 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 stock dividend of 0.85 per share. The total dividends amounted to $153,153.

G. On June 10, 2022, the shareholders resolved the earnings appropriation for the year ended December 31, 2021 with a common share dividend of 1 per share and the total amount was $553,736; and with Class C preferred stock dividend of 1 per share. The total dividends amounted to $180,180.

(19) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers		
IC packaging and testing service revenue	$ 11,016,833	$ 9,901,937
Electronics manufacturing service revenue	5,304,745	5,187,624
Other operating revenue	146,455	138,396
	$ 16,468,033	$ 15,227,957

A. Disaggregation of revenue from contracts with customers

Year ended December 31, 2023	Semiconductor Group	EMS Group	Total
IC packaging and testing service revenue	$ 11,016,833	$ -	$ 11,016,833
Manufacture of electronic products	-	5,304,745	5,304,745
Other	44,859	101,596	146,455
	$ 11,061,692	$ 5,406,341	$ 16,468,033
Timing of revenue recognition:			
Over time	$ 11,016,833	$ -	$ 11,016,833
At a point in time	44,859	5,406,341	5,451,200
	$ 11,061,692	$ 5,406,341	$ 16,468,033

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

B. Contract assets and liabilities

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

	December 31, 2023	December 31, 2022
Current contract assets		
IC packaging and testing service	$ 409,186	$ 272,248
Current contract liabilities		
IC packaging and testing service	$ 65,329	$ 68,026
Manufacture of electronic products	21,858	9,846
	$ 87,187	$ 77,872

Note: As of January 1, 2022, the Company recognised current contract liabilities in the amount of $88,151.

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

(c) For the years ended December 31, 2023 and 2022, revenue recognised that was included in the contract liability balance at the beginning of the period amounted to $5,274 and $12,365, respectively.

(20) Interest income

	Year ended December 31	
	2023	2022
Interest income from bank deposits	$ 32,203	$ 9,862
Interest income from loans to others	-	2,079
Interest income from financial assets measured at amortised cost	-	1
	$ 32,203	$ 11,942

(21) Other income

	Year ended December 31	
	2023	2022
Service revenue	$ 9,996	$ 26,815
Rental revenue	6,385	7,235
Other income	20,113	47,699
	$ 36,494	$ 81,749

(22) Other gains and losses

	Year ended December 31	
	2023	2022
Gains on disposals of property, plant and equipment	$ 885	$ 20,501
Gains on disposals of non-current assets held for sale	-	6,700
Net currency exchange (losses) gains	(44,514)	104,875
Losses on financial assets at fair value through profit or loss	-	(1,261)
Others	(8,498)	(521)
	($ 52,127)	$ 130,294

(23) Finance costs

	Year ended December 31	
	2023	2022
Interest expense on borrowings from financial institutions	$ 15,339	$ 10,604
Interest expense on lease liability	2,615	3,099
Dividends on preference share liabilities	18,498	18,703
Others	7	4
	36,459	32,410
Less: Capitalisation of qualifying assets	(133)	(6,590)
	$ 36,326	$ 25,820

(24) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense	$ 4,219,212	$ 4,069,126
Depreciation charges on property, plant and equipment (Note)	918,407	1,074,298
Depreciation expense on right-of-use assets	20,949	21,589
Amortisation charges on intangible assets	48,235	26,554

Note: Including the amortisation of losses on sale and leaseback transactions to depreciation charges amounting to $0 and $30 for the years ended December 31, 2023 and 2022, respectively.

(25) Employee benefit expense

	Year ended December 31	
	2023	2022
Salary expenses	$ 3,464,307	$ 3,329,415
Labour and health insurance fees	354,110	333,762
Pension costs	127,924	130,250
Directors' remuneration	27,790	22,926
Employee restricted shares	-	6,986
Other personnel expenses	245,081	245,787
	$ 4,219,212	$ 4,069,126

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 10%~15% for employee's compensation and under 1% for remuneration to directors.

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

For the years ended December 31, 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 $249,200 and $197,500; as well as $24,910 and $19,740, respectively.

Employees' compensation of $197,500 and directors' 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. The compensation and remuneration had been distributed as of the reporting date.

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

(26) <u>Income tax</u>

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the period	$ -	$ 16,263
Prior year income tax underestimation	(28,797)	91,874
Total current tax	(28,797)	108,137
Deferred tax:		
Origination and reversal of temporary differences	365,468	38,370
Origination and reversal of tax loss	-	162,592
Total deferred tax	365,468	200,962
Income tax expense	$ 336,671	$ 309,099

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

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	($ 14,964)	$ 24,092
Changes in fair value of financial assets at fair value through other comprehensive income	(1,318)	(90)
Currency translation differences	(10,563)	7,819
	($ 26,845)	$ 31,821

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 443,576	$ 351,550
Items adjusted in accordance with tax regulation	(20,160)	(10,005)
Temporary difference not recognised as deferred tax assets	6,247	(5,903)
Change in assessment of realisation of deferred tax assets	(64,195)	(40,936)
Prior year taxable loss not recognised as deferred tax assets	-	(71,532)
Effect from investment tax credits	-	(5,949)
Prior year income tax (over) underestimation	(28,797)	91,874
Income tax expense	$ 336,671	$ 309,099

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unrealised foreign exchange loss	$ 3,282	$ 8,144	$ -	$ 11,426
Allowance for inventory valuation losses	54,134	30,896	-	85,030
Investments accounted for using equity method	849,281	(861,701)	10,563	(1,857)
Impairment of assets	1,600	-	-	1,600
Net defined benefit liability - non-current	38,790	(16,487)	14,964	37,267
Reserve for unused compensated absence	7,622	314	-	7,936
Others	16,438	(7,346)	1,318	10,410
Unused tax losses	-	480,712	-	480,712
	$ 971,147	($ 365,468)	$ 26,845	$ 632,524

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unrealised foreign exchange loss	$ 750	$ 2,532	$ -	$ 3,282
Allowance for inventory valuation losses	59,257	(5,123)	-	54,134
Investments accounted for using equity method	859,100	(2,000)	(7,819)	849,281
Impairment of assets	2,100	(500)	-	1,600
Net defined benefit liability - non-current	99,098	(36,216)	(24,092)	38,790
Reserve for unused compensated absence	6,634	988	-	7,622
Others	14,399	1,949	90	16,438
Unused tax losses	162,592	(162,592)	-	-
	$ 1,203,930	($ 200,962)	($ 31,821)	$ 971,147

