

**ORIENT SEMICONDUCTOR
ELECTRONICS, LIMITED AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2024 AND 2023**

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 September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months 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(5), 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\$367,470 thousand and NT\$711,953 thousand, constituting 2% and 4% of the consolidated total assets as at September 30, 2024 and 2023, respectively, total liabilities amounted to NT\$82,102 thousand and NT\$70,342 thousand, constituting 1% and 1% of the

consolidated total liabilities as at September 30, 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\$3,738 thousand, (NT\$7,547) thousand, NT\$19,280 thousand and (NT\$37,328) thousand, constituting 2%, (1%), 2% and (2%) of the consolidated total comprehensive income (loss) for the three months and nine months 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months then ended, and its consolidated cash flows for the nine months 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

October 29, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ review 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
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 4,392,800	23	\$ 3,909,728	21	\$ 4,056,506	22
1140	Current contract assets	6(19)	198,014	1	409,186	2	428,244	2
1170	Accounts receivable, net	6(3)	3,941,010	21	4,462,716	24	4,323,086	23
1180	Accounts receivable due from related parties, net	6(3) and 7	-	-	270	-	-	-
1200	Other receivables		67,822	-	106,713	1	83,746	-
1220	Current tax assets		6,503	-	3,194	-	2,113	-
130X	Inventories	6(4)	1,785,461	9	1,604,909	9	1,590,522	9
1410	Prepayments		142,992	1	93,171	1	94,420	1
1479	Other current assets, others		25,172	-	30,774	-	30,351	-
11XX	Current Assets		<u>10,559,774</u>	<u>55</u>	<u>10,620,661</u>	<u>58</u>	<u>10,608,988</u>	<u>57</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	1,799,522	9	1,839,213	10	1,671,283	9
1600	Property, plant and equipment	6(6) and 8	6,129,265	32	5,081,550	28	5,116,203	28
1755	Right-of-use assets	6(7)	117,937	1	146,307	1	151,544	1
1780	Intangible assets	6(9)	62,258	-	80,670	-	79,364	1
1840	Deferred tax assets		415,626	2	634,413	3	766,279	4
1915	Prepayments for business facilities		104,491	1	25,276	-	30,786	-
1920	Guarantee deposits paid	8	15,160	-	36,603	-	28,885	-
1990	Other non-current assets, others		27,250	-	2,315	-	2,317	-
15XX	Non-current assets		<u>8,671,509</u>	<u>45</u>	<u>7,846,347</u>	<u>42</u>	<u>7,846,661</u>	<u>43</u>
1XXX	Total assets		<u>\$ 19,231,283</u>	<u>100</u>	<u>\$ 18,467,008</u>	<u>100</u>	<u>\$ 18,455,649</u>	<u>100</u>

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2130	Current contract liabilities	6(19)	\$ 79,542	-	\$ 87,187	-	\$ 91,018	1
2170	Accounts payable		4,660,149	24	3,966,349	22	3,741,142	20
2180	Accounts payable to related parties	7	1,371	-	1,474	-	429	-
2200	Other payables	6(10)	1,479,356	8	1,396,947	8	1,329,242	7
2220	Other payables to related parties	7	-	-	19,781	-	14,959	-
2230	Current tax liabilities		100	-	214	-	-	-
2250	Current provisions	6(15)	66,888	-	46,477	-	41,277	-
2280	Current lease liabilities		13,437	-	25,400	-	27,909	-
2320	Long-term liabilities, current portion	6(11) and 8	325,248	2	107,054	1	29,648	-
2365	Current refund liabilities		11,175	-	4,481	-	16,765	-
2399	Other current liabilities, others	7	91,114	1	83,900	-	88,789	1
21XX	Current Liabilities		<u>6,728,380</u>	<u>35</u>	<u>5,739,264</u>	<u>31</u>	<u>5,381,178</u>	<u>29</u>
	Non-current liabilities							
2540	Non-current portion of non-current borrowings	6(11) and 8	984,067	5	1,131,908	6	1,149,314	6
2580	Non-current lease liabilities		86,792	1	108,460	1	112,975	1
2635	Non-current preference share liabilities	6(13)	-	-	-	-	1,002,881	5
2640	Net defined benefit liability, non-current		62,080	-	178,046	1	113,556	1
2645	Guarantee deposits received		28,386	-	35,487	-	38,407	-
25XX	Non-current liabilities		<u>1,161,325</u>	<u>6</u>	<u>1,453,901</u>	<u>8</u>	<u>2,417,133</u>	<u>13</u>
2XXX	Total Liabilities		<u>7,889,705</u>	<u>41</u>	<u>7,193,165</u>	<u>39</u>	<u>7,798,311</u>	<u>42</u>
	Equity attributable to owners of parent							
	Share capital	6(14)(16)						
3110	Share capital - common stock		5,603,083	29	5,553,083	30	5,553,083	30
3120	Preference share		1,801,800	9	1,801,800	10	1,801,800	10
	Capital surplus	6(17)						
3200	Capital surplus		480,901	2	238,387	1	238,387	1
	Retained earnings	6(18)						
3310	Legal reserve		528,205	3	346,070	2	346,070	2
3320	Special reserve		192,793	1	192,793	1	192,793	1
3350	Unappropriated retained earnings		2,973,131	16	3,007,624	16	2,467,051	14
	Other equity interest							
3400	Other equity interest		(238,335)	(1)	134,086	1	58,154	-
31XX	Equity attributable to owners of the parent		<u>11,341,578</u>	<u>59</u>	<u>11,273,843</u>	<u>61</u>	<u>10,657,338</u>	<u>58</u>
3XXX	Total equity		<u>11,341,578</u>	<u>59</u>	<u>11,273,843</u>	<u>61</u>	<u>10,657,338</u>	<u>58</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		<u>\$ 19,231,283</u>	<u>100</u>	<u>\$ 18,467,008</u>	<u>100</u>	<u>\$ 18,455,649</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 AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(19) and 7	\$ 3,914,051	100	\$ 4,702,077	100	\$ 12,150,440	100	\$ 11,954,154	100
5000 Operating costs	6(4)(9)(24)(25) and 7	(3,413,503)	(87)	(3,639,066)	(77)	(10,247,674)	(84)	(9,828,783)	(82)
5900 Net operating margin		<u>500,548</u>	<u>13</u>	<u>1,063,011</u>	<u>23</u>	<u>1,902,766</u>	<u>16</u>	<u>2,125,371</u>	<u>18</u>
Operating expenses	6(9)(24)(25)								
6100 Selling and administrative expenses		(215,903)	(5)	(246,493)	(5)	(640,967)	(5)	(616,278)	(5)
6300 Research and development expenses		(99,028)	(3)	(107,820)	(3)	(298,476)	(3)	(288,074)	(3)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	<u>1,285</u>	<u>-</u>	<u>234</u>	<u>-</u>	<u>2,794</u>	<u>-</u>	<u>7,620</u>	<u>-</u>
6000 Total operating expenses		(313,646)	(8)	(354,079)	(8)	(936,649)	(8)	(896,732)	(8)
6500 Net other income (expenses)	6(7)	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>1</u>	<u>-</u>
6900 Operating profit		<u>186,906</u>	<u>5</u>	<u>708,932</u>	<u>15</u>	<u>966,121</u>	<u>8</u>	<u>1,228,640</u>	<u>10</u>
Non-operating income and expenses									
7100 Interest income	6(20)	7,856	-	6,877	-	34,839	-	29,561	-
7010 Other income	6(21) and 7	7,166	-	11,614	-	133,143	1	156,877	1
7020 Other gains and losses	6(22)	22,433	1	75,688	2	131,967	1	75,888	1
7050 Finance costs	6(23)	(4,631)	-	(9,253)	-	(13,670)	-	(27,250)	-
7060 Share of loss of associates and joint ventures accounted for using equity method	6(5)	<u>-</u>	<u>-</u>	<u>(115)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(362)</u>	<u>-</u>
7000 Total non-operating revenue and expenses		<u>32,824</u>	<u>1</u>	<u>84,811</u>	<u>2</u>	<u>286,279</u>	<u>2</u>	<u>234,714</u>	<u>2</u>
7900 Profit before income tax		<u>219,730</u>	<u>6</u>	<u>793,743</u>	<u>17</u>	<u>1,252,400</u>	<u>10</u>	<u>1,463,354</u>	<u>12</u>
7950 Income tax expense	6(26)	(42,439)	(1)	(207,042)	(4)	(222,172)	(2)	(182,574)	(1)
8200 Profit for the period		<u>\$ 177,291</u>	<u>5</u>	<u>\$ 586,701</u>	<u>13</u>	<u>\$ 1,030,228</u>	<u>8</u>	<u>\$ 1,280,780</u>	<u>11</u>

