

**ORIENT SEMICONDUCTOR  
ELECTRONICS, LIMITED AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2024 AND 2023**

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

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Orient Semiconductor Electronics, Limited and subsidiaries (the "Group") as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of review***

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

### ***Basis for qualified conclusion***

As explained in Notes 4(3) B and 6(6), the financial statements of certain insignificant consolidated subsidiaries, investments accounted for using equity method and information disclosed in Note 13 were not reviewed by independent auditors. Total assets of these subsidiaries (including investments accounted for using equity method) amounted to NT\$347,946 thousand and NT\$781,719 thousand, constituting 2% and 5% of the consolidated total assets as at March 31, 2024 and 2023, respectively, total liabilities amounted to NT\$71,410 thousand and NT\$150,719 thousand, constituting 1% and 2% of the consolidated total liabilities as at March 31, 2024 and 2023, respectively, and the

total comprehensive income (loss) (including share of profit or loss of associates and joint ventures accounted for using equity method) amounted to NT\$7,713 thousand and (NT\$13,865) thousand, constituting 1% and (3%) of the consolidated total comprehensive income (loss) for the three-month periods then ended, respectively.

### ***Qualified conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries, investment accounted for using equity method and information disclosed in Note 13 been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Wang, Kuo-Hua

Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan

April 24, 2024

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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**  
**MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023**  
(Expressed in thousands of New Taiwan dollars)

Assets			March 31, 2024		December 31, 2023		March 31, 2023				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	4,281,821	22	\$	3,909,728	21	\$	3,292,177	20
1136	Current financial assets at	6(3)									
	amortised cost			-	-		-	-		243,520	2
1140	Current contract assets	6(18)		327,060	2		409,186	2		243,424	2
1150	Notes receivable, net	6(4)		-	-		-	-		103	-
1170	Accounts receivable, net	6(4)		4,626,305	24		4,462,716	24		2,984,468	18
1180	Accounts receivable due from	6(4) and 7									
	related parties, net			27	-		270	-		76	-
1200	Other receivables			99,651	-		106,713	1		34,028	-
1210	Other receivables due from	7									
	related parties			108	-		-	-		-	-
1220	Current tax assets			3,818	-		3,194	-		89	-
130X	Inventories	6(5)		1,571,064	8		1,604,909	9		1,521,913	9
1410	Prepayments			106,051	1		93,171	1		107,082	1
1479	Other current assets, others			33,792	-		30,774	-		25,015	-
11XX	Current Assets			11,049,697	57		10,620,661	58		8,451,895	52
Non-current assets											
1517	Non-current financial assets at	6(2)									
	fair value through other										
	comprehensive income			2,055,652	11		1,839,213	10		1,311,998	8
1550	Investments accounted for	6(6)									
	using equity method			-	-		-	-		1,704	-
1600	Property, plant and equipment	6(7) and 8		5,370,723	28		5,081,550	28		5,128,296	32
1755	Right-of-use assets	6(8)		121,221	1		146,307	1		161,517	1
1780	Intangible assets	6(10)		83,360	-		80,670	-		79,246	1
1840	Deferred tax assets			513,569	3		634,413	3		990,246	6
1915	Prepayments for business										
	facilities			26,155	-		25,276	-		46,995	-
1920	Guarantee deposits paid	8		36,725	-		36,603	-		16,461	-
1990	Other non-current assets, others			2,186	-		2,315	-		2,760	-
15XX	Non-current assets			8,209,591	43		7,846,347	42		7,739,223	48
1XXX	Total assets		\$	19,259,288	100	\$	18,467,008	100	\$	16,191,118	100

(Continued)

**ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023**  
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>							
2130	Current contract liabilities	6(18)	\$ 84,052	1	\$ 87,187	-	\$ 76,268	1
2170	Accounts payable		4,253,328	22	3,966,349	22	2,479,884	15
2180	Accounts payable to related parties	7	751	-	1,474	-	8	-
2200	Other payables	6(11)	2,171,473	11	1,396,947	8	834,457	5
2220	Other payables to related parties	7	19,781	-	19,781	-	24,932	-
2230	Current tax liabilities		214	-	214	-	46,928	-
2250	Current provisions		55,128	-	46,477	-	14,382	-
2280	Current lease liabilities		18,932	-	25,400	-	28,057	-
2320	Long-term liabilities, current portion	6(12) and 8	181,555	1	107,054	1	2,904	-
2365	Current refund liabilities		1,615	-	4,481	-	27,853	-
2399	Other current liabilities, others	7	98,857	1	83,900	-	59,185	1
21XX	<b>Current Liabilities</b>		<u>6,885,686</u>	<u>36</u>	<u>5,739,264</u>	<u>31</u>	<u>3,594,858</u>	<u>22</u>
	<b>Non-current liabilities</b>							
2540	Non-current portion of non-current borrowings	6(12) and 8	1,104,503	6	1,131,908	6	1,146,058	7
2580	Non-current lease liabilities		88,058	1	108,460	1	126,300	1
2635	Non-current preference share liabilities	6(14)	-	-	-	-	1,003,532	6
2640	Net defined benefit liability, non-current		80,950	-	178,046	1	134,845	1
2645	Guarantee deposits received		28,386	-	35,487	-	38,085	-
25XX	<b>Non-current liabilities</b>		<u>1,301,897</u>	<u>7</u>	<u>1,453,901</u>	<u>8</u>	<u>2,448,820</u>	<u>15</u>
2XXX	<b>Total Liabilities</b>		<u>8,187,583</u>	<u>43</u>	<u>7,193,165</u>	<u>39</u>	<u>6,043,678</u>	<u>37</u>
	<b>Equity attributable to owners of parent</b>							
	Share capital	6(15)						
3110	Share capital - common stock		5,553,083	29	5,553,083	30	5,553,083	34
3120	Preference share		1,801,800	9	1,801,800	10	1,801,800	11
	Capital surplus	6(16)						
3200	Capital surplus		238,387	1	238,387	1	238,387	2
	Retained earnings	6(17)						
3310	Legal reserve		346,070	2	346,070	2	192,241	1
3320	Special reserve		192,793	1	192,793	1	157,357	1
3350	Unappropriated retained earnings		2,624,387	14	3,007,624	16	2,180,422	14
	Other equity interest							
3400	Other equity interest		315,185	1	134,086	1	24,150	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>11,071,705</u>	<u>57</u>	<u>11,273,843</u>	<u>61</u>	<u>10,147,440</u>	<u>63</u>
3XXX	<b>Total equity</b>		<u>11,071,705</u>	<u>57</u>	<u>11,273,843</u>	<u>61</u>	<u>10,147,440</u>	<u>63</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 19,259,288</u>	<u>100</u>	<u>\$ 18,467,008</u>	<u>100</u>	<u>\$ 16,191,118</u>	<u>100</u>