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

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	$ 1,155,026	$ -	$ -	2027
2018	530,448	327,339	-	2028
2020	203,866	203,866	-	2030
2023	1,872,353	1,872,353	-	2033

	December 31, 2022			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	$ 1,155,026	$ -	$ -	2027
2018	530,448	-	-	2028
2020	203,866	162,513	162,513	2030

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

	December 31, 2023	December 31, 2022
Deductible temporary difference	$ -	$ 1,261

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

(27) Earnings per share

	Year ended December 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	$ 1,881,210		
Less: Dividends on class C preferred shares	(401,576)		
Profit attributable to ordinary shareholders of the parent (Note)	$ 1,479,634	555,308	$ 2.66
Diluted earnings per share			
Profit attributable to the parent	$ 1,881,210	555,308	
Less: Dividends on class C preferred shares	(401,576)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	6,012	
Convertible preferred stock	401,576	180,180	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,881,210	741,500	$ 2.54

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 1,448,653		
Less: Dividends on class C preferred shares	(330,484)		
Profit attributable to ordinary shareholders of the parent (Note)	$ 1,118,169	553,895	$ 2.02
Diluted earnings per share			
Profit attributable to the parent	$ 1,448,653	553,895	
Less: Dividends on class C preferred shares	(330,484)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	12,636	
Employee restricted stock	-	1,474	
Convertible preferred stock	330,484	180,180	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,448,653	748,185	$ 1.94

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(16)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.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31	
	2023	2022
Purchase of property, plant and equipment	$ 798,034	$ 907,972
Increase (decrease) in prepayments for business facilities	8,930	(146,574)
Add: Opening balance of payable on equipment (Note)	303,918	633,814
Less: Ending balance of payable on equipment (Note)	(269,709)	(303,918)
Cash paid during the year	$ 841,173	$ 1,091,294

Note : Shown as 'other payables'.

B. Financing activities with no cash flow effects：

	Year ended December 31	
	2023	2022
Prepayments for business facilities transferred to prepayments	$ 2,200	$ 195
Prepayments for business facilities transferred to property, plant and equipment	$ 525,104	$ 792,559
Prepayments for business facilities transferred to intangible assets	$ 2,035	$ 140
Long-term borrowings, current portion	$ 107,054	$ -

(29) Changes in liabilities from financing activities

	January 1, 2023	Cash flows	Others	December 31, 2023
Long-term borrowings	$ 1,148,962	$ 90,000	$ -	$ 1,238,962
Lease liabilities	161,310	(27,950)	500	133,860
Guarantee deposits received	39,768	(4,375)	-	35,393
Preference share liabilities	1,003,851	(999,999)	(3,852)	-

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

7. Related Party Transactions

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

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

Note 1: The entity was dissolved and liquidated on July 31, 2023.

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

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

(2) Significant related party transactions

A. Sales

	Year ended December 31	
	2023	2022
Phison	$ -	$ 2,017,268
Associate	-	142,197
Entities with significant influence to the Company	400	953
	$ 400	$ 2,160,418

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

B. Purchases

	Year ended December 31	
	2023	2022
COREPLUS	$ 103,319	$ 177,473
Key management personnel of the Company	-	1,054
Entities with significant influence to the Company	2,942	1,853
Associates	-	654
	$ 106,261	$ 181,034

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

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
COREPLUS	$ 1,090	$ 38,526
Entities with significant influence to the Company	271	399
	1,361	38,925
Less: Allowance for uncollectible accounts	(6)	-
	$ 1,355	$ 38,925
Other receivables:		
VALUEPLUS	$ 1,781	$ 1,865

Receivables from related parties mainly arose from sales and service revenue. The terms for receivables from sales are 30~60 days after delivery or 30 days after monthly billings. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
VALUEPLUS	$ 20	$ 119
Entities with significant influence to the Company	1,474	736
	$ 1,494	$ 855
Other payables:		
Entities with significant influence to the Company	$ 19,781	$ 20,000

Payables to related parties pertain to purchase of materials and dividends on preference share liabilities. The payment terms are 30~60 days after monthly billings. The payables bear no interest.

E. Property transactions

(a) Acquisition of property, plant and equipment:

	Year ended December 31	
	2023	2022
Key management personnel of the Company	$ -	$ 360

(b) Disposal of property, plant and equipment:

	Year ended December 31			
	2023		2022	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Entities with significant influence to the Company	$ -	$ -	$ 6,180	$ 6,149

F. Lease transactions－lessee

	Year ended December 31	
	2023	2022
Rental income		
ATP	$ -	$ 2,838
Entities with significant influence to the Company	1,255	826
	$ 1,255	$ 3,664

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

G. Endorsements and guarantees

Endorsements and guarantees provided by the Company to related parties

	December 31, 2023	December 31, 2022
COREPLUS	$ 76,775	$ 76,750

Note 1: The amounts were translated from USD into NTD at exchange rates of USD 1 : NTD 30.71 and USD 1 : NTD 30.70 as of the date of 2023 and 2022 financial statements, respectively.

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

Note 3: As of December 31, 2023 and 2022, the actual amounts drawn down by the subsidiaries, which were endorsed and guaranteed by the Company, were $10,749 and $10,745 respectively.

H. Loans to/from related parties

(a) On October 27, 2022, the Board of Directors of the Company approved the debt waive of the company against the subsidiary OSE PHILIPPINES, INC. amounting to $34,864. As of December 31, 2022, interest income recognised in other receivables was nil.

(b) For year ended December 31, 2022, the Company collected interest income arising from loans to others at 1.8% per annum amounting to $2,079.

I. Others

(a) The Company collects cash dividends and pays service fees on behalf of BVI. As of December 31, 2023 and 2022, the net amounts of collections and payments made on behalf of BVI were $77,923 and $77,953, respectively, recorded as other current liabilities.

(b) Details of transactions of the Company's class B preferred shares held by an entity with significant influence to the Company are provided in Notes 6(14) and (23).

(c) The Company sold all its equity interests in ATP in August 2022, some of which were purchased by ATP as treasury shares at a transaction price of $137,067, resulting in a gain on disposal of $2,302. Details of the disposal are provided in Note 6(5).

(d) For the years ended December 31, 2023 and 2022, the Company increased its capital in the wholly owned subsidiary, Hua-Cheng, in the amounts of $500,000 and $1,209,920, respectively.