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items		Notes	Three months ended September 30				Nine months ended September 30			
			2024		2023		2024		2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	(\$ 12,587)	-	\$ 121,197	2	(\$ 147,062)	(1)	\$ 215,500	2
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(12,587)	-	121,197	2	(147,062)	(1)	215,500	2
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations		(6,470)	-	23,310	1	1,734	-	30,903	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(26)	1,294	-	6,063	-	2,312	-	4,544	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(5,176)	-	29,373	1	4,046	-	35,447	-
8300	Total other comprehensive income (loss) for the period		(\$ 17,763)	-	\$ 150,570	3	(\$ 143,016)	(1)	\$ 250,947	2
8500	Total comprehensive income for the period		<u>\$ 159,528</u>	<u>5</u>	<u>\$ 737,271</u>	<u>16</u>	<u>\$ 887,212</u>	<u>7</u>	<u>\$ 1,531,727</u>	<u>13</u>
Profit, attributable to:										
8610	Owners of parent		<u>\$ 177,291</u>	<u>5</u>	<u>\$ 586,701</u>	<u>13</u>	<u>\$ 1,030,228</u>	<u>8</u>	<u>\$ 1,280,780</u>	<u>11</u>
Comprehensive income attributable to:										
8710	Owners of parent		<u>\$ 159,528</u>	<u>5</u>	<u>\$ 737,271</u>	<u>16</u>	<u>\$ 887,212</u>	<u>7</u>	<u>\$ 1,531,727</u>	<u>13</u>
Basic earnings per share										
9750	Basic	6(27)	\$ 0.25		\$ 0.82		\$ 1.45		\$ 1.80	
9850	Diluted		\$ 0.24		\$ 0.79		\$ 1.39		\$ 1.73	

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent									Total equity
		Share capital			Retained earnings			Other equity interest			
		Ordinary share	Preference share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	
<u>Nine months ended September 30, 2023</u>											
Balance at January 1, 2023		\$ 5,553,299	\$ 1,801,800	\$ 238,171	\$ 192,241	\$ 157,357	\$ 2,000,701	(\$ 11,936)	(\$ 180,857)	\$ -	\$ 9,750,776
Profit for the period		-	-	-	-	-	1,280,780	-	-	-	1,280,780
Other comprehensive income		-	-	-	-	-	-	35,447	215,500	-	250,947
Total comprehensive income		-	-	-	-	-	1,280,780	35,447	215,500	-	1,531,727
Appropriation and distribution of 2022 retained earnings:											
Legal reserve		-	-	-	153,829	-	(153,829)	-	-	-	-
Special reserve		-	-	-	-	35,436	(35,436)	-	-	-	-
Cash dividend	6(18)	-	-	-	-	-	(625,165)	-	-	-	(625,165)
Share-based payment transactions		(216)	-	216	-	-	-	-	-	-	-
Balance at September 30, 2023		\$ 5,553,083	\$ 1,801,800	\$ 238,387	\$ 346,070	\$ 192,793	\$ 2,467,051	\$ 23,511	\$ 34,643	\$ -	\$ 10,657,338
<u>Nine months ended September 30, 2024</u>											
Balance at January 1, 2024		\$ 5,553,083	\$ 1,801,800	\$ 238,387	\$ 346,070	\$ 192,793	\$ 3,007,624	(\$ 562)	\$ 134,648	\$ -	\$ 11,273,843
Profit for the period		-	-	-	-	-	1,030,228	-	-	-	1,030,228
Other comprehensive income (loss)		-	-	-	-	-	-	4,046	(147,062)	-	(143,016)
Total comprehensive income (loss)		-	-	-	-	-	1,030,228	4,046	(147,062)	-	887,212
Appropriation and distribution of 2023 retained earnings:											
Legal reserve		-	-	-	182,135	-	(182,135)	-	-	-	-
Cash dividend	6(18)	-	-	-	-	-	(882,586)	-	-	-	(882,586)
Share-based payment transactions	6(14)	50,000	-	243,638	-	-	-	-	-	(229,405)	64,233
Recognition of changes in ownership interests in subsidiaries		-	-	(1,124)	-	-	-	-	-	-	(1,124)
Balance at September 30, 2024		\$ 5,603,083	\$ 1,801,800	\$ 480,901	\$ 528,205	\$ 192,793	\$ 2,973,131	\$ 3,484	(\$ 12,414)	(\$ 229,405)	\$ 11,341,578

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Nine months ended September 30	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,252,400	\$ 1,463,354
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(7)(24)	618,811	737,561
Amortization expense	6(9)(24)	46,074	33,843
Gain on expected impairment	12(2)	(2,794)	(7,620)
Interest expense	6(23)	13,670	27,250
Interest income	6(20)	(34,839)	(29,561)
Dividend income	6(21)	(97,388)	(118,745)
Stock option compensation cost from subsidiary	6(14)	64,233	-
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(5)	-	362
(Loss) gain on disposal of property, plant and equipment	6(22)	(1,311)	1,259
Impairment loss on non-financial assets	6(22)	-	4,443
Scrapping inventory and loss on decline in market value	6(4)	11,126	-
(Gain) loss on decline (reversal of decline) in market value	6(4)	(54,056)	186,802
Gain arising from lease modifications	6(7)	(4)	(1)
Reclassification of exchange differences on translation of foreign financial statements to foreign exchange losses		(14,395)	(32)
Other gains		(1,124)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease (increase) in contract assets		211,172	(155,996)
Decrease in notes receivable		-	155
Decrease (increase) in accounts receivable		525,380	(1,291,051)
Decrease in accounts receivable due from related parties		567	399
Decrease (increase) in other receivables		38,987	(42,495)
(Increase) decrease in inventories		(133,538)	48,438
(Increase) decrease in prepayments		(49,531)	13,929
Decrease (increase) in other current assets, others		5,638	(6,415)
(Increase) decrease in other non-current assets, others		(24,930)	353
Changes in operating liabilities			
(Decrease) increase in contract liabilities		(7,645)	13,139
Increase in accounts payable		692,390	696,251
Decrease in accounts payable to related parties		(103)	(307)
Decrease in other payables		(368,198)	(48,848)
Increase in current provisions		20,411	26,838
Increase in other current liabilities		13,872	28,045
Decrease in net defined benefit liability		(115,966)	(72,102)
Cash inflow generated from operations		2,608,909	1,509,248
Interest received		34,801	29,691
Income tax paid		(4,417)	(86,215)
Net cash flows from operating activities		2,639,293	1,452,724

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Nine months ended September 30	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in non-current financial assets at fair value through other comprehensive income		(\$ 107,371)	(\$ 434,357)
Decrease in current financial assets at amortised cost		-	247,862
Acquisition of property, plant and equipment (including prepayment for equipment)	6(28)	(1,301,821)	(583,495)
Proceeds from disposal of property, plant and equipment		2,540	17,765
Decrease (increase) in refundable deposits		21,550	(11,770)
Acquisition of intangible assets	6(9)	(27,669)	(65,666)
Dividends received	6(21)	97,388	118,745
Net cash flows used in investing activities		(1,315,383)	(710,916)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings	6(29)	70,353	30,000
Payments of lease liabilities	6(29)	(19,321)	(20,925)
Decrease in guarantee deposits received	6(29)	(7,105)	(1,459)
Interest paid		(13,642)	(33,164)
Cash dividends paid	6(18)	(882,586)	(625,165)
Net cash flows used in financing activities		(852,301)	(650,713)
Effect of exchange rate changes on cash and cash equivalents		11,463	19,593
Net increase in cash and cash equivalents		483,072	110,688
Cash and cash equivalents at beginning of period		3,909,728	3,945,818
Cash and cash equivalents at end of period		<u>\$ 4,392,800</u>	<u>\$ 4,056,506</u>

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

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

1. History and Organisation

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

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

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

These financial statements were authorised for issuance by the Board of Directors on October 29, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

(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 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
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
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the related impacts of the following standards and interpretations that 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.

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
			September 30, 2024	December 31, 2023	September 30, 2023	
Orient Semiconductor Electronics Limited	OSE International Limited (“OSE BVI”).	Investments in various production business.	-	100%	100%	Note 1
Orient Semiconductor Electronics Limited	Coreplus (HK) Limited (“COREPLUS”)	Accepted orders, purchased materials and outsourcing processing of components combination business.	100%	100%	100%	Note 2
Orient Semiconductor Electronics Limited	Hua-Cheng Investment Co. (“Hua-Cheng”)	Reinvestments in various business.	100%	100%	100%	-
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 2

Note 1: 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 2: The financial statements of the entity as of and for the nine months ended September 30, 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 September 30, 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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash:			
Cash on hand and petty cash	\$ 149	\$ 152	\$ 153
Checking accounts and demand deposits	3,093,172	2,826,086	2,963,273
Cash equivalents:			
Time deposits	900,000	1,083,490	1,093,080
Commercial paper (II)	399,479	-	-
	<u>\$ 4,392,800</u>	<u>\$ 3,909,728</u>	<u>\$ 4,056,506</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. Aforementioned time deposits and commercial paper (II) had maturities not exceeding three months and were not pledged as collateral, and were classified as cash equivalents according to their nature.