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

**ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS ENDED MARCH 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Three months ended March 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18) and 7	\$ 4,176,029	100	\$ 3,253,411	100
5000	Operating costs	6(5)(10)(23)(24) and 7	( 3,349,402)	( 80)	( 2,932,004)	( 90)
5900	Net operating margin		826,627	20	321,407	10
	Operating expenses	6(10)(23)(24)				
6100	Selling and administrative expenses		( 212,851)	( 5)	( 141,173)	( 4)
6300	Research and development expenses		( 95,666)	( 3)	( 87,429)	( 3)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	107	-	8,199	-
6000	Total operating expenses		( 308,410)	( 8)	( 220,403)	( 7)
6900	Operating profit		518,217	12	101,004	3
	Non-operating income and expenses					
7100	Interest income	6(19)	9,648	-	6,618	-
7010	Other income	6(20) and 7	13,795	1	20,601	1
7020	Other gains and losses	6(21)	84,800	2	( 21,486)	( 1)
7050	Finance costs	6(22)	( 4,427)	-	( 8,821)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(6)	-	-	( 167)	-
7000	Total non-operating revenue and expenses		103,816	3	( 3,255)	-
7900	Profit (loss) before income tax		622,033	15	97,749	3
7950	Income tax (expense) benefit	6(25)	( 122,684)	( 3)	81,972	2
8200	Profit (loss) for the year		\$ 499,349	12	\$ 179,721	5
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(2)	\$ 174,866	4	\$ 220,519	7
8310	Components of other comprehensive income that will not be reclassified to profit or loss		174,866	4	220,519	7
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		4,468	-	( 4,470)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(25)	1,765	-	894	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		6,233	-	( 3,576)	-
8300	Total other comprehensive income for the year		\$ 181,099	4	\$ 216,943	7
8500	Total comprehensive income for the year		\$ 680,448	16	\$ 396,664	12
	Profit, attributable to:					
8610	Owners of parent		\$ 499,349	12	\$ 179,721	5
	Comprehensive income attributable to:					
8710	Owners of parent		\$ 680,448	16	\$ 396,664	12
	Basic earnings per share	6(26)				
9750	Basic		\$ 0.70		\$ 0.25	
9850	Diluted		\$ 0.68		\$ 0.24	

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
		Capital		Retained Earnings			Other equity interest			
								Unrealised gains		
								Exchange differences	(losses) from financial	
								on translation of	assets measured at fair	
								foreign financial	value through other	
								statements	comprehensive income	
			</							

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Three months ended March 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 622,033	\$ 97,749
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(23)	202,004	257,775
Amortization expense	6(10)(23)	15,256	10,715
Expected credit gain	12(2)	( 107 )	( 8,199 )
Interest expense	6(22)	4,427	8,821
Interest income	6(19)	( 9,648 )	( 6,618 )
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(6)	-	167
Gain on disposal of property, plant and equipment	6(21)	( 61 )	( 214 )
Scrapping inventory and loss on decline in market value	6(5)	-	138,192
Gain on reversal of decline in market value	6(5)	( 7,365 )	-
Reclassification of exchange differences on translation of foreign financial statements to foreign exchange losses		( 14,395 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease in contract assets		82,126	28,824
Decrease in notes receivable		-	52
(Increase) decrease in accounts receivable		( 161,898 )	30,305
Decrease in accounts receivable due from related parties		243	15,404
Decrease in other receivables		7,203	5,339
Increase in other receivables due from related parties		( 108 )	-
Decrease in inventories		46,213	155,709
(Increase) decrease in prepayments		( 12,602 )	1,035
Increase in other current assets, others		( 2,998 )	( 1,207 )
Decrease in other non-current assets, others		169	-
Changes in operating liabilities			
Decrease in contract liabilities		( 3,135 )	( 1,612 )
Increase (decrease) in accounts payable		285,398	( 561,575 )
Decrease in accounts payable to related parties		( 723 )	( 728 )
Decrease in other payable		( 163,323 )	( 403,399 )
Increase (decrease) in current provisions		8,651	( 57 )
Increase in other current liabilities		12,049	9,572
Decrease in net defined benefit liability		( 97,096 )	( 50,813 )
Cash inflow (outflow) generated from operations		812,313	( 274,763 )
Interest received		9,538	6,167
Income tax paid		( 624 )	-
Net cash flows from (used in) operating activities		821,227	( 268,596 )

(Continued)



ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Three months ended March 31	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in non-current financial assets at fair value through other comprehensive income		( \$ 41,573 )	( \$ 70,053 )
Acquisition of property, plant and equipment (including prepayment for equipment)	6(27)	( 432,470 )	( 258,665 )
Proceeds from disposal of property, plant and equipment		1,147	208
(Increase) decrease in refundable deposits		( 20 )	642
Acquisition of intangible assets	6(10)	( 17,941 )	( 42,416 )
Increase in other non-current assets, others		( 33 )	( 112 )
Net cash flows used in investing activities		( 490,890 )	( 370,396 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings	6(28)	50,000	-
Repayments of long-term borrowings	6(28)	( 2,904 )	-
Payments of lease liabilities	6(28)	( 6,728 )	( 6,953 )
Decrease in guarantee deposits received	6(28)	( 7,105 )	( 1,791 )
Interest paid		( 4,388 )	( 4,129 )
Net cash flows from (used in) financing activities		28,875	( 12,873 )
Effect of exchange rate changes on cash and cash equivalents		12,881	( 1,776 )
Net increase (decrease) in cash and cash equivalents		372,093	( 653,641 )
Cash and cash equivalents at beginning of period		3,909,728	3,945,818
Cash and cash equivalents at end of period		\$ 4,281,821	\$ 3,292,177

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2024 AND 2023

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

(REVIEWED, NOT AUDITED)

1. History and Organisation

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

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

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

These financial statements were authorised for issuance by the Board of Directors on April 24, 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<sup>®</sup>”) 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 2024 are as follows:

New Standards, Interpretations and Amendments	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.

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

None.

(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
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

Except for the related impacts of the following standards and interpretations are yet to be assessed, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment:

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

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

### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			March 31, 31, 2024	December 31, 2023	March 31, 31, 2023	
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%	100%	Note 4
Orient Semiconductor Electronics Limited	Hua-Cheng Investment Co. (“Hua-Cheng”)	Reinvestments in various business.	100%	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%	100%	Note 4

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.

Note3: On October 25, 2023, the Board of Directors of OSE BVI resolved to discontinue operations and implement the deregistration. OSE BVI was liquidated and dissolved in February 2024.

Note 4: The financial statements of the entity as of and for the three months ended March 31, 2024 and 2023 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

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

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

E. Significant restrictions: None.

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

(4) Employee benefits

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

(5) Income taxes

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

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

There have been no significant changes as of March 31, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand and petty cash	\$ 149	\$ 152	\$ 195
Checking accounts and demand deposits	2,481,672	2,826,086	2,391,982
Time deposits	<u>1,800,000</u>	<u>1,083,490</u>	<u>900,000</u>
	<u>\$ 4,281,821</u>	<u>\$ 3,909,728</u>	<u>\$ 3,292,177</u>

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

B. The Group's time deposits 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

<u>Items</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Non-current items:			
Unlisted stocks	\$ 4,022	\$ 4,022	\$ 10,613
Listed stocks	<u>2,051,630</u>	<u>1,835,191</u>	<u>1,301,385</u>
	<u>\$ 2,055,652</u>	<u>\$ 1,839,213</u>	<u>\$ 1,311,998</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,055,652, \$1,839,213 and \$1,311,998 as at March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- B. For the three months ended March 31, 2024 and 2023, the Group has financial assets at fair value through other comprehensive income recognised in comprehensive (loss) income due to changes of fair value in the amounts of \$174,866 and \$220,519, respectively.
- C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(3) Financial assets at amortised cost

<u>Items</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Time deposits with maturity over three months	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,520</u>

- A. For the three months ended March 31, 2024 and 2023, the interest income from demand and time deposits was recognised under interest income from bank deposits, please refer to Note 6(19).
- 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)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable	\$ -	\$ -	\$ 103
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103</u>
Accounts receivable	\$ 4,632,814	\$ 4,469,325	\$ 2,989,343
Less: Loss allowance	( 6,509)	( 6,609)	( 4,875)
	<u>\$ 4,626,305</u>	<u>\$ 4,462,716</u>	<u>\$ 2,984,468</u>
Accounts receivable due from related parties	\$ 27	\$ 271	\$ 76
Less: Loss allowance	<u>-</u>	<u>( 1)</u>	<u>-</u>
	<u>\$ 27</u>	<u>\$ 270</u>	<u>\$ 76</u>

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

B. As of March 31, 2024, December 31, 2023 and March 31, 2023, accounts and notes receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$3,035,712.