(3) Key management compensation

	Year ended December 31			
	2023		2022	
Salaries and other short-term employee benefits	$	92,304	$	86,278
Post-employment benefits		594		617
Share-based payment		-		705
	$	92,898	$	87,600

8. Pledged Assets

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

	Book value				
Pledged asset	December 31, 2023		December 31, 2022		Purpose
Property, plant and equipment					
- Buildings and structures	$	724,158	$	771,674	Credit line for long-term borrowings
- Machinery and equipment		76,917		330,803	Credit line for long-term borrowings
Guarantee deposits paid - time deposits		14,077		14,000	Customs guarantee or others
	$	815,152	$	1,116,477	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2023 and 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 $0 and $400,000, respectively.

B. As of December 31, 2023 and 2022, the Company issued promissory notes of $7,618,276 and $8,017,920, respectively, as guarantees for bank loans.

C. As of December 31, 2023 and 2022, the Company issued promissory notes of $14,242 and $13,738, respectively, as guarantees for payments of raw materials and machineries purchased.

D. As of December 31, 2023 and 2022, the Company had letters of credit issued but not used amounting to US$0 thousand and US$112 thousand, respectively.

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 389,110	$ 201,515

F. Details of the commitments on financial terms under credit contracts with certain banks are provided in Note 6(12) B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

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

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

	December 31, 2023	December 31, 2022
Total liabilities	$ 7,202,851	$ 7,110,081
Total assets	$ 18,476,694	$ 16,860,857
Gearing ratio	39%	42%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	$ 4,022	$ 10,613
Financial assets at amortised cost		
Cash and cash equivalents (excluding cash on hand)	$ 2,913,450	$ 3,314,006
Notes receivable	-	155
Accounts receivable (including related parties)	4,427,744	3,006,495
Other receivables (including related parties)	120,663	40,840
Guarantee deposits paid	34,068	16,291
	$ 7,495,925	$ 6,377,787

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable (including related parties)	$ 3,927,251	$ 2,921,588
Other payables (including related parties)	1,390,434	1,277,121
Long-term borrowings (including current portion)	1,238,962	1,148,962
Preference share liability	-	1,003,851
	$ 6,556,647	$ 6,351,522
Lease liability (including current and non-current)	$ 133,860	$ 161,310

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) The Company has established appropriate policies, procedures and internal controls in accordance with the relevant regulations to manage the aforementioned financial risks. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on the relevant regulations and internal control procedures. The Company complies with its financial risk management policies at all times.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.

ii. The Company’s management hedges foreign exchange risk through natural hedges or derivative financial instruments (including forward foreign exchange contracts) to prevent decreases in value of assets denominated in foreign currencies and fluctuations in future cash flows. The use of these derivative financial instruments assists in decreasing the effect of foreign currency fluctuations but cannot eliminate the impact entirely. The Company’s purpose to hold certain investments in foreign operations is for strategic investments; thus, the Company does not hedge those investments.

iii. The Company’s businesses involve some non-functional currency operations (the Company’s functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 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	$	162,667	30.71	$	4,995,504	1%	$	49,955	$	-
JPY:NTD		734,289	0.2174		159,634	1%		1,596		-
Non-monetary items										
USD:NTD		19,539	30.71		600,028	1%		-		6,000
Financial liabilities										
Monetary items										
USD:NTD		86,604	30.71		2,659,609	1%		26,596		-
JPY:NTD		483,077	0.2174		105,021	1%		1,050		-

	December 31, 2022									
					Sensitivity analysis					
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)		Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)										
Financial assets										
Monetary items										
USD:NTD	$	118,822	30.70	$	3,647,835	1%	$	36,478	$	-
JPY:NTD		805,561	0.2325		187,293	1%		1,873		-
Non-monetary items										
USD:NTD		20,714	30.70		635,907	1%		-		6,359
Financial liabilities										
Monetary items										
USD:NTD		71,492	30.70		2,194,804	1%		21,948		-
JPY:NTD		580,962	0.2325		135,074	1%		1,351		-

iv. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for years ended December 31, 2023 and 2022 amounted to ($44,514) and $104,875, respectively.

Price risk

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

ii. The Company's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by $40 and $106, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Interest rate risk

The Company's long-term borrowings are floating-rate debts; therefore, the effective interest rate of its long-term borrowings will vary according to changes in market interest rates. If the market interest rate had increased/decreased by 25 basis points with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $2,478 and $2,298, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the counterparties of financial instruments on the contract obligations. The Company is exposed to credit risk from its operating activities (mainly accounts receivable and notes receivable) and from its financing activities (mainly bank deposits and various financial instruments). The maximum exposure to aforementioned credit risk was the carrying amount of financial assets recognised in the consolidated balance sheet.

ii. Customer credit risk is managed by each business unit in accordance with the Company's policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

iii. As of December 31, 2023 and 2022, the amounts of accounts and notes receivable from top ten customers constitute 89% and 81%, respectively, of the Company's total accounts and notes receivable. The credit concentration risk of the remaining accounts and notes receivable is immaterial.

iv. The Company's treasury manages the credit risks of bank deposits and other financial instruments based on the Company's credit policy. Because the Company's counterparties are determined based on the Company's internal control, only banks and companies with good credit rating and with no significant default risk are accepted. Consequently, there is no significant credit risk.

v. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 90 days.

vi. The Company classifies customers' contract assets and notes and accounts receivable in accordance with credit rating of customer, geographic area and industry sector. The Company applies the simplified approach using a provision matrix to estimate the expected credit loss.

vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix classified by customers is as follows:

December 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)	$ 2,554,784	$ 264,292	$ 140,192	$ 2,426	$ 8,991	$ -	$ 2,970,685
Lifetime expected credit losses	(2,695)	(582)	(463)	(125)	(461)	-	(4,326)
Carrying amount	$ 2,552,089	$ 263,710	$ 139,729	$ 2,301	$ 8,530	$ -	$ 2,966,359
Loss ratio	0.11%	0.22%	0.33%	0.44%~5.15%	0.66%~5.15%	100%	

		Overdue					
Electronics manufacturing services group	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Gross carrying amount (Note)	$ 1,758,163	$ 89,873	$ 24,824	$ -	$ -	$ -	$ 1,872,860
Lifetime expected credit losses	(2,008)	(199)	(82)	-	-	-	(2,289)
Carrying amount	$ 1,756,155	$ 89,674	$ 24,742	$ -	$ -	$ -	$ 1,870,571
Loss ratio	0.11%	0.22%	0.33%	0.44%	0.66%~8.33%	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 (Note)	$ 1,192,926	$ 52,151	$ 15,106	$ 58	$ -	$ -	$ 1,260,241
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying amount	$ 1,192,926	$ 52,151	$ 15,106	$ 58	$ -	$ -	$ 1,260,241
Loss ratio	0%	0%	0%	0%	0%	100%	

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

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

	Year ended December 31	
	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 13,273	$ 5,446
Provision for impairment	-	7,827
Reversal of impairment loss	(6,658)	-
At December 31	$ 6,615	$ 13,273

For provisioned loss for the years ended December 31, 2023 and 2022, there were no impairment losses arising from the contract assets and notes receivable.