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

Items	September 30, 2024	December 31, 2023	September 30, 2023
Non-current items:			
Unlisted stocks	\$ 4,022	\$ 4,022	\$ 10,613
Listed stocks	<u>1,795,500</u>	<u>1,835,191</u>	<u>1,660,670</u>
	<u>\$ 1,799,522</u>	<u>\$ 1,839,213</u>	<u>\$ 1,671,283</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,799,522, \$1,839,213 and \$1,671,283 as at September 30, 2024, December 31, 2023 and September 30, 2023, respectively.
- B. For the three months and nine months ended September 30, 2024 and 2023, the Group has financial assets at fair value through other comprehensive income recognised in comprehensive income due to changes of fair value in the amounts of (\$12,587), \$121,197, (\$147,062) and \$215,500, respectively. Dividend income recognised in profit or loss held at end of period amounted to \$0, \$0, \$97,388 and \$118,745, respectively.
- C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$ 3,944,826	\$ 4,469,325	\$ 4,328,552
Less: Loss allowance	(<u>3,816</u>)	(<u>6,609</u>)	(<u>5,466</u>)
	<u>\$ 3,941,010</u>	<u>\$ 4,462,716</u>	<u>\$ 4,323,086</u>
Accounts receivable due from related parties	\$ -	\$ 271	\$ -
Less: Loss allowance	<u>-</u>	(<u>1</u>)	<u>-</u>
	<u>\$ -</u>	<u>\$ 270</u>	<u>\$ -</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 September 30, 2024, December 31, 2023 and September 30, 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 September 30, 2024, December 31, 2023 and September 30, 2023, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$3,941,010, \$4,462,986 and \$4,323,086, respectively.

(4) Inventories

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Raw materials	\$ 1,280,211	\$ 1,359,552	\$ 1,407,418
Supplies	126,881	148,271	138,943
Work in progress	744,553	515,059	470,989
Finished goods	<u>36,008</u>	<u>37,432</u>	<u>42,935</u>
	2,187,653	2,060,314	2,060,285
Less: Allowance for valuation loss	(<u>402,192</u>)	(<u>455,405</u>)	(<u>469,763</u>)
	<u>\$ 1,785,461</u>	<u>\$ 1,604,909</u>	<u>\$ 1,590,522</u>

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

	<u>Three months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Cost of goods sold	\$ 3,440,161	\$ 3,604,334
(Gain) loss on decline (reversal of decline) in market value	(21,121)	41,389
Loss on scrapping inventory	-	-
Others	(<u>5,537</u>)	(<u>6,657</u>)
	<u>\$ 3,413,503</u>	<u>\$ 3,639,066</u>

	<u>Nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Cost of goods sold	\$ 10,311,077	\$ 9,660,151
(Gain) loss on decline (reversal of decline) in market value	(54,056)	186,802
Loss on scrapping inventory	11,126	-
Others	(<u>20,473</u>)	(<u>18,170</u>)
	<u>\$ 10,247,674</u>	<u>\$ 9,828,783</u>

For the three months and nine months ended September 30, 2024, the Group reversed 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 September 30, 2024, December 31, 2023 and September 30, 2023, the fire insurance amounts of inventories were \$17,579,017, \$14,421,650 and \$14,429,512, respectively.

(5) Investments accounted for using equity method

	<u>2024</u>	<u>2023</u>
At January 1	\$ -	\$ 1,843
Disposal of investments accounted for using equity method	-	(1,527)
Share of profit or loss of investments accounted for using equity method	-	(362)
Changes in other equity interest	-	46
At September 30	<u>\$ -</u>	<u>\$ -</u>

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	<u>Amount</u>	<u>Shareholding ratio</u>	<u>Amount</u>	<u>Shareholding ratio</u>	<u>Amount</u>	<u>Shareholding ratio</u>
Associates:						
OSE PROPERTIES, INC.	\$ -	-	\$ -	-	\$ -	-
SCS HIGHTECH INC.	<u>-</u>	18.17%	<u>-</u>	18.17%	<u>-</u>	18.17%
	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</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 September 30, 2024, December 31, 2023 and September 30, 2023, there were no investments accounted for using equity method pledged as collaterals.

D. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had no significant associate.

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

	<u>Three months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Profit (loss)	\$ -	(\$ 115)
Other comprehensive income, net of tax	-	-
Total comprehensive income (loss) for the period	<u>\$ -</u>	<u>(\$ 115)</u>

	<u>Nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Profit (loss)	\$ -	(\$ 362)
Other comprehensive income, net of tax	-	-
Total comprehensive income (loss) for the period	<u>\$ -</u>	<u>(\$ 362)</u>

F. For the three months and nine months ended September 30, 2024 and 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.

(6) Property, plant and equipment

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Property, plant and equipment			
- Owner-occupied	\$ 6,128,668	\$ 5,080,853	\$ 5,115,473
- Operating leases	<u>597</u>	<u>697</u>	<u>730</u>
	<u>\$ 6,129,265</u>	<u>\$ 5,081,550</u>	<u>\$ 5,116,203</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	-	360	1,005	-	60	1,650,899	1,652,324
Disposals	(82,248)	(673,229)	(1,399)	(1,176)	(939)	-	(758,991)
Transfers	49,155	393,262	-	-	18,222	(460,639)	-
Impact of changes in foreign exchange rate	-	5,937	84	143	692	-	6,856
September 30, 2024	<u>\$ 7,316,975</u>	<u>\$ 15,797,838</u>	<u>\$ 1,744</u>	<u>\$ 57,503</u>	<u>\$ 414,413</u>	<u>\$ 1,612,922</u>	<u>\$ 25,201,395</u>
Depreciation and impairment:							
January 1, 2024	\$ 5,066,002	\$ 13,756,295	\$ 1,858	\$ 57,386	\$ 338,812	\$ -	\$ 19,220,353
Depreciation expense	125,026	464,135	62	166	15,258	-	604,647
Disposals	(82,248)	(672,260)	(1,263)	(1,059)	(932)	-	(757,762)
Impact of changes in foreign exchange rate	-	4,708	74	134	573	-	5,489
September 30, 2024	<u>\$ 5,108,780</u>	<u>\$ 13,552,878</u>	<u>\$ 731</u>	<u>\$ 56,627</u>	<u>\$ 353,711</u>	<u>\$ -</u>	<u>\$ 19,072,727</u>

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under installation	Total
Cost and revaluation increment:							
January 1, 2023	\$ 7,083,750	\$ 15,393,819	\$ 3,188	\$ 58,341	\$ 418,410	\$ 645,318	\$ 23,602,826
Additions	-	17,051	-	-	286	622,570	639,907
Disposals	-	(70,619)	(1,122)	(129)	(25,604)	-	(97,474)
Transfers	193,263	590,090	-	-	7,333	(790,686)	-
Impact of changes in foreign exchange rate	-	3,089	61	83	386	-	3,619
September 30, 2023	<u>\$ 7,277,013</u>	<u>\$ 15,933,430</u>	<u>\$ 2,127</u>	<u>\$ 58,295</u>	<u>\$ 400,811</u>	<u>\$ 477,202</u>	<u>\$ 24,148,878</u>
Depreciation and impairment:							
January 1, 2023	\$ 4,920,862	\$ 13,051,014	\$ 2,937	\$ 58,009	\$ 350,059	\$ -	\$ 18,382,881
Depreciation expense	111,899	595,213	-	16	14,620	-	721,748
Impairment loss (Note)	126	3,805	2	81	429	-	4,443
Disposals	-	(51,721)	(1,070)	(116)	(25,461)	-	(78,368)
Impact of changes in foreign exchange rate	-	2,254	56	76	315	-	2,701
September 30, 2023	<u>\$ 5,032,887</u>	<u>\$ 13,600,565</u>	<u>\$ 1,925</u>	<u>\$ 58,066</u>	<u>\$ 339,962</u>	<u>\$ -</u>	<u>\$ 19,033,405</u>
Carrying amount, net:							
September 30, 2024	<u>\$ 2,208,195</u>	<u>\$ 2,244,960</u>	<u>\$ 1,013</u>	<u>\$ 876</u>	<u>\$ 60,702</u>	<u>\$ 1,612,922</u>	<u>\$ 6,128,668</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>
September 30, 2023	<u>\$ 2,244,126</u>	<u>\$ 2,332,865</u>	<u>\$ 202</u>	<u>\$ 229</u>	<u>\$ 60,849</u>	<u>\$ 477,202</u>	<u>\$ 5,115,473</u>

Note: Some of the property, plant and equipment of the Group's Electronics Manufacturing Services (EMS) group were impaired because the economic benefits were not as expected. Therefore, the Group wrote down the carrying amount of the property, plant and equipment based on the recoverable amount and recognised an impairment loss accordingly.