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

D. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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, \$0 and \$103 as at March 31, 2024, December 31, 2023 and March 31, 2023, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$4,626,332, \$4,462,986 and \$2,984,544, respectively.

(5) Inventories

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Raw materials	\$ 1,287,374	\$ 1,359,552	\$ 1,463,921
Supplies	147,536	148,271	150,294
Work in progress	536,805	515,059	258,491
Finished goods	<u>48,447</u>	<u>37,432</u>	<u>69,068</u>
	2,020,162	2,060,314	1,941,774
Less: Allowance for valuation loss	( 449,098)	( 455,405)	( 419,861)
	<u>\$ 1,571,064</u>	<u>\$ 1,604,909</u>	<u>\$ 1,521,913</u>

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

	Three months ended March 31	
	2024	2023
Cost of goods sold	\$ 3,365,076	\$ 2,796,413
Gain on reversal of decline in market value	( 7,365)	-
Scrapping inventory and loss on decline in market value	-	138,192
Others	( 8,309)	( 2,601)
	<u>\$ 3,349,402</u>	<u>\$ 2,932,004</u>

For the three months ended March 31, 2024, the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because the inventories which were previously provided with allowance for inventory valuation losses were subsequently scrapped or sold.

B. As of March 31, 2024, December 31, 2023 and March 31, 2023, the fire insurance amounts of inventories were \$14,385,206, \$14,421,650 and \$15,290,330, respectively.

(6) Investments accounted for using equity method

	Three months ended March 31	
	2024	2023
At January 1	\$ -	\$ 1,843
Share of profit or loss of investments accounted for using equity method	-	( 167)
Changes in other equity interest	-	28
At March 31	<u>\$ -</u>	<u>\$ 1,704</u>

	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	Shareholding ratio	Amount	Shareholding ratio	Amount	Shareholding ratio
Associates:						
OSE PROPERTIES, INC.	\$ -	-	\$ -	-	\$ 1,704	39.99%
SCS HIGHTECH INC.	-	18.17%	-	18.17%	-	18.71%
	<u>\$ -</u>		<u>\$ -</u>		<u>\$ 1,704</u>	

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. As of March 31, 2024, December 31, 2023 and March 31, 2023, there were no investments accounted for using equity method pledged as collaterals.

D. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had no significant associate.



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

	Three months ended March 31	
	2024	2023
Profit (loss)	\$ -	(\$ 167)
Other comprehensive income, net of tax	-	-
Total comprehensive income (loss) for the period	<u>\$ -</u>	<u>(\$ 167)</u>

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

(7) Property, plant and equipment

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Property, plant and equipment			
- Owner-occupied	\$ 5,370,060	\$ 5,080,853	\$ 5,127,499
- Operating leases	<u>663</u>	<u>697</u>	<u>797</u>
	<u>\$ 5,370,723</u>	<u>\$ 5,081,550</u>	<u>\$ 5,128,296</u>

# 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, 2024	\$ 7,350,068	\$ 16,071,508	\$ 2,054	\$ 58,536	\$ 396,378	\$ 422,662	\$ 24,301,206
Additions	-	-	-	-	60	486,022	486,082
Disposals	-	( 484,035)	-	-	( 246)	-	( 484,281)
Transfers	16,468	112,846	-	-	15,744	( 145,058)	-
Impact of changes in foreign exchange rate	-	5,664	80	139	668	-	6,551
March 31, 2024	<u>\$ 7,366,536</u>	<u>\$ 15,705,983</u>	<u>\$ 2,134</u>	<u>\$ 58,675</u>	<u>\$ 412,604</u>	<u>\$ 763,626</u>	<u>\$ 24,309,558</u>
Depreciation and impairment:							
January 1, 2024	\$ 5,066,002	\$ 13,756,295	\$ 1,858	\$ 57,386	\$ 338,812	\$ -	\$ 19,220,353
Depreciation expense	41,453	150,901	-	55	4,617	-	197,026
Disposals	-	( 482,949)	-	-	( 246)	-	( 483,195)
Impact of changes in foreign exchange rate	-	4,556	73	129	556	-	5,314
March 31, 2024	<u>\$ 5,107,455</u>	<u>\$ 13,428,803</u>	<u>\$ 1,931</u>	<u>\$ 57,570</u>	<u>\$ 343,739</u>	<u>\$ -</u>	<u>\$ 18,939,498</u>

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment under installation</u>	<u>Total</u>
Cost and revaluation increment:							
January 1, 2023	\$ 7,083,750	\$ 15,393,819	\$ 3,188	\$ 58,341	\$ 418,410	\$ 645,318	\$ 23,602,826
Additions	-	-	-	-	-	159,765	159,765
Disposals	- (	10,121)	- (	17)	( 63)	- (	10,201)
Transfers	75,368	252,727	-	-	2,411 (	330,506)	-
Impact of changes in foreign exchange rate	-	842	16	21	91	-	970
March 31, 2023	<u>\$ 7,159,118</u>	<u>\$ 15,637,267</u>	<u>\$ 3,204</u>	<u>\$ 58,345</u>	<u>\$ 420,849</u>	<u>\$ 474,577</u>	<u>\$ 23,753,360</u>
Depreciation and impairment:							
January 1, 2023	\$ 4,920,862	\$ 13,051,014	\$ 2,937	\$ 58,009	\$ 350,059	\$ -	\$ 18,382,881
Depreciation expense	35,185	212,246	-	5	5,067	-	252,503
Disposals	- (	10,121)	- (	15)	( 57)	- (	10,193)
Impact of changes in foreign exchange rate	-	566	14	20	70	-	670
March 31, 2023	<u>\$ 4,956,047</u>	<u>\$ 13,253,705</u>	<u>\$ 2,951</u>	<u>\$ 58,019</u>	<u>\$ 355,139</u>	<u>\$ -</u>	<u>\$ 18,625,861</u>
Carrying amount, net:							
March 31, 2024	<u>\$ 2,259,081</u>	<u>\$ 2,277,180</u>	<u>\$ 203</u>	<u>\$ 1,105</u>	<u>\$ 68,865</u>	<u>\$ 763,626</u>	<u>\$ 5,370,060</u>
December 31, 2023	<u>\$ 2,284,066</u>	<u>\$ 2,315,213</u>	<u>\$ 196</u>	<u>\$ 1,150</u>	<u>\$ 57,566</u>	<u>\$ 422,662</u>	<u>\$ 5,080,853</u>
March 31, 2023	<u>\$ 2,203,071</u>	<u>\$ 2,383,562</u>	<u>\$ 253</u>	<u>\$ 326</u>	<u>\$ 65,710</u>	<u>\$ 474,577</u>	<u>\$ 5,127,499</u>

B. Property, plant and equipment for operating lease

	Buildings and structures	
	2024	2023
<b>Cost:</b>		
January 1 and March 31	\$ 10,721	\$ 10,721
<b>Depreciation:</b>		
At January 1	\$ 10,024	\$ 9,891
Additions	34	33
At March 31	\$ 10,058	\$ 9,924
Carrying amount, net:		
At March 31	\$ 663	\$ 797

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

	Three months ended March 31	
	2024	2023
Amount capitalised	\$ 399	\$ -
Range of the interest rates for capitalisation	1.775%	-

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

E. As of March 31, 2024, December 31, 2023 and March 31, 2023, the insured amount of fire insurance of property, plant and equipment were \$10,539,424, \$10,547,590 and \$10,152,657, respectively.

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

(8) Leasing arrangements — lessee

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 91,114	\$ 113,820	\$ 122,393
Machinery and equipment	26,487	27,932	32,266
Transportation equipment	3,620	4,555	6,858
	\$ 121,221	\$ 146,307	\$ 161,517

	Three months ended March 31	
	2024	2023
	Depreciation expense	Depreciation expense
Land	\$ 2,564	\$ 2,858
Machinery and equipment	1,445	1,445
Transportation equipment	935	936
	<u>\$ 4,944</u>	<u>\$ 5,239</u>

C. For the three months ended March 31, 2024 and 2023, the additions to right-of-use assets were both \$0. For the three months ended March 31, 2024 and 2023, a decrease of \$20,142 and \$0 in the right-of-use assets and lease liabilities was recognised due to the lease modification.