(c) Liquidity risk

i. The Company's objective on liquidity risk management is to ensure the sufficiency of financial flexibility by maintaining cash and bank deposits for operations and adequate bank financing quota.

ii. As of December 31, 2023 and 2022, the Company's total unused amounts of short-term borrowings were $3,557,550 and $4,274,122, respectively. The Company's total unused amounts of long-term borrowings were $4,850,000 and $3,459,038, respectively.

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

	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
December 31, 2023					
Accounts payable (including related parties)	$ 3,927,251	$ -	$ -	$ -	$3,927,251
Other payables (including related parties)	1,390,434	-	-	-	1,390,434
Long-term borrowings (including current portion)	120,919	904,909	243,722	5,824	1,275,374
Lease liabilities	27,623	26,709	23,374	76,214	153,920

	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
December 31, 2022					
Accounts payable (including related parties)	$ 2,921,588	$ -	$ -	$ -	$2,921,588
Other payables (including related parties)	1,277,121	-	-	-	1,277,121
Long-term borrowings (including current portion)	13,866	503,928	617,973	60,182	1,195,949
Preference share liabilities	20,000	1,039,396	-	-	1,059,396
Lease liabilities	30,568	45,071	23,955	87,804	187,398

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

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

C. The related information of financial and ono-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

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

December 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	$ -	$ -	$ 4,022	$ 4,022

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	$ -	$ -	$ 10,613	$ 10,613

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

i. The fair value of equity instruments without active market (such as unlisted shares) was measured by applying a market approach based on the prices and other relevant information (such as the discount for lack of marketability and inputs like price to earnings ratio or price to book ratio) arising from the market transactions of the Company's same or comparable equity instruments. Additionally, for equity instruments that lack sufficient or appropriate observable market information and comparable counterparties, net asset value is used to measure the profitability of underlying investments.

ii. The fair value of derivative financial instrument options that do not have a quoted market price in an active market was measured by applying a binary tree valuation model.

iii. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)H.

D. For the years ended December 31, 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 years ended December 31, 2023 and 2022:

	2023	
	Derivative instrument	Non-derivative equity instrument
At January 1	$ -	$ 10,613
Losses recognised in profit or loss	-	-
Losses recognised in other comprehensive income	-	(6,591)
At December 31	$ -	$ 4,022

	2022	
	Derivative instrument	Non-derivative equity instrument
At January 1	$ 1,261	$ 25,575
Losses recognised in profit or loss	(1,261)	-
Losses recognised in other comprehensive income	-	(14,962)
At December 31	$ -	$ 10,613

F. For the years ended December 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 December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 4,022	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

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

On December 31, 2023: There were no such transactions.

			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	$ -	$ -

13. Supplementary Disclosures

(1) Significant transactions information

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

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

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

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

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

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: Please refer to table 6.

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

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

(4) Major shareholders information

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

14. Segment Information

Not applicable.

Orient Semiconductor Electronics, Limited and Subsidiaries
Loans to others
Year ended December 31, 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 year ended December 31, 2023	Balance at December 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 1)	Ceiling on total loans granted (Note 1)	Footnote
2	COREPLUS (HK) LIMITED	Value-Plus Technology (Suzhou) Co.	Other receivables due from related parties	Y	61,420 (USD 2,000)	61,420 (USD 2,000)	30,710 (USD 1,000)	-	Short-term financing	-	Short-term capital requirements for operating and business purposes	-	-	-	522,100 (USD 17,001)	522,100 (USD 17,001)	-

Note 1: In accordance with the Company's "Procedures for Provision of Loans", limit on loans to others is 40% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.
However, limit on loans to direct or indirect wholly-owned foreign subsidiaries of the Company is 200% of the Company's net asset. Limit on endorsements to a single party is 30% of the Company's net asset based on the latest audited or reviewed financial statements.

Orient Semiconductor Electronics, Limited and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 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	$ 3,382,152	$ 76,775 (USD 2,500)	$ 76,775 (USD 2,500)	$ 10,749 (USD 350)	$ -	0.68%	$ 11,273,843	Y	N	N	-

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

(1)The Company is ‘0’.

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

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

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

Orient Semiconductor Electronics, Limited and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 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	557	-	557	-
Orient Semiconductor Electronics,Limited	SCREENBEAM's stocks - preference share	None	Financial assets at fair value through other comprehensive income - non-current	2,352,941	3,465	-	3,465	-
Hua-Cheng Investment Co.	Chipbond Technology Corporation	Entity with significant influence	Financial assets at fair value through other comprehensive income - non-current	25,383,000	1,835,191	3.41%	1,835,191	-

Orient Semiconductor Electronics, Limited and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2023		Addition		Disposal				Balance as at December 31, 2023	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount (Note)	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Orient Semiconductor Electronics, Limited	Hua-Cheng Investment Co., Ltd.	Investments accountd for using equity method	-	Subsidiary	138,993,437	$ 1,489,232	44,757,400	$ 940,075 (Note 1)	$ -	$ -	$ -	$ -	183,750,837	$ 2,429,307
Hua-Cheng Investment Co., Ltd.	Stocks - Chipbond Technology	Financial assets at fair value through other comprehensive income - non-current	-	-	17,610,000	1,010,814	7,773,000	824,377 (Note 2)	-	-	-	-	25,383,000	1,835,191

Note 1: In 2023, the Company newly invested $500,000 in Hua-Cheng Investment Co. and the additional investment included the investment income (loss) and other comprehensive income recognised in the period.

Note2: Addition for the period included the unrealised valuation adjustment at the balance sheet date amounting to $320,778.

Orient Semiconductor Electronics, Limited and Subsidiaries

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Orient Semiconductor Electronics, Limited	Buildings and structures	October 27, 2022	Note	Note	Note	None	N/A	N/A	N/A	N/A	Price comparison and negotiation	For production use	-

Note: On October 27, 2022, the Board of Director resolved to invest in the Diamond Area Renew Program of Nanzih Technology Industrial Park, with the expected investment amount of $2,793,000. The actual investment amount was accounted by the actual contract amount.
As of December 31, 2023, the contractor of some contracted work items is Verizon Construction & Engineering Limited Company, and the accumulated payments amounted to $148,800.