B. Property, plant and equipment for operating lease

	Buildings and structures	
	2024	2023
Cost:		
January 1 and September 30	\$ 10,721	\$ 10,721
Depreciation:		
At January 1	\$ 10,024	\$ 9,891
Additions	100	100
At September 30	\$ 10,124	\$ 9,991
Carrying amount, net:		
At September 30	\$ 597	\$ 730

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:

	Nine months ended September 30	
	2024	2023
Amount capitalised	\$ 1,729	\$ -
Range of the interest rates for capitalisation	1.775%~1.9%	-

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 September 30, 2024, December 31, 2023 and September 30, 2023, the insured amount of fire insurance of property, plant and equipment were \$10,954,410, \$10,547,590 and \$10,552,465, respectively.

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

(7) Leasing arrangements—lessee

A. The 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:

	September 30, 2024	December 31, 2023	September 30, 2023
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 86,516	\$ 113,820	\$ 116,677
Machinery and equipment	25,721	27,932	29,377
Transportation equipment	5,700	4,555	5,490
	\$ 117,937	\$ 146,307	\$ 151,544

	Three months ended September 30	
	2024	2023
	Depreciation expense	Depreciation expense
Land	\$ 2,299	\$ 2,858
Machinery and equipment	1,470	1,444
Transportation equipment	752	935
	<u>\$ 4,521</u>	<u>\$ 5,237</u>
	Nine months ended September 30	
	2024	2023
	Depreciation expense	Depreciation expense
Land	\$ 7,162	\$ 8,573
Machinery and equipment	4,360	4,334
Transportation equipment	2,542	2,806
	<u>\$ 14,064</u>	<u>\$ 15,713</u>

C. For the nine months ended September 30, 2024 and 2023, the additions to right-of-use assets were \$6,296 and \$796, respectively. For the nine months ended September 30, 2024, a decrease of \$20,602 and \$20,606, respectively, in the right-of-use assets and lease liabilities was recognised due to the lease modification. For the nine months ended September 30, 2023, there were no such transactions.

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

	Three months ended September 30	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 432	\$ 642
Expense on short-term lease contracts	4,563	3,351
Expense on leases of low-value assets	1,096	1,014
(excluding expense on leases of low-value assets of short-term lease)		
Losses arising from lease modifications	4	-
(shown as 'other income and expenses - net')		
	Nine months ended September 30	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,386	\$ 1,998
Expense on short-term lease contracts	17,348	10,601
Expense on leases of low-value assets	3,228	2,343
(excluding expense on leases of low-value assets of short-term lease)		
Losses arising from lease modifications		
(shown as 'other income and expenses - net')	4	1

E. For the nine months ended September 30, 2024 and 2023, the total amounts of the Group's cash outflow from leasing were \$41,283 and \$35,867, respectively.

(8) 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 September 30	
	2024	2023
Related revenue from fixed lease payments	\$ 2,335	\$ 1,624
	Nine months ended September 30	
	2024	2023
Related revenue from fixed lease payments	\$ 7,080	\$ 4,887

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Within 1 year	\$ 4,982	\$ 4,025	\$ 5,088
Later than one year but not later than two years	1,773	729	729
Later than two years but not later than three years	703	703	709
Later than three years but not later than four years	703	703	703
Later than four years but not later than five years	703	703	703
Later than five years	1,698	2,226	2,401
	<u>\$ 10,562</u>	<u>\$ 9,089</u>	<u>\$ 10,333</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(6).

(9) Intangible assets

	Computer software	
	2024	2023
<u>Cost</u>		
At January 1	\$ 563,137	\$ 481,650
Additions — acquired separately	27,669	65,666
Reclassifications	(18)	(13)
Net exchange differences	11	7
At September 30	<u>\$ 590,799</u>	<u>\$ 547,310</u>
<u>Accumulated amortisation</u>		
At January 1	\$ 482,467	\$ 434,103
Amortisation charge	46,074	33,843
Net exchange differences	-	-
At September 30	<u>\$ 528,541</u>	<u>\$ 467,946</u>
Book value	<u>\$ 62,258</u>	<u>\$ 79,364</u>

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

	Three months ended September 30	
	2024	2023
Operating costs	<u>\$ 5,018</u>	<u>\$ 5,424</u>
Selling and administrative expenses	<u>\$ 6,366</u>	<u>\$ 4,946</u>
Research and development expenses	<u>\$ 3,718</u>	<u>\$ 1,716</u>

	Nine months ended September 30	
	2024	2023
Operating costs	<u>\$ 16,338</u>	<u>\$ 15,409</u>
Selling and administrative expenses	<u>\$ 18,965</u>	<u>\$ 14,283</u>
Research and development expenses	<u>\$ 10,771</u>	<u>\$ 4,151</u>

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

(10) Other payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Salary and bonus payable	\$ 329,920	\$ 571,001	\$ 503,485
Employees' compensation and directors' remuneration payable	176,912	277,777	184,665
Payables on equipment and construction	699,427	269,709	370,655
Insurance premiums payable	96,307	89,165	90,359
Utilities expense payable	57,348	43,407	55,694
Pension payable	39,590	40,341	38,125
Employment Stability Fund payable	15,408	16,411	15,241
Compensation payable	1,031	2,073	4,108
Other payables	63,413	87,063	66,910
	<u>\$ 1,479,356</u>	<u>\$ 1,396,947</u>	<u>\$ 1,329,242</u>

(11) Long-term borrowings

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 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	\$ 1,309,315
Less: Current portion				(325,248)
				<u>\$ 984,067</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	September 30, 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	\$ 1,178,962
Less: Current portion				(29,648)
				<u>\$ 1,149,314</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 and nine months ended September 30, 2024 and 2023, the amounts of interest expense recognised in profit or loss were \$4,863, \$3,896, \$14,007 and \$11,259, 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.

(12) 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 and nine months ended September 30, 2024 and 2023, the Company recognised pension costs in the amounts of \$2,449, \$1,763, \$7,348 and \$5,290, 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 and nine months ended September 30, 2024 and 2023 were \$32,416, \$31,327, \$98,704 and \$93,498, respectively.

(13) Preference share liability

On September 30, 2024 and December 31, 2023: There were no such transactions.

	<u>September 30, 2023</u>
Class B preferred shares	\$ 1,002,881
Less: Maturity within one year	<u>-</u>
	<u>\$ 1,002,881</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 and nine months ended September 30, 2023, the amount of interest expense which was estimated by annual rate and amortised based on interest method was \$4,714 and \$13,989, respectively.

B. As of September 30, 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.

(14) Share-based payment

A. For the nine months ended September 30, 2023: There were no such transactions.

For the nine months ended September 30, 2024, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity Granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Restricted stocks to employees	2024.5.15	5,000 thousand shares	3 years	Note

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

(a) After employees obtain employee restricted shares, starting from the effective date of capital increase, if employees are on-the-job when the vested period has expired, also, did not violate service contract of the Company, working rules and be penalized, the employees can receive employee restricted shares proportionally based on the following length of services and performance conditions.

- i. Service for one year after distribution and score over "A" rating in the last performance evaluation before the maturity of period, 30% of the distributed shares;
- ii. Service for two years after distribution and score over "A" rating in the last performance evaluation before the maturity of period, 30% of the distributed shares;
- iii. Service for three years after distribution and score over "A" rating in the last performance evaluation before the maturity of period, 40% of the distributed shares.

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

- (a) The restricted shares which the employees will obtain shall be directly kept in the designated trust institution when the restricted shares were granted to the employees, which the employee cannot request to return the restricted shares for any reasons or ways before reaching the vesting conditions.
- (b) Before accomplishing the vesting conditions when the restricted shares were granted to the employees, except for inheritance, the employee cannot sell, pledge, transfer, gift, set or dispose the restricted shares in other ways.

- (c) Before the employee accomplishes the vesting conditions when the restricted shares were granted to the employees, the attendance, proposal, speaking, right of voting, election, and other matters associated with shareholders' meeting are similar with the ordinary shares that has been issued and are executed based on the trust custody contracts.
- (d) Before the employee accomplishes the vesting conditions, other rights including but not limited to dividends, bonus, the distribution rights of legal reserve and capital surplus, and share options of cash capital, etc., are the same as the Company's issued ordinary shares. The related procedures are executed based on the trust custody contracts.
- (e) From the book closure date of issuance of bonus shares, cash dividends, issuance of common stock for cash and shareholders' meeting are regulated by Article 165-3 of the Company Law, or other facts that has occurred to the date of rights allocation. The unrestricted shares of the employees that have achieved the vesting conditions during the aforementioned period still have no rights to obtain dividends or allotment. The time and procedures of rescinding restrictions on the vested shares are executed based on the trust custody contracts or related regulations.
- B. Details of the share-based payment arrangements are as follows: (unit: thousand share)

	2024
At January 1	-
Options vested	5,000
At September 30	5,000

D. On May 15, 2024, the fair value of share-based payments transaction which was given by the Group was \$59.1 per share.