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

	Three months ended March 31	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 512	\$ 689
Expense on short-term lease contracts	5,445	4,156
Expense on leases of low-value assets	1,056	606
(excluding expense on leases of low-value assets of short-term lease)		

E. For the three months ended March 31, 2024 and 2023, the total amounts of the Group's cash outflow from leasing were \$13,741 and \$12,404, respectively.

(9) Leasing arrangements - lessor

A. The Group leases various assets including plant and office. Rental contracts are typically made for periods of 1 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To secure the use of the leased assets, the leased assets may not be subleased, transferred or provided to others in other ways.

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

	Three months ended March 31	
	2024	2023
Related revenue from fixed lease payments	\$ 2,421	\$ 1,639

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

	March 31, 2024	December 31, 2023	March 31, 2023
Within 1 year	\$ 2,856	\$ 4,025	\$ 5,088
Later than one year but not later than	722	729	2,856
Later than two years but not later than	703	703	722
Later than three years but not later than	703	703	703
Later than four years but not later than	703	703	703
Later than five years	2,050	2,226	2,753
	<u>\$ 7,737</u>	<u>\$ 9,089</u>	<u>\$ 12,825</u>

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	
	2024	2023
<u>Cost</u>		
At January 1	\$ 563,137	\$ 481,650
Additions — acquired separately	17,941	42,416
Reclassifications	( 5)	( 5)
Net exchange differences	10	3
At March 31	<u>\$ 581,083</u>	<u>\$ 524,064</u>
<u>Accumulated amortisation</u>		
At January 1	\$ 482,467	\$ 434,103
Amortisation charge	15,256	10,715
Net exchange differences	-	-
At March 31	<u>\$ 497,723</u>	<u>\$ 444,818</u>
Book value	<u>\$ 83,360</u>	<u>\$ 79,246</u>

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

	Three months ended March 31	
	2024	2023
Operating costs	\$ 5,738	\$ 4,771
Selling and administrative expenses	\$ 6,228	\$ 4,625
Research and development expenses	\$ 3,290	\$ 1,319

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

(11) Other payables

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Salary and bonus payable	\$ 355,953	\$ 571,001	\$ 144,317
Employees' compensation and directors' remuneration payable	351,089	277,777	209,025
Payables for machinery and equipment	324,200	269,709	231,555
Insurance premiums payable	81,026	89,165	71,308
Utilities expense payable	43,336	43,407	35,782
Pension payable	40,703	40,341	37,939
Employment Stability Fund payable	16,051	16,411	14,842
Compensation payable	1,887	2,073	8,193
Dividends payable	882,586	-	-
Other payables	74,642	87,063	81,496
	<u>\$ 2,171,473</u>	<u>\$ 1,396,947</u>	<u>\$ 834,457</u>

(12) Long-term borrowings

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2024
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to September 2030; interest is payable monthly; principal is repayable at maturity.	1.475%~1.9% (Note)	None	\$ 1,286,058
Less: Current portion				( 181,555)
				<u>\$ 1,104,503</u>
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)
				<u>\$ 1,131,908</u>
Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2023
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to March 2029; interest is payable monthly; principal is repayable at maturity	1.35% (Note)	None	\$ 1,148,962
Less: Current portion				( 2,904)
				<u>\$ 1,146,058</u>

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 three months ended March 31, 2024 and 2023, the amounts of interest expense recognised in profit or loss were \$4,312 and \$3,518, 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.

(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. For the Company's domestic employees who are applicable to the Labor Pension Act, the Company and its domestic subsidiaries contribute monthly an amount equal to 10% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the three months ended March 31, 2024 and 2023, the Company recognised pension costs in the amounts of \$2,450 and \$1,763, respectively.
- (c) The Company expects to pay contributions for the pension plan in the amount of \$45,529 in the succeeding one year.
- B.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic 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 three months ended March 31, 2024 and 2023 were \$33,130 and \$37,076, respectively.

(14) Preference share liability

On March 31, 2024 and December 31, 2023: There were no such transactions.

	March 31, 2023
Class B preferred shares	\$ 1,003,532
Less: Maturity within one year	-
	<u>\$ 1,003,532</u>

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 effectuated date was set on December 21, 2020. According to the issuance condition of class B preferred shares, the issuance period was 5 years and there was an obligation to pay cash or transfer another financial asset to the counterparty (holder). Thus, the value of the preference share was split into preference share liabilities and call options (shown as financial assets at fair value through profit or loss) in the amounts of \$1,006,485 and \$6,486, respectively. For the three months ended March 31, 2024 and 2023, the amount of interest expense which was estimated by annual rate and amortised based on interest method was \$0 and \$4,612, respectively.

B. As of March 31, 2023, the value of preference share returned is \$0. There were no 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 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 insufficient dividend shall first then be appropriated in a profitable year or quarter afterward.

- (b) The annual dividend rate of class B preferred shares was 2% which were calculated at the issuance price per share and paid in cash, the ex-dividend date of preferred dividend was authorised to be determined by the Board of Directors. The issuance number in issuance year or quarter and recovered year or quarter were calculated at the actual issuance number of days.
- (c) If the expected dividend distribution amount of common share exceeds the dividend amount of class B preferred shares in the current year or quarter, the shareholders of class B preferred shares cannot participate in the distribution.
- (d) Except for aforementioned dividend, the shareholders of class B preferred shares cannot participate in the appropriation of earnings and reserves to shareholders of common share and other types of preference shares.
- (e) Class B preferred shares were not promised to be transferred to common share.
- (f) The shareholders of class B preferred shares have no voting right in the common shareholders' meeting and cannot be elected as directors (including independent directors). However, the shareholders of class B preferred shares has voting right in preferred shareholders' meeting and matters of preferred shareholders' right.
- (g) When it comes to appropriate residual assets of company, class B preferred shares have priority over common shares and class C preferred shares. However, the amount was limited to the issuance price plus total amount of unpaid dividend.
- (h) The issuance period of class B preferred shares was 5 years, shareholders of class B preferred shares did not have right to demand the Company call back class B preferred shares. However, on the date after 3 years of the issuance date, the Company can call back all or some of class B preferred shares at actual issuance price in cash or other ways which were permitted by regulations. The rights and obligations of class B preferred shares which have not been called will continue until the Company calls back. In the current year of calling back the class B preferred shares, if the Company's shareholders resolve to appropriate dividends, the amount of dividends which have to be distributed as of the date of call back will be calculated according to the number of actual issuance days in the current year.
- (i) The preemptive rights for stockholders of class B preferred shares are the same as of common stocks when the Company increases its capital by issuing shares.
- (j) When class B preferred shares meet the condition of called back or mature in the issuance period, if the Company cannot call back all or some class B preferred shares due to force majeure or inscrutable fault of the Company, the rights of class B preferred shares which have not been called back will continue according to aforementioned issuance conditions until the Company calls back all the class B preferred shares. The dividends will be calculated according to original annual rate and actual extension period, the rights of class B preferred shares shall not be diminished according to the Company's Articles of Incorporation.
- (k) Class B preferred shares will not be listed in the issuance period.

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 capital

A. On March 31, 2024, the Company's authorised capital was \$20,000,000, consisting of 2,000,000 thousand shares (including the number of option certificates which can be purchased), and will be issued in several times. The shares which were not issued can be issued in common shares and preference shares in several times based on the Company's business requirement, 90,000 thousand shares will be retained for option certificates. As of March 31, 2024, 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(14) D.