Orient Semiconductor Electronics, Limited and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Orient Semiconductor Electronics,Limited	COREPLUS (HK) LIMITED	Subsidiary	Purchases	$ 103,319	1.42%	60 days after monthly billings	-	-	$ 1,084	0.02%	Note 1

Note 1: The amount of purchases (sales) pertains to the amount after offsetting sales of raw materials by the Company to the subsidiary and purchases of processed finished goods by the Company from the subsidiary.
In addition, accounts payable at the end of the period pertain to the balance after offsetting accounts receivable and payable. These amounts were eliminated in the consolidated financial statements.

Orient Semiconductor Electronics, Limited and Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 7 | Expressed in thousands of NTD

Transactions amount between the parent company and subsidiaries or between subsidiaries reaching $10 million is provided below: | (Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Orient Semiconductor Electronics,Limited	OSE INTERNATIONAL LTD.	1	Other payables	$ 77,923	-	0.42%
1	COREPLUS (HK) LIMITED	Orient Semiconductor Electronics,Limited	2	Sales revenue	103,319	Same with general transaction terms	0.62%
1	COREPLUS (HK) LIMITED	Value-Plus Technology (Suzhou) Co.	3	Other receivables	30,710	-	0.17%
2	Value-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Sales revenue	84,068	Same with general transaction terms	0.50%
2	Value-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Accounts receivable	11,401	-	0.06%

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

(1) Parent company is ‘0’.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Orient Semiconductor Electronics, Limited and Subsidiaries

Information on investees

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 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	$ -	$ 3,971,119 (USD 129,375,408)	-	-	$ -	$ 28,848	$ 27,022	Note 1, 2, 4
Orient Semiconductor Electronics, Limited	OSE PROPERTIES, INC.	Philippines	(1) Sales of properties (2) Lease of properties (3) Other property-related business	-	9,384 (USD 305,559)	-	-	-	(904)	(362)	Note 2, 4
Orient Semiconductor Electronics, Limited	OSE INTERNATIONAL LTD.	British Virgin IS.	Investments of various manufacturing businesses	491,360 (USD 16,000,000)	491,360 (USD 16,000,000)	16,000,000	100%	339,007	13,131	13,131	Note 1, 4
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 3
Orient Semiconductor Electronics, Limited	COREPLUS (HK) LIMITED	Hong Kong	Procure to order and components assembly outsourcing	230,325 (USD 7,500,000)	230,325 (USD 7,500,000)	7,500,000	100%	261,021	(61,559)	(61,559)	Note 1, 4
Orient Semiconductor Electronics, Limited	HUA-CHENG INVESTMENT CO.	Taiwan	Reinvestments in various business	2,055,828	1,508,254	183,750,837	100%	2,429,307	119,297	119,297	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	-	153,500 (USD 5,000,000)	-	-	-	28,848	1,826	Note 1, 2, 4

Note 1: Inter-company transactions between companies within the Group are eliminated.

Note 2: The investee was dissolved and liquidated on July 31, 2023.

Note 3: The investee was abolished on March 8, 2007.

Note 4: Initial investment amount of the reinvestee which use foreign currencies to prepare financial statements is translated to NTD at the spot rate at the period end.

Orient Semiconductor Electronics, Limited and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net loss of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment loss recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
Value-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	165,482 (USD 5,388,522)	Investment and establishment in COREPLUS, and then reinvestment (2)	$ 158,328	$ -	$ -	$ 158,328	($ 42,331)	100%	($ 42,331)	$ 14,381	$ -	Note 3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 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	$ 6,764,305	Note 3

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

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

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

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

Orient Semiconductor Electronics, Limited and Subsidiaries

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

Year ended December 31, 2023

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

	Sale (purchase)		Service revenue		Accounts receivable (payable)		Other receivables		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Other
Value-Plus Technology (Suzhou) Co.	$ -	-	$ 84,068	100%	$ 11,401	100%	$ 554	96%	$ -	-	$ 61,420	$ 61,420	-	$ -	

Orient Semiconductor Electronics, Limited and Subsidiaries

Major shareholders information

December 31, 2023

Table 11

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

Note 1: Chipbond Technology Corporation held the Company’s common shares and class C preferred shares without voting rights amounting to 163,995,498 shares and 180,180,000 shares, respectively, and totally held 344,175,498 shares.

Note 2: As of December 31, 2023, the issuance period of Class C preferred shares has not been fulfilled for 5 years, therefore, the shareholders of preferred shares have not implemented the conversion right. Information relating to issuance terms of the conversion right is provided in Note 6(16) E(e).

6.6 The financial impact on the Company due to the financial difficulties

VII. Financial Status, Operating Results and Risk Management

7.1 Financial Status(Consolidated)

Unit: NTD thousand

Item \ Fiscal Year	2023	2022	Increase(decrease) amount	Proportion of change	Analysis of change (Note)
Current assets	10,620,661	9,475,031	1,145,630	12.09%	
Property, plant and equipment	5,081,550	5,220,775	(139,225)	(2.67%)	
Intangible assets	80,670	47,547	33,123	69.66%	
Other assets	2,684,127	2,203,431	480,696	21.82%	(I)
Total assets	18,467,008	16,946,784	1,520,224	8.97%	
Current liabilities	5,739,264	4,684,321	1,054,943	22.52%	(II)
Non-current liabilities	1,453,901	2,511,687	(1,057,786)	(42.11%)	(III)
Total liabilities	7,193,165	7,196,008	(2,843)	(0.04%)	
Equity attributed to owners of the parent company	11,273,843	9,750,776	1,523,067	15.62%	
Capital	7,354,883	7,355,099	(216)	—	
Capital reserve	238,387	238,171	216	0.09%	
Retained earnings(loss)	3,546,487	2,350,299	1,196,188	50.90%	(IV)
Other equity	134,086	(192,793)	326,879	(169.55%)	(V)
Total equity	11,273,843	9,750,776	1,523,067	15.62%	

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

Analysis for proportion of change:

(I) Other assets increased by NT$480,696 thousand compared to the same period last year, mainly due to an increase of NT$817,786 thousand in financial assets at fair value through other comprehensive income held by subsidiaries, and a decrease of NT$338,655 thousand in deferred income tax assets as the investment losses recognized by the Philippine subsidiary upon liquidation have been realized.

(II) Current liabilities increased by NT$1,054,943 thousand compared to the same period of the last year, mainly due to the increase in both operating growth and purchases at the same time, which increased the balance of accounts payable by NT$923,934 thousand.