E. For the three months and nine months ended September 30, 2024, the Group recognised expenses due to share-based payment transactions in the amounts of \$42,822 and \$64,233, respectively.

(15) Current provisions

	Warranty	
	2024	2023
At January 1, 2024	\$ 46,477	\$ 14,439
Provisions during the period	39,754	59,932
Used during the period	(15,652)	(27,422)
Unused amounts reversed	(3,691)	(5,672)
At September 30, 2024	<u>\$ 66,888</u>	<u>\$ 41,277</u>

The Group gives warranties on the products sold. Provision for warranty is estimated based on historical warranty data of the products.

(16) Share capital

- A. On September 30, 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 September 30, 2024, the Company's paid-in capital was \$7,404,883, consisting of 560,308 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(13) 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
Restricted shares issued to employees	5,000	
Cancellation of employee restricted shares	-	(22)
Shares issued at September 30	560,308	555,308
Restricted shares issued to employees	(5,000)	-
Shares outstanding at September 30	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(13).
- 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. The effective date was May 15, 2024 and the registration of changes has been completed on May 28, 2024.

(17) Capital surplus

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 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	4,708	5,832	5,832
Difference between consideration and carrying amount of subsidiaries acquired or disposed	16,940	16,940	16,940
Employee restricted shares	243,638	-	-
	<u>\$ 480,901</u>	<u>\$ 238,387</u>	<u>\$ 238,387</u>

(18) Retained earnings

A. According to the Company's Articles of Incorporation, after every end of quarter, the Company can appropriate earnings or offset deficits, and for earnings which were appropriated in the form of cash, it shall be resolved by the Board of Directors and reported to shareholders in accordance with the Company Act, Article 228-1 and paragraph 5 of Article 240. The aforementioned regulation had been revoked by the shareholders at their meeting on June 9, 2023.

- B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. For setting aside or reversal for special reserve in accordance with related laws or Competent Authority's regulations, if any, the Board of Directors should propose the distribution of the remaining earnings along with prior accumulated undistributed earnings for the approval of the shareholders. On June 9, 2023, the shareholders resolved for earnings which were appropriated in the form of cash, it shall be resolved by the Board of Directors and reported to shareholders in accordance with the Company Act, Article 228-1 and paragraph 5 of Article 240.
- C. The industry environment of the Company is constantly changing and the enterprise is in the growth stage of its life cycle. Considering the Company's capital requirement in the future and long-term financial plan and satisfying shareholders' demand of cash inflow, the expected appropriation amount in the current year shall not be lower than 10% of accumulated distributable amount. However, if the accumulated distributable earnings is lower than 1% of paid-in capital, the earnings cannot be appropriated, and the cash dividend shall not be lower than 10% of total dividend.
- D. According to Company Act, the distribution to legal reserve shall continue until the total amount equals to total capital. Legal reserve is used to offset accumulated deficits. If the Company has no deficits, 25% of the part of legal reserve exceeding the paid-in capital can be used to issue new stocks or cash to shareholders in proportion to their share ownership.
- E. Following the adoption of TIFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory- Securities-Corporate-1010012865, which sets out the following provisions for compliance: On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that a company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.
- F. On June 9, 2023, the shareholders resolved the earnings appropriation for the year ended December 31, 2022 with a common share dividend of \$0.85 per share and the total amount was \$472,012; and with class C preferred share dividend of \$0.85 per share. The total dividends amounted to \$153,153.

G. On March 27, 2024, the Board of Directors 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. On June 7, 2024, the earnings appropriation for the year ended December 31, 2023 were reported to shareholders.

(19) Operating revenue

	<u>Three months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers		
IC packaging and testing service revenue	\$ 1,807,296	\$ 3,151,544
Electronics manufacturing service revenue	2,056,068	1,479,948
Other operating revenue	50,687	70,585
	<u>\$ 3,914,051</u>	<u>\$ 4,702,077</u>
	<u>Nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers		
IC packaging and testing service revenue	\$ 6,470,376	\$ 7,921,154
Electronics manufacturing service revenue	5,555,873	3,900,742
Other operating revenue	124,191	132,258
	<u>\$ 12,150,440</u>	<u>\$ 11,954,154</u>

A. Disaggregation of revenue from contracts with customers

<u>Three months ended September 30, 2024</u>	Semiconductor		
	<u>Group</u>	<u>EMS Group</u>	<u>Total</u>
IC packaging and testing service revenue	\$ 1,807,296	\$ -	\$ 1,807,296
Manufacture of electronic products	-	2,056,068	2,056,068
Others	26,269	24,418	50,687
	<u>\$ 1,833,565</u>	<u>\$ 2,080,486</u>	<u>\$ 3,914,051</u>
Timing of revenue recognition:			
Over time	\$ 1,807,296	\$ -	\$ 1,807,296
At a point in time	26,269	2,080,486	2,106,755
	<u>\$ 1,833,565</u>	<u>\$ 2,080,486</u>	<u>\$ 3,914,051</u>

<u>Three months ended September 30, 2023</u>			
	Semiconductor		
	<u>Group</u>	<u>EMS Group</u>	<u>Total</u>
IC packaging and testing service revenue	\$ 3,151,544	\$ -	\$ 3,151,544
Manufacture of electronic products	-	1,479,948	1,479,948
Others	5,763	64,822	70,585
	<u>\$ 3,157,307</u>	<u>\$ 1,544,770</u>	<u>\$ 4,702,077</u>
Timing of revenue recognition:			
Over time	\$ 3,151,544	\$ -	\$ 3,151,544
At a point in time	5,763	1,544,770	1,550,533
	<u>\$ 3,157,307</u>	<u>\$ 1,544,770</u>	<u>\$ 4,702,077</u>
	Semiconductor		
<u>Nine months ended September 30, 2024</u>			
	<u>Group</u>	<u>EMS Group</u>	<u>Total</u>
IC packaging and testing service revenue	\$ 6,470,376	\$ -	\$ 6,470,376
Manufacture of electronic products	-	5,555,873	5,555,873
Others	65,217	58,974	124,191
	<u>\$ 6,535,593</u>	<u>\$ 5,614,847</u>	<u>\$ 12,150,440</u>
Timing of revenue recognition:			
Over time	\$ 6,470,376	\$ -	\$ 6,470,376
At a point in time	65,217	5,614,847	5,680,064
	<u>\$ 6,535,593</u>	<u>\$ 5,614,847</u>	<u>\$ 12,150,440</u>
	Semiconductor		
<u>Nine months ended September 30, 2023</u>			
	<u>Group</u>	<u>EMS Group</u>	<u>Total</u>
IC packaging and testing service revenue	\$ 7,921,154	\$ -	\$ 7,921,154
Manufacture of electronic products	-	3,900,742	3,900,742
Others	22,878	109,380	132,258
	<u>\$ 7,944,032</u>	<u>\$ 4,010,122</u>	<u>\$ 11,954,154</u>
Timing of revenue recognition:			
Over time	\$ 7,921,154	\$ -	\$ 7,921,154
At a point in time	22,878	4,010,122	4,033,000
	<u>\$ 7,944,032</u>	<u>\$ 4,010,122</u>	<u>\$ 11,954,154</u>

B. Contract assets and liabilities

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current contract assets			
IC packaging and testing service	\$ <u>198,014</u>	\$ <u>409,186</u>	\$ <u>428,244</u>
Current contract liabilities			
IC packaging and testing service	\$ 65,155	\$ 65,329	\$ 68,003
Manufacture of electronic products	<u>14,387</u>	<u>21,858</u>	<u>23,015</u>
	<u>\$ 79,542</u>	<u>\$ 87,187</u>	<u>\$ 91,018</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 and nine months ended September 30, 2024 and 2023, revenue recognised that was included in the contract liability balance at the beginning of the period amounted to \$2,536, \$1,504, \$7,324 and \$5,563, respectively.