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

	2024	2023
Shares outstanding at January 1	555,308	555,308
Restricted shares called back but not yet cancelled at the beginning of the period	-	22
Shares issued at January 1	555,308	555,330
Cancellation of employee restricted shares	-	( 22)
At March 31	555,308	555,308

B. 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.

C. For details of the issuance of class B preferred shares, please refer to Note 6(14).

D. 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.
- E. 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, amounting to \$50,000 thousand, has been applied for effectiveness through FSC on August 25, 2023. As of April 24, 2024, subsequent issuance procedures have not yet been implemented.

(16) Capital surplus

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Premium on issuance of common shares	\$ 17,417	\$ 17,417	\$ 17,417
Premium on issuance of preferred shares	198,198	198,198	198,198
Changes in ownership interests in subsidiaries	5,832	5,832	5,832
Difference between consideration and carrying amount of subsidiaries acquired or disposed	16,940	16,940	16,940
	<u>\$ 238,387</u>	<u>\$ 238,387</u>	<u>\$ 238,387</u>

(17) 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, 2024, the shareholders resolved the earnings appropriation for the year ended December 31, 2023 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 March 27, 2024, the shareholders resolved the earnings appropriation for the year ended December 31, 2023 with a common share dividend of 1.2 per share and the total amount was \$666,370; and with Class C preferred stock dividend of 1.2 per share. The total dividends amounted to \$216,216.
- H. On April 26, 2023, the Company's Board of Directors resolved not to distribute the appropriation of earnings in the first quarter of 2023.

(18) Operating revenue

	Three months ended March 31	
	2024	2023
Revenue from contracts with customers		
IC packaging and testing service revenue	\$ 2,567,109	\$ 2,057,109
Electronics manufacturing service revenue	1,576,268	1,156,898
Other operating revenue	32,652	39,404
	<u>\$ 4,176,029</u>	<u>\$ 3,253,411</u>

A. Disaggregation of revenue from contracts with customers

	Semiconductor		
<u>Three months ended March 31, 2024</u>	<u>Group</u>	<u>EMS Group</u>	<u>Total</u>
IC packaging and testing service revenue	\$ 2,567,109	\$ -	\$ 2,567,109
Manufacture of electronic products	-	1,576,268	1,576,268
Others	20,985	11,667	32,652
	<u>\$ 2,588,094</u>	<u>\$ 1,587,935</u>	<u>\$ 4,176,029</u>
Timing of revenue recognition:			
Over time	\$ 2,567,109	\$ -	\$ 2,567,109
At a point in time	20,985	1,587,935	1,608,920
	<u>\$ 2,588,094</u>	<u>\$ 1,587,935</u>	<u>\$ 4,176,029</u>

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

B. Contract assets and liabilities

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current contract assets			
IC packaging and testing service	<u>\$ 327,060</u>	<u>\$ 409,186</u>	<u>\$ 243,424</u>
Current contract liabilities			
IC packaging and testing service	\$ 66,517	\$ 65,329	\$ 67,423
Manufacture of electronic products	<u>17,535</u>	<u>21,858</u>	<u>8,845</u>
	<u>\$ 84,052</u>	<u>\$ 87,187</u>	<u>\$ 76,268</u>

Note: As of January 1, 2023, the Group recognised current contract liabilities in the amount of \$77,879.

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

(c) For the three months ended March 31, 2024 and 2023, revenue recognised that was included in the contract liability balance at the beginning of the period amounted to \$3,135 and \$1,612, respectively.

(19) Interest income

	Three months ended March 31	
	2024	2023
Interest income from bank deposits	<u>\$ 9,648</u>	<u>\$ 6,618</u>



(20) Other income

	Three months ended March 31	
	2024	2023
Service revenue	\$ 6,113	\$ 1,692
Rental revenue	2,421	1,639
Other income	5,261	17,270
	<u>\$ 13,795</u>	<u>\$ 20,601</u>

(21) Other gains and losses

	Three months ended March 31	
	2024	2023
Gains on disposals of property, plant and equipment	\$ 61	\$ 214
Net currency exchange gains (losses)	84,730	( 21,679)
Others	9	( 21)
	<u>\$ 84,800</u>	<u>(\$ 21,486)</u>

(22) Finance costs

	Three months ended March 31	
	2024	2023
Interest expense on borrowings from financial institutions	\$ 4,312	\$ 3,518
Interest expense on lease liability	512	689
Dividends on preference share liabilities	-	4,612
Others	2	2
	<u>4,826</u>	<u>8,821</u>
Less: Capitalisation of qualifying assets	( 399)	-
	<u>\$ 4,427</u>	<u>\$ 8,821</u>

(23) Expenses by nature

	Three months ended March 31	
	2024	2023
Employee benefit expense	\$ 1,053,041	\$ 921,876
Depreciation charges on property, plant and equipment	197,060	252,536
Depreciation expense on right-of-use assets	4,944	5,239
Amortisation charges on intangible assets	15,256	10,715

(24) Employee benefit expense

	Three months ended March 31	
	2024	2023
Salary expenses	\$ 841,571	\$ 733,833
Labour and health insurance fees	93,245	87,626
Pension costs	35,580	38,839
Directors' remuneration	7,710	1,818
Other personnel expenses	74,935	59,760
	<u>\$ 1,053,041</u>	<u>\$ 921,876</u>

Under the Company's Articles of Incorporation, the current year's pre-tax profit, net of employees' compensation and directors' remuneration, shall be first used to offset accumulated deficits, then 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 three months ended March 31, 2024 and 2023, the employees' compensation and directors' remuneration were estimated and accrued based on certain proportion of distributable profit of current year amounting to \$70,000 and \$10,983; as well as \$6,990 and 1,098, respectively.

Employees' compensation of \$249,200 and directors' remuneration of \$24,910 of 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements, and had not yet been distributed.

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.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ -	\$ 4,404
Prior year income tax underestimation (over)	-	(70,101)
Total current tax	-	(65,697)
Deferred tax:		
Origination and reversal of temporary differences	122,684	(16,275)
Total deferred tax	122,684	(16,275)
Income tax expense	\$ 122,684	(\$ 81,972)

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

	Three months ended March 31	
	2024	2023
Currency translation differences	\$ 1,765	\$ 894

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	Three months ended March 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 499,349		
Less: Dividends on class C preferred shares	(110,097)		
Profit attributable to ordinary shareholders of the parent (Note)	<u>\$ 389,252</u>	<u>555,308</u>	<u>\$ 0.70</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 499,349	555,308	
Less: Dividends on class C preferred shares	(110,097)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,404	
Convertible preferred stock	<u>110,097</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 499,349</u>	<u>737,892</u>	<u>\$ 0.68</u>

	Three months ended March 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 179,721		
Less: Dividends on class C preferred shares	( 39,625)		
Profit attributable to ordinary shareholders of the parent (Note)	<u>\$ 140,096</u>	<u>555,308</u>	<u>\$ 0.25</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 179,721	555,308	
Less: Dividends on class C preferred shares	( 39,625)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	6,269	
Convertible preferred stock	<u>39,625</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 179,721</u>	<u>741,757</u>	<u>\$ 0.24</u>

Note: The Company issued three classes of equity instruments, including ordinary shares, class B preferred shares and class C preferred shares. Since class C preferred shares are non-cumulative and participating equity instruments (refer to Note 6(15)D. (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.

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Three months ended March 31	
	2024	2023
Purchase of property, plant and equipment	\$ 486,082	\$ 159,765
Increase in prepayments for business facilities	879	26,537
Add: Opening balance of payable on equipment and construction (Note)	269,709	303,918
Less: Ending balance of payable on equipment and construction (Note)	( 324,200)	( 231,555)
Cash paid during the period	<u>\$ 432,470</u>	<u>\$ 258,665</u>

Note : Payable on equipment and construction was shown as 'other payables'.