(III) Non-current liabilities decreased by NT$1,057,786 thousand compared to the same period of the last year, mainly due to the decrease of NT$1,003,851 thousand in non-current liability for preferred shares, as the Class B preferred shares became redeemable in cash after three years at the end of 2023.

(IV) Retained earnings went down by NT$1,196,188 thousand over the same period last year, mainly due to the provision of 2022 statutory and special capital surplus of NT$189,265 thousand and payment of cash dividends of NT$625,162 thousand for 2022, a decrease of NT$195,281 thousand in the re-measurement of defined benefit plans, and a decrease of earnings of NT$1,881,210 thousand for the period.

(V) Other equity increased by NT$326,879 thousand year-on-year, mainly due to the increase of NT$315,505 thousand in the after-tax unrealized gain or loss of financial assets measured at fair value through other comprehensive income held by subsidiaries by NT$315,505 thousand.

7.2 Financial Performance(Consolidated)

Unit: NTD thousand

Item	2023	2022	Increase(decrease) amount	Proportion of change	Analysis of change (Note)
Operating revenue	16,690,436	15,531,669	1,158,767	7.46%	
Operating margin	3,315,300	2,522,924	792,376	31.41%	(I)
Operating income (loss)	2,074,147	1,433,300	640,847	44.71%	(I)
Non-operating income and expenses	144,148	334,988	(190,840)	(56.97%)	(II)
Net income (loss) before tax	2,218,295	1,768,288	450,007	25.45%	(III)
Net income(loss) from continuing operations	1,881,210	1,448,653	432,557	29.86%	(III)
Loss of discontinued operations	—	—	—	—	—
Net income (loss)	1,881,210	1,448,653	432,557	29.86%	(III)
Other comprehensive income /loss (net of tax) of current period	267,022	54,197	212,825	392.69%	(IV)
Total comprehensive income (loss)	2,148,232	1,502,850	645,382	42.94%	
Net income attributed to the owner of parent company	1,881,210	1,448,653	432,557	29.86%	
Net income attributed to non-controlling interest	—	—	—	—	
Total comprehensive income attributed to the owner of parent company	2,148,232	1,502,850	645,382	42.94%	
Total comprehensive income attributed to non-controlling interest	—	—	—	—	
EPS (Note)	2.66	2.02			

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

Analysis for proportion of change:

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

In the second half of 2022, the semiconductor supply chain gradually faced a cyclical downturn affected by global inflation, interest rate hikes by central banks, and geopolitical factors, global economic growth slowed down, resulting in weak end-user demand and more time for the supply chain to digest inventory. However, in 2023, market demand moderately recovered after inventory adjustments, driven by some urgent and spot orders. Benefiting from an influx of orders for AI servers, the operating revenue also grew compared to 2022. In addition, due to an increase in orders, reduced unit costs driven by higher utilization rates, and proper control of labor and manufacturing costs, the gross profit and operating income for the current period increased.

(II) Non-operating income and expenses:

(1) The Company continued to strive for a sound financial structure. Affected by the central bank's interest rate hikes and an increase in time deposits, interest income increased by NT$35,033 thousand compared to 2022, with financial costs up NT$10,417 thousand and net interest income up NT$24,616 thousand.

(2) The USD exchange rate was appreciating in 2022 but turned to depreciate in 2023, with the depreciation amplitude in 2023 surpassing the appreciation in 2022, causing the net foreign exchange gain to decrease by NT$145,133 thousand.

(3) In 2023, the income from disposal of assets and project grants decreased, resulting in a decrease of NT$73,785 thousand in other income and gains;

(III) In summary, the pre-tax net profit in 2023 increased by NT$450,007, and the net profit in the current period increased by NT$432,557 thousand.

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

(1) The re-measurement of the defined benefit plan resulted in the evaluation loss, which decreased by NT$156,225 thousand compared with the same period of last year.
(2) The stock price of the reinvested company in which the subsidiary held equity instruments measured at fair value through other comprehensive income rose in current period compared to the same period of last year, so the unrealized valuation gain increased by NT$320,778 thousand compared with the same period of last year.
(3) In conclusion, other comprehensive income increased by 392.26% compared to the same period of last year.

7.3 Cash Flow

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

Unit: NTD thousand

The amount of cash in the beginning of the period	Net cash flow from operating activities for this year	Net cash flows from investing activities for this year	Net cash flows from fundraising activities for this year	Effects of exchange rate changes on the balance of cash held in foreign currencies	Cash surplus A＋B－C
3,945,818	2,646,863	(1,076,485)	(1,605,156)	(1,312)	3,909,728

Analysis of changes in cash flows for 2023:
(1) Operating activities: Cash inflows from operating activities were mainly due to the increase in net profit for 2023.
(2) Investing activities: The net cash outflow from investing activities was mainly due to the acquisition of machinery and equipment, and plant construction in 2023.
(3) Financing activities: The net cash outflow from financing activities was mainly due to the payment of cash dividends and redemption of Class B preferred shares in 2023.

7.3.2 Analysis of cash liquidity for the coming year

Unit: NTD thousand

Cash balance in the beginning of the year A	Projected net cash flow provided by operating activities in the whole year B	Projected cash outflow in the whole year C	Projected cash balance A+B-C
3,909,728	2,573,110	3,561,967	2,920,871

Analysis interpretation:

The Company project that the cash inflow from the operating activities in the coming year is about NT$2,573,110 thousand, cash outflow in the whole year is about NT$3,561,967 thousand, cash balance at the end of the year is about NT$2,920,871 thousand.

7.4 Major Capital Expenditures and the Impact on Finance and Business

7.4.1 Use status of major capital expenditures and source of the capital

Unit: NTD thousand

Plan	Actual or planned source of capital	Total capital amount	Actual or planned use status of capital		
			2022	2023	2024 and later
Machinery	Self-owned funds or bank loans	555,427	208,523	278,123	68,781
Plant equipment		2,016,000	－	130,200	1,885,800

7.4.2 The impact on finance and business:

7.4.2.1 Production capacity is expanded to respond to market changes and clients’ needs.

7.4.2.2 Increase the automatic production equipment to lower the dependence on the manpower, reduce the production procedure and improve the production quality.

7.5 Investment Policy

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

The Company made bank guarantee for the subsidiary, Orient Semiconductor Electronics, Phils. Inc in the Philippines (referred to as OSEP) was approved by the Board of Directors and the Shareholders' Meeting on April 30, 2022, and an application was submitted to the local Securities & Exchange Commission to shorten the duration of the Company's existence to July 31, 2023 Disbanded.