(20) Interest income

	<u>Three months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 7,856	\$ 6,807
Interest income from financial assets measured at amortised cost	-	70
	<u>\$ 7,856</u>	<u>\$ 6,877</u>
	<u>Nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 34,839	\$ 24,542
Interest income from financial assets measured at amortised cost	-	5,019
	<u>\$ 34,839</u>	<u>\$ 29,561</u>

(21) Other income

		Three months ended September 30	
		2024	2023
Service revenue	\$	845	\$ 1,797
Rental revenue		2,335	1,624
Dividend income		-	-
Other income		3,986	8,193
	\$	<u>7,166</u>	<u>\$ 11,614</u>
		Nine months ended September 30	
		2024	2023
Service revenue	\$	9,308	\$ 5,861
Rental revenue		7,080	4,887
Dividend income		97,388	118,745
Other income		19,367	27,384
	\$	<u>133,143</u>	<u>\$ 156,877</u>

(22) Other gains and losses

		Three months ended September 30	
		2024	2023
Gains (losses) on disposals of property, plant and equipment	\$	708	(\$ 481)
Impairment loss on property, plant and equipment		-	(4,443)
Net currency exchange gains		22,867	63,281
Others	(1,142)	17,331
	\$	<u>22,433</u>	<u>\$ 75,688</u>
		Nine months ended September 30	
		2024	2023
Gains (losses) on disposals of property, plant and equipment	\$	1,311	(\$ 1,259)
Impairment loss on property, plant and equipment		-	(4,443)
Net currency exchange gains		121,003	64,282
Others		9,653	17,308
	\$	<u>131,967</u>	<u>\$ 75,888</u>

(23) Finance costs

		Three months ended September 30	
		2024	2023
Interest expense on borrowings from financial institutions	\$	4,863	\$ 3,896
Interest expense on lease liability		432	642
Dividends on preference share liabilities		-	4,714
Others		1	1
		5,296	9,253
Less: Capitalisation of qualifying assets	(665)	-
	\$	4,631	\$ 9,253
		Nine months ended September 30	
		2024	2023
Interest expense on borrowings from financial institutions	\$	14,007	\$ 11,259
Interest expense on lease liability		1,386	1,998
Dividends on preference share liabilities		-	13,989
Others		6	4
		15,399	27,250
Less: Capitalisation of qualifying assets	(1,729)	-
	\$	13,670	\$ 27,250

(24) Expenses by nature

		Three months ended September 30	
		2024	2023
Employee benefit expense	\$	1,003,714	\$ 1,155,044
Depreciation charges on property, plant and equipment		205,225	222,985
Depreciation expense on right-of-use assets		4,521	5,237
Amortisation charges on intangible assets		15,102	12,086
		Nine months ended September 30	
		2024	2023
Employee benefit expense	\$	3,130,588	\$ 3,136,067
Depreciation charges on property, plant and equipment		604,747	721,848
Depreciation expense on right-of-use assets		14,064	15,713
Amortisation charges on intangible assets		46,074	33,843

(25) Employee benefit expense

	Three months ended September 30	
	2024	2023
Salary expenses	\$ 758,450	\$ 958,890
Labour and health insurance fees	90,800	90,491
Pension costs	34,865	33,090
Directors' remuneration	3,490	9,638
Compensation cost of employee restricted shares	42,822	-
Other personnel expenses	73,287	62,935
	<u>\$ 1,003,714</u>	<u>\$ 1,155,044</u>
	Nine months ended September 30	
	2024	2023
Salary expenses	\$ 2,442,984	\$ 2,571,911
Labour and health insurance fees	278,704	263,135
Pension costs	106,052	98,788
Directors' remuneration	16,610	18,602
Compensation cost of employee restricted shares	64,233	-
Other personnel expenses	222,005	183,631
	<u>\$ 3,130,588</u>	<u>\$ 3,136,067</u>

Under the Company's Articles of Incorporation, the current year's pre-tax profit, net of employees' compensation and directors' remuneration, shall be first used to offset accumulated deficits, than appropriate over 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 and nine months ended September 30, 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 \$24,700, \$89,185, \$140,800 and \$164,422; as well as \$2,470, \$8,918, \$14,070 and \$16,442, 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.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ -	(\$ 13,390)
Prior year income tax underestimation	-	-
Total current tax	-	(13,390)
Deferred tax:		
Origination and reversal of temporary differences	42,439	220,432
Total deferred tax	42,439	220,432
Income tax expense	\$ 42,439	\$ 207,042
	Nine months ended September 30	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 100	\$ 2
Prior year income tax underestimation (overestimation)	893	(28,797)
Total current tax	993	(28,795)
Deferred tax:		
Origination and reversal of temporary differences	221,179	211,369
Total deferred tax	221,179	211,369
Income tax expense	\$ 222,172	\$ 182,574

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

	Three months ended September 30	
	2024	2023
Currency translation differences	(\$ 1,294)	(\$ 6,063)
	Nine months ended September 30	
	2024	2023
Currency translation differences	(\$ 2,312)	(\$ 4,544)

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

(27) Earnings per share

Three months ended September 30, 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	\$ 177,291		
Less: Dividends on class C preferred shares	(39,089)		
Profit attributable to ordinary shareholders of the parent (Note 1)	<u>\$ 138,202</u>	<u>555,308</u>	<u>\$ 0.25</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 177,291	555,308	
Less: Dividends on class C preferred shares	(39,089)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,498	
Convertible preferred stock	<u>39,089</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 177,291</u>	<u>738,986</u>	<u>\$ 0.24</u>
Three months ended September 30, 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	\$ 586,701		
Less: Dividends on class C preferred shares	(129,357)		
Profit attributable to ordinary shareholders of the parent (Note 1)	<u>\$ 457,344</u>	<u>555,308</u>	<u>\$ 0.82</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 586,701	555,308	
Less: Dividends on class C preferred shares	(129,357)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,915	
Convertible preferred stock	<u>129,357</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 586,701</u>	<u>739,403</u>	<u>\$ 0.79</u>

	Nine months ended September 30, 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	\$ 1,030,228		
Less: Dividends on class C preferred shares	(227,147)		
Profit attributable to ordinary shareholders of the parent (Note 1)	<u>\$ 803,081</u>	<u>555,308</u>	<u>\$ 1.45</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 1,030,228	555,308	
Less: Dividends on class C preferred shares	(227,147)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,942	
Convertible preferred stock	<u>227,147</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,030,228</u>	<u>739,430</u>	<u>\$ 1.39</u>
	Nine months ended September 30, 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	\$ 1,280,780		
Less: Dividends on class C preferred shares	(282,389)		
Profit attributable to ordinary shareholders of the parent (Note 1)	<u>\$ 998,391</u>	<u>555,308</u>	<u>\$ 1.80</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 1,280,780	555,308	
Less: Dividends on class C preferred shares	(282,389)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	5,839	
Convertible preferred stock	<u>282,389</u>	<u>180,180</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,280,780</u>	<u>741,327</u>	<u>\$ 1.73</u>

Note 1: The Company issued three classes of equity instruments, including ordinary shares, class B preferred shares and class C preferred shares. Since class C preferred shares are non-cumulative and participating equity instruments (refer to Note 6(16)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.

Note 2: For the three months and nine months ended September 30, 2024, the employee restricted shares were excluded from the calculation of diluted earnings per share since such shares were anti-dilutive.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Nine months ended September 30	
	2024	2023
Purchase of property, plant and equipment	\$ 1,652,324	\$ 639,907
Increase in prepayments for business facilities	79,215	10,325
Add: Opening balance of payable on equipment and construction (Note)	269,709	303,918
Less: Ending balance of payable on equipment and construction (Note)	(699,427)	(370,655)
Cash paid during the period	<u>\$ 1,301,821</u>	<u>\$ 583,495</u>

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

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

	Nine months ended September 30	
	2024	2023
Decrease in lease liabilities due to remeasurement	\$ 20,606	\$ -
Less: Decrease in right-of-use assets	(20,602)	-
	<u>\$ 4</u>	<u>\$ -</u>
Prepayments for business facilities transferred to prepayments	<u>\$ -</u>	<u>\$ 120</u>
Prepayments for business facilities transferred to property, plant and equipment	<u>\$ 1,025,519</u>	<u>\$ 429,251</u>
Long-term borrowings, current portion	<u>\$ 325,248</u>	<u>\$ 29,648</u>

(29) Changes in liabilities from financing activities

	January 1, 2024	Cash flows	Changes in foreign		September 30, 2024
			exchange rate	Others	
Long-term borrowings	\$ 1,238,962	\$ 70,353	\$ -	\$ -	\$ 1,309,315
Lease liabilities	133,860	(19,321)	-	(14,310)	100,229
Guarantee deposits received	35,487	(7,105)	4	-	28,386
	January 1, 2023	Cash flows	Changes in foreign		September 30, 2023
			exchange rate	Others	
Long-term borrowings	\$ 1,148,962	\$ 30,000	\$ -	\$ -	\$ 1,178,962
Lease liabilities	161,310	(20,925)	(3)	502	140,884
Guarantee deposits received	39,864	(1,459)	2	-	38,407
Preference share liabilities	1,003,851	-	-	(970)	1,002,881

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
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 been dissolved and liquidated on July 31, 2023.