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

	Three months ended March 31	
	2024	2023
Decrease in lease liabilities due to remeasurement	\$ 20,142	\$ -
Less: Decrease in right-of-use assets	( 20,142)	-
	<u>\$ -</u>	<u>\$ -</u>
Prepayments for business facilities transferred to prepayments	\$ -	\$ 120
Prepayments for business facilities transferred to property, plant and equipment	\$ 155,692	\$ 143,670
Long-term borrowings, current portion	\$ 181,555	\$ 2,904
Cash dividends declared but yet to be received	\$ 882,586	\$ -

(28) Changes in liabilities from financing activities

			Changes in foreign		
	January 1, 2024	Cash flows	exchange rate	Others	March 31, 2024
Long-term borrowings	\$ 1,238,962	\$ 47,096	\$ -	\$ -	\$ 1,286,058
Lease liabilities	133,860	( 6,728)	-	( 20,142)	106,990
Guarantee deposits received	35,487	( 7,105)	4	-	28,386
Preference share liabilities	-	-	-	882,586	882,586

  

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

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
OSE Properties, Inc. (Properties)	Associate (Note)
Chipbond Technology Corporation (Chipbond)	Entities with significant influence to the Group

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

(2) Significant related party transactions

A. Sales

	Three months ended March 31	
	2024	2023
Entities with significant influence to the Group	\$ 26	\$ 71

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

B. Purchases

	Three months ended March 31	
	2024	2023
Entities with significant influence to the Group	\$ 463	\$ 8

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

C. Receivables from related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable:			
Entities with significant influence to the Group	\$ 27	\$ 271	\$ 76
Less: Loss allowance	-	(1)	-
	<u>\$ 27</u>	<u>\$ 270</u>	<u>\$ 76</u>
Other receivables:			
Entities with significant influence to the Group	<u>\$ 108</u>	<u>\$ -</u>	<u>\$ -</u>

Receivables from related parties mainly arose from sales and payments on behalf of others. 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

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable:			
Entities with significant influence to the Group	<u>\$ 751</u>	<u>\$ 1,474</u>	<u>\$ 8</u>
Other payables:			
Entities with significant influence to the Group	<u>\$ 19,781</u>	<u>\$ 19,781</u>	<u>\$ 24,932</u>

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. Lease transactions — lessor

	Three months ended March 31	
	2024	2023
Rental income:		
Entities with significant influence to the Group	\$ 1,067	\$ 251

Leasing transactions are made under mutual agreement, and the collection term is available to third parties. As of March 31, 2024, December 31, 2023 and March 31, 2023, advance rent receipts amounted to \$3,202, \$0 and \$1,004, respectively, and were shown as ‘other current liabilities, others’.

#### F. Others

Details of the Company’s class B preferred shares held by the entities with significant influence to the Group are provided in Notes 6(14) and (22).

#### (3) Key management compensation

	Three months ended March 31	
	2024	2023
Short-term employee benefits	\$ 13,020	\$ 8,662
Post-employment benefits	108	135
	<u>\$ 13,128</u>	<u>\$ 8,797</u>

#### 8. Pledged Assets

Pledged asset	Book value			Purpose
	March 31, 2024	December 31, 2023	March 31, 2023	
Property, plant and equipment				
- Buildings and structures	\$ 717,347	\$ 724,158	\$ 764,575	Credit line for long-term-borrowings
- Machinery and equipment	68,020	76,917	289,399	Credit line for long-term-borrowings
Guarantee deposits paid - time deposits	14,097	14,077	14,018	Customs guarantee or others
	<u>\$ 799,464</u>	<u>\$ 815,152</u>	<u>\$ 1,067,992</u>	

#### 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

##### (1) Contingencies

None.

##### (2) Commitments

- A. As of March 31, 2024, December 31, 2023 and March 31, 2023, 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 was \$0, \$0 and \$400,000, respectively.
- B. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company issued promissory notes of \$7,963,844, \$7,618,276 and \$8,008,664, respectively, as guarantees for bank loans.
- C. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company issued promissory notes of \$14,242, \$14,242 and \$13,738, respectively, as guarantees for payments of raw materials and machineries purchased.

D. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had letters of credit issued but not used amounting to US\$0 thousand, US\$0 thousand and US\$404 thousand, respectively.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Property, plant and equipment	\$ <u>729,703</u>	\$ <u>389,110</u>	\$ <u>97,987</u>

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

During the three months ended March 31, 2024, the Group's strategy, which was unchanged from 2023, was to balance overall capital structure. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's gearing ratio is as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Total liabilities	\$ <u>8,187,583</u>	\$ <u>7,193,165</u>	\$ <u>6,043,678</u>
Total assets	\$ <u>19,259,288</u>	\$ <u>18,467,008</u>	\$ <u>16,191,118</u>
Gearing ratio	<u>43%</u>	<u>39%</u>	<u>37%</u>



## (2) Financial instruments

### A. Financial instruments by category

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 2,055,652</u>	<u>\$ 1,839,213</u>	<u>\$ 1,311,998</u>
Financial assets at amortised cost			
Cash and cash equivalents (excluding cash on hand)	\$ 4,281,672	\$ 3,909,576	\$ 3,291,982
Financial assets at amortised cost	-	-	243,520
Notes receivable	-	-	103
Accounts receivable (including related parties)	4,626,332	4,462,986	2,984,544
Other receivables (including related parties)	99,759	106,713	34,028
Guarantee deposits paid	<u>36,725</u>	<u>36,603</u>	<u>16,461</u>
	<u>\$ 9,044,488</u>	<u>\$ 8,515,878</u>	<u>\$ 6,570,638</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Accounts payable (including related parties)	\$ 4,254,079	\$ 3,967,823	\$ 2,479,892
Other payables (including related parties)	2,191,254	1,416,728	859,389
Long-term borrowings (including current portion)	1,286,058	1,238,962	1,148,962
Preference share liability	-	-	1,003,532
	<u>\$ 7,731,391</u>	<u>\$ 6,623,513</u>	<u>\$ 5,491,775</u>
Lease liability (including current and non-current)	<u>\$ 106,990</u>	<u>\$ 133,860</u>	<u>\$ 154,357</u>

### B. Financial risk management policies

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

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

#### (a) Market risk

##### Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.

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

March 31, 2024						
(Foreign currency: functional currency)	Foreign currency amount		Book value	Sensitivity analysis		
	(In thousands)	Exchange rate		(NTD)	Degree of variation	Effect on profit or loss
	<u>Financial assets</u>					
	<u>Monetary items</u>					
	USD:NTD	\$ 136,548	31.99	\$ 4,368,171	1%	\$ 43,682
JPY:NTD	620,805	0.2115	131,300	1%	1,313	-
<u>Non-monetary items</u>						
USD:NTD	8,644	31.99	276,513	1%	-	2,765
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	95,930	31.99	3,068,801	1%	30,688	-
JPY:NTD	377,709	0.2115	79,885	1%	799	-
December 31, 2023						
(Foreign currency: functional currency)	Foreign currency amount		Book value	Sensitivity analysis		
	(In thousands)	Exchange rate		(NTD)	Degree of variation	Effect on profit or loss
	<u>Financial assets</u>					
	<u>Monetary items</u>					
	USD:NTD	\$ 163,387	30.71	\$ 5,017,615	1%	\$ 50,176
JPY:NTD	734,289	0.2174	159,634	1%	1,596	-
<u>Non-monetary items</u>						
USD:NTD	19,539	30.71	600,028	1%	-	6,000
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	87,670	30.71	2,692,346	1%	26,923	-
JPY:NTD	483,077	0.2174	105,021	1%	1,050	-