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

7.6 Risks Management

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

7.6.1.1. In response to the change of international political and economic situation, it keeps in touch with banks to acquire the latest relevant information and take the countermeasures such as conversion of the liabilities currency, expediting the re-payment for the foreign currency liabilities to achieve the effect of hedging.

7.6.1.2. The receiving and paying of the foreign currency resulting from the sales and purchases transactions will offset mutually to lower the risks of foreign currency exchange losses.

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

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

7.6.2.2. The Company has formulated the "Operational Procedure for Loaning to Others," "Operational Procedure for Endorsements and Guarantees" and "Operating Procedure for Assets Acquisition and Disposal" to manage the related operations.

7.6.2.3. Please refer to the p.190 for the Company's total amount of loans to others in 2023 and p.191 for the amounts of endorsements and guarantees for others in 2023.

7.6.3 Future R&D plan and estimated R&D expenses:

In 2023, the Company's total expenditure on research & development was NT$380 million. In the future the Company will continue the to develop advanced technology, to increase the value of its existing production capabilities through the use of new technologies, and to strengthen its competitiveness in the market for high-end products and new application products. In 2024, the Company expects to invest roughly NT$405 million in research & development; however, such amount may be adjusted whenever needed based on the market conditions in the world and the actual operational conditions of the Company. A summary of the Company's future major research and development plans is as follows:

Plan	Description	Current progress	Expected mass production time
Recycled materials	In response to the demand for ESG material recycling, it is expected to carry out related verification of recycled packaging materials	Under verification	2025
Ultra-thin Inductors	In response to the customer's product (eUFS) power supply and product size restrictions, it is expected to develop ultra-thin inductance through related designs and processes	Under development	2025
3D Package	Develop 3D packaging products in response to customers' needs for high-computing products in the future	Under development	2025
High heat dissipation packaging system	Due to the high demand for electronic products of high speed, semiconductor devices will generate a high temperature, which affects the function of products and their operation. The Company expects itself to create high heat-dissipation packaging systems to improve semiconductors whose performance is hampered by heat.	Under validation by clients	2024
Ultra-thin memory	In order to satisfy the demand of thinner products for wearable devices such as the Metaverse AR / VR in the coming years, thin products with a high capacity of memory will be developed.	Under development	2024
Third-generation semiconductors	In response to a growing demand for components of high power in electric cars, we will develop packaging technology for third-generation semiconductors.	To be massively-produced by customers	2023
Energy saving materials	In order to address the requirement on energy savings and reduction of carbon emissions, we will cooperate with the manufacturer of the materials on design and verification of energy saving packaging materials.	Verification completed To be massively-produced by customers	2023
High performance memory card	To address the demand for high-speed and high-capacity memory cards to be used in future game consoles, we will develop high-performance memory cards that meet the SDA specifications.	Already in mass production	2023

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

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

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

7.6.5.1. The Company's business mainly focuses on semiconductor packaging and testing services, electronic manufacturing services, it continues collecting the business information regarding the changes of technology industry and strengthen the management and R&D teams to keep the technical lead in the industry and grasp the effect of this part on our business and finance.

7.6.5.2. With the constant improvement of the techniques in the semiconductor industry, the Company is devoted to R&D of products and market development in response to the changes of technology and industry to assist the company's finance and business in a positive way.

7.6.5.3. With the development of information technology, the information security challenges faced by enterprises are more daunting. To reduce the risk of information security, the Company has established an information security risk management framework, formulated an information security policy, and adopted specific management approaches to reduce the risk of information security, thereby protecting the Company’s important assets and information.

7.6.6 The influence of changes in corporate image on corporate risk management and countermeasures:

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

7.6.7 The expected benefits and potential risks of mergers and acquisitions and countermeasures: N/A.

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

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

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

7.6.11 The influence and potential risks of management right change and countermeasures: none.

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

7.6.13 Other important risks and countermeasures:

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

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

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

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

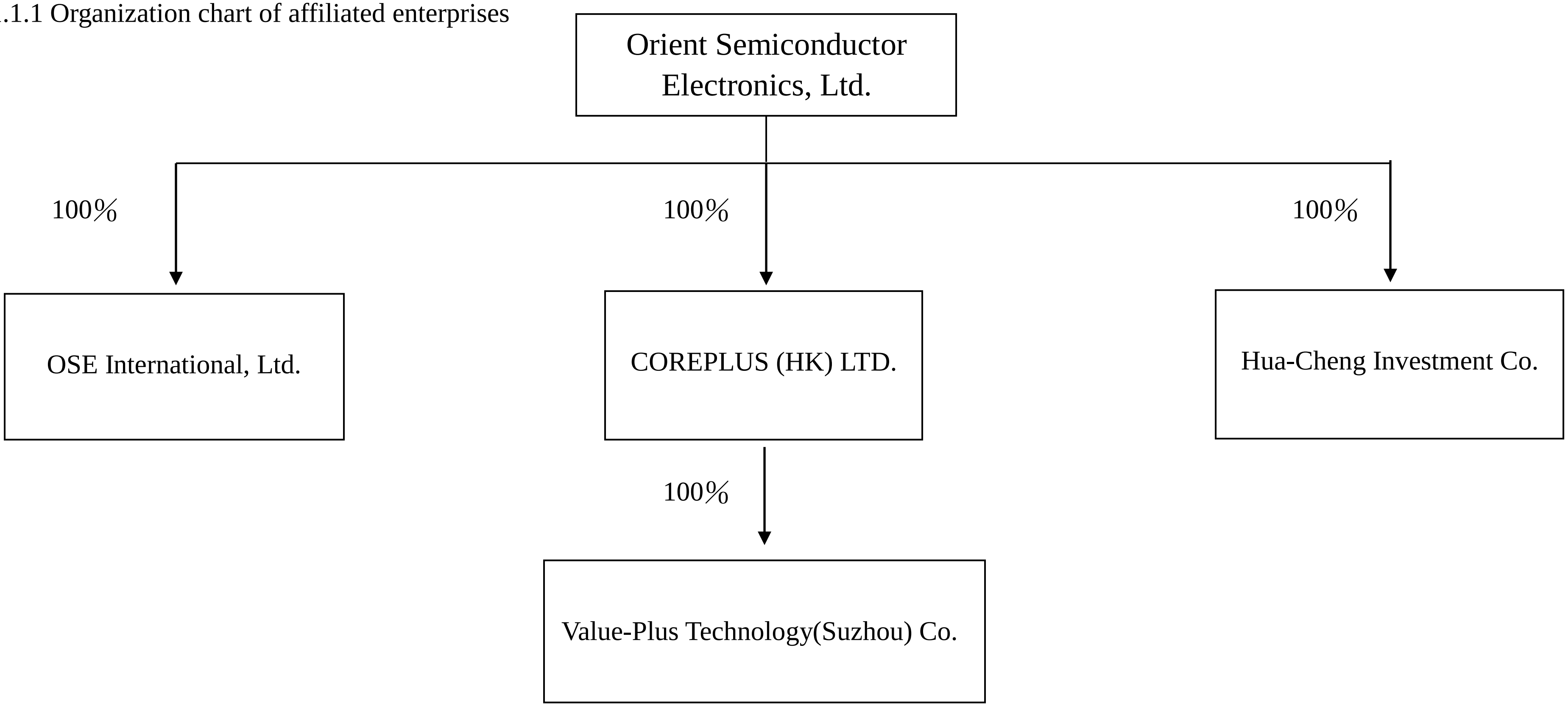
7.7 Other Important Matters：None.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated business reports of affiliated enterprises