(2) Significant related party transactions

A. Sales

	<u>Three months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Entities with significant influence to the Group	\$ -	\$ -
	<u>Nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Entities with significant influence to the Group	\$ 45	\$ 130

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

	<u>Three months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Entities with significant influence to the Group	\$ 1,331	\$ 400
	<u>Nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Entities with significant influence to the Group	\$ 2,314	\$ 1,483

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts receivable:			
Entities with significant influence to the Group	\$ -	\$ 271	\$ -
Less: Loss allowance	-	(1)	-
	<u>\$ -</u>	<u>\$ 270</u>	<u>\$ -</u>

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

D. Payables to related parties

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts payable:			
Entities with significant influence to the Group	\$ <u>1,371</u>	\$ <u>1,474</u>	\$ <u>429</u>
Other payables:			
Entities with significant influence to the Group	\$ <u>-</u>	\$ <u>19,781</u>	\$ <u>14,959</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. Others

	<u>Three months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Manufacturing expenses:		
Entities with significant influence to the Group	\$ <u>-</u>	\$ <u>-</u>
	<u>Nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Manufacturing expenses:		
Entities with significant influence to the Group	\$ <u>1,198</u>	\$ <u>-</u>

F. Property transactions

	<u>Three months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Acquisition of property, plant and equipment:		
Entities with significant influence to the Group	\$ <u>-</u>	\$ <u>-</u>
	<u>Nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Acquisition of property, plant and equipment:		
Entities with significant influence to the Group	\$ <u>20,839</u>	\$ <u>-</u>

G. Lease transactions — lessor

		Three months ended September 30	
		2024	2023
Rental income:			
Entities with significant influence to the Group	\$	1,067	\$ 376
		Nine months ended September 30	
		2024	2023
Rental income:			
Entities with significant influence to the Group	\$	3,202	\$ 1,004

Leasing transactions are made under mutual agreement, and the collection term is available to third parties. As of September 30, 2024, December 31, 2023 and September 30, 2023, advance rent receipts amounted to \$1,068, \$0 and \$251, respectively, and were shown as ‘other current liabilities, others’.

H. Others

The dividends from the entities with significant influence to the Group that the Group recognised for the three months and nine months ended September 30, 2024 and 2023 were \$0, \$0, \$97,388 and \$118,745, respectively. In addition, details of the Company’s class B preferred shares held by the entities with significant influence to the Group are provided in Notes 6(13) and (23).

(3) Key management compensation

		Three months ended September 30	
		2024	2023
Short-term employee benefits	\$	9,533	\$ 17,316
Post-employment benefits		108	135
Share-based payment		6,808	-
	\$	16,449	\$ 17,451
		Nine months ended September 30	
		2024	2023
Short-term employee benefits	\$	34,095	\$ 41,300
Post-employment benefits		324	459
Share-based payment		13,617	-
	\$	48,036	\$ 41,759

8. Pledged Assets

Pledged asset	Book value			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Property, plant and equipment				
- Buildings and structures	\$ 703,726	\$ 724,158	\$ 750,381	Credit line for long-term-borrowings
- Machinery and equipment	50,224	76,917	222,554	Credit line for long-term-borrowings
Guarantee deposits paid	10,750	33,260	25,450	Customs guarantee or others
	<u>\$ 764,700</u>	<u>\$ 834,335</u>	<u>\$ 998,385</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Company issued promissory notes of \$9,051,740, \$7,618,276 and \$7,973,456, respectively, as guarantees for bank loans.

B. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Company issued promissory notes of \$1,201, \$14,242 and \$14,479, respectively, as guarantees for payments of raw materials and machineries purchased.

C. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had letters of credit issued but not used amounting to US\$0 thousand, US\$0 thousand and US\$198 thousand, respectively.

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Property, plant and equipment	\$ <u>1,649,135</u>	\$ <u>389,110</u>	\$ <u>307,641</u>

E. Details of the commitments on financial terms under credit contracts with certain banks are provided in Note 6(11) 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 nine months ended September 30, 2024, the Group's strategy, which was unchanged from 2023, was to balance overall capital structure. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group's gearing ratio is as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Total liabilities	\$ <u>7,889,705</u>	\$ <u>7,193,165</u>	\$ <u>7,798,311</u>
Total assets	\$ <u>19,231,283</u>	\$ <u>18,467,008</u>	\$ <u>18,455,649</u>
Gearing ratio	<u>41%</u>	<u>39%</u>	<u>42%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 1,799,522</u>	<u>\$ 1,839,213</u>	<u>\$ 1,671,283</u>
Financial assets at amortised cost			
Cash and cash equivalents (excluding cash on hand)	\$ 4,392,651	\$ 3,909,576	\$ 4,056,353
Accounts receivable (including related parties)	3,941,010	4,462,986	4,323,086
Other receivables	67,822	106,713	83,746
Guarantee deposits paid	<u>15,160</u>	<u>36,603</u>	<u>28,885</u>
	<u>\$ 8,416,643</u>	<u>\$ 8,515,878</u>	<u>\$ 8,492,070</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Accounts payable (including related parties)	\$ 4,661,520	\$ 3,967,823	\$ 3,741,571
Other payables (including related parties)	1,479,356	1,416,728	1,344,201
Long-term borrowings (including current portion)	1,309,315	1,238,962	1,178,962
Preference share liability	<u>-</u>	<u>-</u>	<u>1,002,881</u>
	<u>\$ 7,450,191</u>	<u>\$ 6,623,513</u>	<u>\$ 7,267,615</u>
Lease liability (including current and non-current)	<u>\$ 100,229</u>	<u>\$ 133,860</u>	<u>\$ 140,884</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:

September 30, 2024						
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value	Sensitivity analysis		
	(In thousands)		(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
	<u>Financial assets</u>					
	<u>Monetary items</u>					
USD:NTD	\$ 122,543	31.65	\$ 3,878,486	1%	\$ 38,785	\$ -
JPY:NTD	2,458,748	0.2225	547,071	1%	5,471	-
<u>Non-monetary items</u>						
USD:NTD	9,016	31.65	285,355	1%	-	2,854
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	115,202	31.65	3,646,143	1%	36,461	-
JPY:NTD	735,462	0.2225	163,640	1%	1,636	-
December 31, 2023						
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value	Sensitivity analysis		
	(In thousands)		(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
	<u>Financial assets</u>					
	<u>Monetary items</u>					
USD:NTD	\$ 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	-

September 30, 2023						
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 130,750	32.26	\$ 4,217,995	1%	\$ 42,180	\$ -
JPY:NTD	510,084	0.2162	110,280	1%	1,103	-
<u>Non-monetary items</u>						
USD:NTD	19,887	32.26	641,567	1%	-	6,416
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	79,644	32.26	2,569,315	1%	25,693	-
JPY:NTD	509,053	0.2162	110,057	1%	1,101	-

- 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 and nine months ended September 30, 2024 and 2023 amounted to \$22,867, \$63,281, \$121,003 and \$64,282, 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 nine months ended September 30, 2024 and 2023 would have increased/decreased by \$17,995 and \$16,713, respectively, as a result of other comprehensive income on equity investments classified as 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 nine months ended September 30, 2024 and 2023 would have increased/decreased by \$1,964 and \$1,768, 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 September 30, 2024, December 31, 2023 and September 30, 2023, the amounts of accounts and notes receivable from top ten customers constitute 91%, 84% and 86%, 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 September 30, 2024, December 31, 2023 and September 30, 2023, the provision matrix classified by customers is as follows:

<u>September 30, 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)	\$ 1,604,816	\$ 44,717	\$ 4,851	\$ 905	\$ 740	\$ 145	\$ 1,656,174
Lifetime expected credit losses	(1,539)	(81)	(13)	(3)	(4)	(145)	(1,785)
Carrying amount	<u>\$ 1,603,277</u>	<u>\$ 44,636</u>	<u>\$ 4,838</u>	<u>\$ 902</u>	<u>\$ 736</u>	<u>\$ -</u>	<u>\$ 1,654,389</u>
Loss ratio	0.09%	0.18%	0.27%	0.36%~3.21%	0.54%~16.63%	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>
Electronics manufacturing services group							
Gross carrying amount	\$ 2,420,420	\$ 58,889	\$ 5,433	\$ 1,678	\$ 246	\$ -	\$ 2,486,666
Lifetime expected credit losses	(1,930)	(94)	(7)	-	-	-	(2,031)
Carrying amount	<u>\$ 2,418,490</u>	<u>\$ 58,795</u>	<u>\$ 5,426</u>	<u>\$ 1,678</u>	<u>\$ 246</u>	<u>\$ -</u>	<u>\$ 2,484,635</u>
Loss ratio	0%~0.09%	0%~0.18%	0%~0.27%	0%~0.36%	0%~8.33%	100%	
<u>September 30, 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>December 31, 2022</u>		<u>Overdue</u>					
	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>Over 180 days</u>	<u>Total</u>
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%	