	March 31, 2023					
	Foreign currency amount		Book value	Sensitivity analysis		
	(In thousands)	Exchange rate	(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	\$ 91,643	30.44	\$ 2,789,613	1%	\$ 27,896	\$ -
JPY:NTD	404,511	0.2288	92,552	1%	926	-
Non-monetary items						
USD:NTD	20,710	30.44	630,402	1%	-	6,304
Financial liabilities						
Monetary items						
USD:NTD	55,269	30.44	1,682,388	1%	16,824	-
JPY:NTD	345,197	0.2288	78,981	1%	790	-

- iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2024 and 2023 amounted to \$84,730 and (\$21,679), respectively.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.
- ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$20,557 and \$13,120, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

The Group's long-term borrowings are floating-rate debts; therefore, the effective interest rate of its long-term borrowings will vary according to changes in market interest rates. If the market interest rate had increased/decreased by 25 basis points with all other variables held constant, post-tax profit for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$643 and \$574, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

#### (b) Credit risk

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

- iii. As of March 31, 2024, December 31, 2023 and March 31, 2023, the amounts of accounts and notes receivable from top ten customers constitute 90%, 84% and 83%, respectively, of the Group's total accounts and notes receivable. The credit concentration risk of the remaining accounts and notes receivable is immaterial.
- iv. The Group's treasury manages the credit risks of bank deposits and other financial instruments based on the Group's credit policy. Because the Group's counterparties are determined based on the Group's internal control, only banks and companies with good credit rating and with no significant default risk are accepted. Consequently, there is no significant credit risk.
- v. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customers' contract assets and notes and accounts receivable in accordance with credit rating of customer, geographic area and industry sector. The Group applies the simplified approach using a provision matrix to estimate the expected credit loss.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On March 31, 2024, December 31, 2023 and March 31, 2023, the provision matrix classified by customers is as follows:

<u>March 31, 2024</u>		<u>Overdue</u>					
	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>Over 180 days</u>	<u>Total</u>
IC semiconductor group							
Gross carrying amount (Note)	\$ 2,562,122	\$ 128,009	\$ 110,069	\$ 3,632	\$ 4,965	\$ 35	\$ 2,808,832
Lifetime expected credit losses	( 2,911)	( 308)	( 396)	( 174)	( 243)	( 35)	( 4,067)
Carrying amount	<u>\$ 2,559,211</u>	<u>\$ 127,701</u>	<u>\$ 109,673</u>	<u>\$ 3,458</u>	<u>\$ 4,722</u>	<u>\$ -</u>	<u>\$ 2,804,765</u>
Loss ratio	0.12%	0.24%	0.36%	0.48%~4.9%	0.72%~10.22%	100%	
		<u>Overdue</u>					
Electronics manufacturing services group							
Gross carrying amount	\$ 2,039,608	\$ 88,502	\$ 19,564	\$ 3,195	\$ 200	\$ -	\$ 2,151,069
Lifetime expected credit losses	( 2,169)	( 178)	( 68)	( 11)	( 16)	-	( 2,442)
Carrying amount	<u>\$ 2,037,439</u>	<u>\$ 88,324</u>	<u>\$ 19,496</u>	<u>\$ 3,184</u>	<u>\$ 184</u>	<u>\$ -</u>	<u>\$ 2,148,627</u>
Loss ratio	0%~0.12%	0%~0.24%	0%~0.36%	0%~0.48%	0.72%~8.33%	100%	
<u>December 31, 2023</u>		<u>Overdue</u>					
	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>Over 180 days</u>	<u>Total</u>
IC semiconductor group							
Gross carrying amount (Note)	\$ 2,554,784	\$ 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	<u>\$ 2,552,089</u>	<u>\$ 263,710</u>	<u>\$ 139,729</u>	<u>\$ 2,301</u>	<u>\$ 8,530</u>	<u>\$ -</u>	<u>\$ 2,966,359</u>
Loss ratio	0.11%	0.22%	0.33%	0.44%~5.15%	0.66%~5.15%	100%	
		<u>Overdue</u>					
Electronics manufacturing services group							
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	<u>\$ 1,780,375</u>	<u>\$ 99,233</u>	<u>\$ 26,126</u>	<u>\$ 79</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,905,813</u>
Loss ratio	0.11%	0.22%	0.33%	0.44%	0.66%~8.33%	100%	

March 31, 2023	Overdue						
IC semiconductor group	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Gross carrying amount (Note)	\$ 1,917,874	\$ 105,632	\$ 44,959	\$ 296	\$ 751	\$ 45	\$ 2,069,557
Lifetime expected credit losses	( 2,000)	( 856)	( 628)	( 5)	( 46)	( 45)	( 3,580)
Carrying amount	\$ 1,915,874	\$ 104,776	\$ 44,331	\$ 291	\$ 705	\$ -	\$ 2,065,977
Loss ratio	0.10%	0.10%~0.82%	0.10%~1.40%	0.10%~1.75%	0.31%~6.09%	100%	
	Overdue						
Electronics manufacturing services group	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Gross carrying amount	\$ 1,070,564	\$ 90,850	\$ 539	\$ 318	\$ 987	\$ 131	\$ 1,163,389
Lifetime expected credit losses	( 1,027)	35	-	-	( 172)	( 131)	( 1,295)
Carrying amount	\$ 1,069,537	\$ 90,885	\$ 539	\$ 318	\$ 815	\$ -	\$ 1,162,094
Loss ratio	0%~0.10%	0%~0.10%	0%~0.10%	0%~0.10%	0.31%~17.41%	100%	

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:

	2024	2023
	Accounts receivable	Accounts receivable
At January 1	\$ 6,610	\$ 13,071
Reversal of impairment loss	( 107)	( 8,199)
Effect of foreign exchange	6	3
At March 31	\$ 6,509	\$ 4,875

For provisioned loss for the three months ended March 31, 2024 and 2023, there were no impairment losses arising from the contract assets and notes receivable.

### (c) Liquidity risk

- 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.
- As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's total unused amounts of short-term borrowings was \$3,475,783, \$3,557,550 and \$4,265,246, respectively. The Group's total unused amounts of long-term borrowings was \$4,500,000, \$4,850,000 and \$2,720,000, respectively.
- The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
March 31, 2024					
Non-derivative financial liabilities:					
Accounts payable (including related parties)	\$ 4,254,079	\$ -	\$ -	\$ -	\$ 4,254,079
Other payables (including related parties)	2,191,254	-	-	-	2,191,254
Long-term borrowings (including current portion)	197,227	798,925	324,901	-	1,321,053
Lease liabilities	20,591	20,441	19,164	63,514	123,710

	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Total
<u>December 31, 2023</u>					
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
<u>March 31, 2023</u>					
Non-derivative financial liabilities:					
Accounts payable (including related parties)	\$ 2,479,892	\$ -	\$ -	\$ -	\$ 2,479,892
Other payables (including related parties)	859,389	-	-	-	859,389
Long-term borrowings (including current portion)	17,890	626,065	507,547	44,993	1,196,495
Preference share liabilities	20,005	1,034,409	-	-	1,054,414
Lease liabilities	30,568	37,044	23,810	84,906	176,328

### (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 March 31, 2024, December 31, 2023 and March 31, 2023 are as follows:



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

<u>March 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$2,051,630</u>	<u>\$ -</u>	<u>\$ 4,022</u>	<u>\$ 2,055,652</u>
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$1,835,191</u>	<u>\$ -</u>	<u>\$ 4,022</u>	<u>\$ 1,839,213</u>
<u>March 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$1,301,385</u>	<u>\$ -</u>	<u>\$ 10,613</u>	<u>\$ 1,311,998</u>

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

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

D. For the three months ended March 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

E. For the three months ended March 31, 2024 and 2023, there was no movement of Level 3.

F. For the three months ended March 31, 2024 and 2023, there was no transfer into or out from Level 3.

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

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

	Fair value at March 31, 2024	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, 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 March 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative instrument:					
Preference share liabilities returned	\$ -	Binary tree convertible valuation model	Discount rate	2.5603%	The higher the discount rate, the lower the fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 10,613	Net assets value	N/A	N/A	N/A

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 March 31, 2024 and December 31, 2023: There were no such transactions.