8.1.1.1 Organization chart of affiliated enterprises



8.1.1.2 OSE Subsidiaries Profile

December 31, 2023

Company	Date of Incorporation	Location	Paid- in capital.	Business activities
OSE INTERNATIONAL LTD.	1999.11.19	The British Virgin Islands	USD 16,000,000	Investment activities
COREPLUS (HK) LTD.	2008.11.10	Hong Kong	USD 7,500,000	Operations of raw material purchase and processing, assembly outsourcing.
VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD.	2005.9.14	Jiangsu, China	USD 11,000,000	Substrate SMT of electronic parts, parts insertion and welding, relevant testing, assembly processing, self-manufactured products sales, corresponding technical maintenance and after-sale services.
Hua-Cheng Investment Co.	2021.01.14	Hsinchu, Taiwan	$ 1,837,508,370	Investment activities

8.1.1.3 Shareholders in Common of the Company and its subsidiaries with Deemed Control and Subordination: None.

8.1.1.4 Operating Relationship Interpretation

8.1.1.4.1 Business Scope of OSE and its subsidiaries: Please refer to “8.1.1.2 OSE Subsidiaries Profile”.

8.1.1.4.2 The connections exist among the businesses operated by the affiliated enterprises, and the situation of the mutual dealings and division of work among them: All the affiliated enterprises of the Company build to order and operate individually.

8.1.1.5 Rosters of Directors, Supervisors and Presidents of OSE Subsidiaries (2023.12.31)

Name of affiliate	Title	Name or representative	Shareholdings	
			Share	% of shareholding (voting rights)
OSE INTERNATIONAL LTD.	Chairman	OSE Institutional representative: Yueh-Ming Tung	16,000,000	100.00%
	General Manager	Yueh-Ming Tung	—	—
Hua-Cheng Investment Co.	Chairman	Orient Semiconductor Electronics (Representative: Chen-Han Su)	183,750,837	100.00%
	Director	Orient Semiconductor Electronics (Representative: Simon Hung)	183,750,837	100.00%
	Director	Orient Semiconductor Electronics (Representative: Shu-Yung Chu)	183,750,837	100.00%
COREPLUS (HK) LTD.	Chairman	OSE (Institutional representative: Simon Hung)	7,500,000	100.00%
	Director	OSE (Institutional representative: Tzu Ming Liu)	7,500,000	100.00%
	Director	OSE (Institutional representative: Yue-Ming Tung)	7,500,000	100.00%
VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD.	Chairman	COREPLUS (HK) LTD. (Institutional representative: Simon Hung)	—	100.00%
	Director	COREPLUS (HK) LTD. (Institutional representative: Yue-Ming Tung)	—	100.00%
	Director	COREPLUS (HK) LTD. (Institutional representative: Tzu Ming Liu)	—	100.00%

8.1.1.6 Operating Highlight of OSE Subsidiaries. (As of 2023.12.31)

Unit: NTD thousand

Name of affiliate	Capital amount	Total assets	Total liabilities	Net worth	Operating revenue	Operating income(loss)	Net income or loss for current period (after tax)
OSE INTERNATIONAL LTD.	$491,360 USD 16,000,000	$339,007 USD 11,038,971	—	$339,007 USD 11,038,971	—	($108) (USD 3,492)	$13,131 USD 423,079
Hua-Cheng Investment Co.	$1,837,508	$2,429,621	$314	$2,429,307	$120,863	$119,710	$119,297
COREPLUS (HK) LTD.	$230,325 USD 7,500,000	$318,100 USD 10,358,190	$57,050 USD 1,857,687	$261,050 USD 8,500,503	$325,627 USD 10,491,545	$543 USD 17,509	($61,559) (USD 1,983,404)
VALUEPLUS TECHNOLOGY (SUZHOU) CO., LTD.	$337,810 USD 11,000,000	$73,153 CNY 16,871,479	$56,540 CNY 13,039,942	$16,613 CNY 3,831,537	$84,208 CNY 18,714,208	($42,935) (CNY 9,541,852)	($42,331) (CNY 9,407,442)

Note: If the affiliated enterprises are foreign companies, list the relevant numbers in NTD according to the exchange rate in the report date.

(Exchange rate at the end of the period : NTD：USD=30.71：1、NTD：RMB= 4.335917：1；average rate: NTD：USD=31.03713：1、NTD：RMB= 4.4997：1)

8.1.2 Consolidated financial statements of Subsidiaries

In the fiscal year of 2023 (from January 1, 2023 to December 31, 2023), the consolidated entities within the consolidated financial statement of affiliated enterprises in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are identical to the entities within the consolidated financial statement in accordance with the International Accounting Standard No. 27. All information that is required to be disclosed in the consolidated financial statements of affiliated enterprises and subsidiaries is the same as the information required to be disclosed in the consolidated financial statements of affiliated enterprises. Therefore, the Company would not prepare the consolidated financial statement of affiliated enterprises separately.

8.1.3 Affiliation Report

The Company is not subordinate company stated in the Chapter Affiliated Enterprises of the Company Act, so it is free from preparing the affiliation report to state the affiliation between the controlling company.

8.2 Private Placements Securities in 2023 and as of the Date of Annual Report: None.

8.3 Acquisition or Disposal of OSE shares by Subsidiaries in 2023 and as of the Date of this Annual Report: None.

8.4 Other Necessary Supplements: None.

8.5 Events regulated in Article 36-3-2 of the Securities and Exchange Act: None.

Orient Semiconductor Electronics, Ltd.

Chairman：Yueh-Ming Tung

OSE
A partner you can count on

Orient Semiconductor Electronics, Ltd.

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