		March 31, 2023			
		Recognised in profit or loss		Recognised in other comprehensive income	
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets					
Preference share liabilities returned	Discount rate ±1%	\$ -	\$ 8,919	\$ -	\$ -

### 13. Supplementary Disclosures

#### (1) Significant transactions information

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

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(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 9.

14. Segment Information

(1) General information

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

- A. IC semiconductor group: This segment mainly provides IC packaging and testing services.
- B. Electronics manufacturing services group: This segment provides professional electronics manufacturing services.

(2) Segment information

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

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

Three months ended March 31, 2024					
	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	\$ 2,588,094	\$ 1,587,935	\$ -	\$ -	\$ 4,176,029
Inter-segment revenue	-	4,263	-	(4,263)	-
Total revenue	<u>\$ 2,588,094</u>	<u>\$ 1,592,198</u>	<u>\$ -</u>	<u>(\$ 4,263)</u>	<u>\$ 4,176,029</u>
Segment income	<u>\$ 505,414</u>	<u>\$ 115,726</u>	<u>\$ 893</u>	<u>\$ -</u>	<u>\$ 622,033</u>
Three months ended March 31, 2023					
	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	\$ 2,063,876	\$ 1,189,535	\$ -	\$ -	\$ 3,253,411
Inter-segment revenue	-	55,983	-	(55,983)	-
Total revenue	<u>\$ 2,063,876</u>	<u>\$ 1,245,518</u>	<u>\$ -</u>	<u>(\$ 55,983)</u>	<u>\$ 3,253,411</u>
Segment income (loss)	<u>\$ 71,718</u>	<u>\$ 24,378</u>	<u>\$ 1,653</u>	<u>\$ -</u>	<u>\$ 97,749</u>

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

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

(3) Reconciliation for segment income (loss)

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

Orient Semiconductor Electronics, Limited and Subsidiaries  
Loans to others  
Three months ended March 31, 2024

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three months ended March 31,	Balance at March 31, 2024	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with the borrower	Reason for short- term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note1)	Ceiling on total loans granted (Note1)	Footnote
					2024								Item	Value			
2	COREPLUS (HK) LIMITED	Valve-Plus Technology (Suzhou) Co.	Other receivables due from related parties	Y	95,970 (USD 3,000)	63,980 (USD 2,000)	31,990 (USD 1,000)	-	Short-term financing	-	Short-term capital requirements for operating and business purposes	-	-	-	553,075 (USD 17,289)	553,075 (USD 17,289)	-

Note1: In accordance with the Company's "Procedures for Provision of Loans", limit on loans to others is 40% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.

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

## Orient Semiconductor Electronics, Limited and Subsidiaries

## Provision of endorsements and guarantees to others

Three months ended March 31, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2024	Outstanding endorsement/ guarantee amount at March 31, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Orient Semiconductor Electronics,Limited	COREPLUS (HK) LIMITED	Note 2	\$ 3,321,511	\$ 79,975 (USD 2,500)	\$ 79,975 (USD 2,500)	\$ 11,197 (USD 350)	\$ -	0.72%	\$ 11,071,705	Y	N	N	-

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

(1)The Company is '0'.

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

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

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

Orient Semiconductor Electronics, Limited and Subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
March 31, 2024

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

				As of March 31, 2024				
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	25,970,000	2,051,630	3.49%	2,051,630	-

Orient Semiconductor Electronics, Limited and Subsidiaries  
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more  
Three months ended March 31, 2024

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
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	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Price comparison and negotiation	Building plants	None

Note: On October 27, 2022, the Board of Directors 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 March 31, 2024, the contractor of some contracted work items is Verizon Construction & Engineering Limited Company, and the accumulated payments amounted to \$451,200.



Orient Semiconductor Electronics, Limited and Subsidiaries  
Significant inter-company transactions during the reporting periods  
Three months ended March 31, 2024

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

Transaction							
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Orient Semiconductor Electronics,Limited	COREPLUS (HK) LIMITED	1	Accounts receivable	\$ 10,738	-	0.06%
1	COREPLUS (HK) LIMITED	Valve-Plus Technology (Suzhou) Co.	3	Other receivable	31,990	-	0.17%
2	Valve-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Sales revenue	19,647	Same with general transaction terms	0.47%
2	Valve-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Accounts receivable	10,763	-	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.

Table 6

Orient Semiconductor Electronics, Limited and Subsidiaries

Information on investees

Three months ended March 31, 2024

Expressed in thousands of NTD  
(Except as otherwise indicated)

				Initial investment amount		Shares held as at March 31, 2024					Investment income (loss) recognised by the Company for the three months ended	
Investor	Investee	Location	Main business activities	Balance as at March 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2024	March 31, 2024	Footnote	
Orient Semiconductor Electronics, Limited	OSE INTERNATIONAL LTD.	British Virgin IS.	Investments of various manufacturing businesses	- \$	511,840 (USE 16,000,000)	-	-	\$ -	\$ 3,142	\$ 3,142	Note 1、2	
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	239,925 (USD 7,500,000)	239,925 (USD 7,500,000)	7,500,000	100%	276,513	4,571	4,571	Note 1、4	
Orient Semiconductor Electronics, Limited	HUA-CHENG INVESTMENT CO.	Taiwan	Reinvestments in various business	2,055,828	2,055,828	183,750,837	100%	2,605,065	893	893	Note 4	

Note 1: 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.

Note 2: The investee was liquidated and dissolved in February 2024.

Note 3: The investee was abolished on March 8, 2007.

Note 4: Inter-company transactions between companies within the Group are eliminated.

Orient Semiconductor Electronics, Limited and Subsidiaries  
Information on investments in Mainland China  
Three months ended March 31, 2024

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2024			Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Net income of investee as of March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	Book value of investments in Mainland China as of March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan							
Valve-Plus Technology (Suzhou) Co.	Adhesive processing, plug-in welding processing and related test, combination processing of the surface of base plate of electronic and sales of its products, and providing technique maintenance and after-sale service accordingly	172,379 (USD 5,388,522)	Investment and establishment in COREPLUS, and then reinvestment (2)	\$ 158,328	\$ -	\$ -	\$ 158,328	\$ 1,440	100%	\$ 1,440	\$ 16,416	\$ -	Note 3
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	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	\$ 6,643,023	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.

Table 8

Orient Semiconductor Electronics, Limited and Subsidiaries															
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas															
Three months ended March 31, 2024															
Expressed in thousands of NTD (Except as otherwise indicated)															
Investee in Mainland China	Sale (purchase)		Service revenue		Accounts receivable (payable)		Other receivables		Provision of endorsements/guarantees or collaterals		Financing			Other	
	Amount		Amount		Balance at March 31, 2024		Balance at March 31, 2024		Balance at March 31, 2024		Maximum balance during the three months ended March 31, 2024			Interest during the three months ended March 31, 2024	
	Amount	%	Amount	%	March 31, 2024	%	2024	Purpose	March 31, 2024	Purpose	March 31, 2024	March 31, 2024	Interest rate	March 31, 2024	
Valve-Plus Technology (Suzhou) Co.	\$ -	-	\$ 19,647	100%	\$ 10,763	100%	\$ 234	92%	\$ -	-	\$ 95,970	\$ 63,980	-	\$ -	

Orient Semiconductor Electronics, Limited and Subsidiaries

Major shareholders information

March 31, 2024

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Chipbond Technology Corporation	147,345,498	26.53%

Note 1: Chipbond Technology Corporation held the Company’s common shares and class C preferred shares without voting rights amounting to 147,345,498 shares and 180,180,000 shares, respectively, and totally held 327,525,498 shares.

Note 2: As of March 31, 2024, 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(15) D(e).