September 30, 2023		Overdue					
	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
IC semiconductor group							
Gross carrying amount (Note)	\$ 2,832,298	\$ 193,935	\$ 83,518	\$ 778	\$ 2,285	\$ -	\$ 3,112,814
Lifetime expected credit losses	(2,616)	(388)	(250)	(40)	(118)	-	(3,412)
Carrying amount	\$ 2,829,682	\$ 193,547	\$ 83,268	\$ 738	\$ 2,167	\$ -	\$ 3,109,402
Loss ratio	0.1%	0.2%	0.3%	0.4%~5.15%	0.6%~5.15%	100%	
		Overdue					
	Not past due	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Electronics manufacturing services group							
Gross carrying amount	\$ 1,578,747	\$ 61,046	\$ 2,889	\$ 452	\$ 709	\$ 139	\$ 1,643,982
Lifetime expected credit losses	(1,530)	(129)	(33)	(84)	(139)	(139)	(2,054)
Carrying amount	\$ 1,577,217	\$ 60,917	\$ 2,856	\$ 368	\$ 570	\$ -	\$ 1,641,928
Loss ratio	0.04%~0.10%	0.20%~0.60%	0.30%~2.11%	0.40%~19.55%	0.60%~19.55%	100%	

Note: Including the total amount of current contract assets 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	(2,794)	(7,620)
Effect of foreign exchange	-	15
At September 30	\$ 3,816	\$ 5,466

For provisioned loss for the nine months ended September 30, 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 September 30, 2024, December 31, 2023 and September 30, 2023, the Group's total unused amounts of short-term borrowings was \$4,875,783, \$3,557,550 and \$3,071,155, respectively. The Group's total unused amounts of long-term borrowings was \$4,450,000, \$4,850,000 and \$5,110,000, 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
<u>September 30, 2024</u>					
Non-derivative financial liabilities:					
Accounts payable (including related parties)	\$ 4,661,520	\$ -	\$ -	\$ -	\$ 4,661,520
Other payables (including related parties)	1,479,356	-	-	-	1,479,356
Long-term borrowings (including current portion)	339,634	921,161	75,592	-	1,336,387
Lease liabilities	15,054	23,195	19,292	58,654	116,195

	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>September 30, 2023</u>					
Non-derivative financial liabilities:					
Accounts payable (including related parties)	\$ 3,741,571	\$ -	\$ -	\$ -	\$ 3,741,571
Other payables (including related parties)	1,344,201	-	-	-	1,344,201
Long-term borrowings (including current portion)	45,100	833,947	295,614	14,598	1,189,259
Preference share liabilities	20,014	1,024,423	-	-	1,044,437
Lease liabilities	30,230	28,701	23,519	79,111	161,561

(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, accounts receivable (including related parties), other receivables, 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 September 30, 2024, December 31, 2023 and September 30, 2023 are as follows:

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

<u>September 30, 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>\$1,795,500</u>	<u>\$ -</u>	<u>\$ 4,022</u>	<u>\$ 1,799,522</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>September 30, 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>\$1,660,670</u>	<u>\$ -</u>	<u>\$ 10,613</u>	<u>\$ 1,671,283</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 nine months ended September 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.

E. For the nine months ended September 30, 2024 and 2023, there was no movement of Level 3.

- F. For the nine months ended September 30, 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 September 30, 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 September 30, 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	2.5271%	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 September 30, 2024 and December 31, 2023: There were no such transactions.

		September 30, 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%	\$ -	\$ 9,369	\$ -	\$ -

13. Supplementary Disclosures

(4) 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.

(5) Information on investees

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

(6) 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.

(7) 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 September 30, 2024					
	IC semiconductor	Electronics manufacturing	All other	Reconciliation and	
	group	services group	segments	write-offs	Total
				(Notes 1 and 2)	
Revenue					
Revenue from external customers	\$ 1,833,565	\$ 2,080,486	\$ -	\$ -	\$ 3,914,051
Inter-segment revenue	-	17,531	-	(17,531)	-
Total revenue	<u>\$ 1,833,565</u>	<u>\$ 2,098,017</u>	<u>\$ -</u>	<u>(\$ 17,531)</u>	<u>\$ 3,914,051</u>
Segment income (loss)	<u>(\$ 2,708)</u>	<u>\$ 220,893</u>	<u>\$ 1,545</u>	<u>\$ -</u>	<u>\$ 219,730</u>
Three months ended September 30, 2023					
	IC semiconductor	Electronics manufacturing	All other	Reconciliation and	
	group	services group	segments	write-offs	Total
				(Notes 1 and 2)	
Revenue					
Revenue from external customers	\$ 3,157,307	\$ 1,544,770	\$ -	\$ -	\$ 4,702,077
Inter-segment revenue	-	12,588	-	(12,588)	-
Total revenue	<u>\$ 3,157,307</u>	<u>\$ 1,557,358</u>	<u>\$ -</u>	<u>(\$ 12,588)</u>	<u>\$ 4,702,077</u>
Segment income	<u>\$ 717,655</u>	<u>\$ 72,781</u>	<u>\$ 3,307</u>	<u>\$ -</u>	<u>\$ 793,743</u>
Nine months ended September 30, 2024					
	IC semiconductor	Electronics manufacturing	All other	Reconciliation and	
	group	services group	segments	write-offs	Total
				(Notes 1 and 2)	
Revenue					
Revenue from external customers	\$ 6,535,593	\$ 5,614,847	\$ -	\$ -	\$ 12,150,440
Inter-segment revenue	-	37,083	-	(37,083)	-
Total revenue	<u>\$ 6,535,593</u>	<u>\$ 5,651,930</u>	<u>\$ -</u>	<u>(\$ 37,083)</u>	<u>\$ 12,150,440</u>
Segment income	<u>\$ 642,996</u>	<u>\$ 510,015</u>	<u>\$ 99,389</u>	<u>\$ -</u>	<u>\$ 1,252,400</u>

Nine months ended September 30, 2023					
	IC semiconductor	Electronics manufacturing	All other	Reconciliation and	
	group	services group	segments	write-offs	Total
				(Notes 1 and 2)	
Revenue					
Revenue from external customers	\$ 7,944,032	\$ 4,010,122	\$ -	\$ -	\$ 11,954,154
Inter-segment revenue	-	97,795	-	(97,795)	-
Total revenue	<u>\$ 7,944,032</u>	<u>\$ 4,107,917</u>	<u>\$ -</u>	<u>(\$ 97,795)</u>	<u>\$ 11,954,154</u>
Segment income (loss)	<u>\$ 1,241,521</u>	<u>\$ 92,640</u>	<u>\$ 129,193</u>	<u>\$ -</u>	<u>\$ 1,463,354</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

Nine months ended September 30, 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 nine months ended September 30, 2024	Balance at September 30, 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 (Note)	Ceiling on total loans granted (Note)	Footnote
							Item	Value									
2	COREPLUS (HK) LIMITED	Value-Plus Technology (Suzhou) Co.	Other receivables due from related parties	Y	\$ 94,950 (USD 3,000)	\$ 63,300 (USD 2,000)	\$ 31,650 (USD 1,000)	-	Short-term financing	-	Short-term capital requirements for operating and business purposes	-	-	-	\$ 570,736 (USD 18,033)	\$ 570,736 (USD 18,033)	-

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

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

Orient Semiconductor Electronics, Limited and Subsidiaries

Provision of endorsements and guarantees to others

Nine months ended September 30, 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 September 30, 2024	Outstanding endorsement/ guarantee amount at September 30, 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	\$ 3,402,473	\$ 79,125 (USD 2,500)	\$ -	\$ -	\$ -	-	\$ 11,341,578	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)
September 30, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of September 30, 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	27,000,000	1,795,500	3.63%	1,795,500	-

Orient Semiconductor Electronics, Limited and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Nine months ended September 30, 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 September 30, 2024, the contractor of some contracted work items is Verizon Construction & Engineering Limited Company, and the accumulated payments amounted to \$716,700.

Orient Semiconductor Electronics, Limited and Subsidiaries
Significant inter-company transactions during the reporting periods
Nine months ended September 30, 2024

Table 5

Expressed in thousands of NTD

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

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Orient Semiconductor Electronics,Limited	COREPLUS (HK) LIMITED	1	Accounts receivable	\$ 29,776	-	0.15%
0	Orient Semiconductor Electronics,Limited	COREPLUS (HK) LIMITED	1	Sales revenue	36,408	Same with general transaction terms	0.30%
1	COREPLUS (HK) LIMITED	Value-Plus Technology (Suzhou) Co.	3	Other receivable	31,650	-	0.16%
2	Value-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Sales revenue	67,737	Same with general transaction terms	0.56%
2	Value-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Accounts receivable	23,550	-	0.12%

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

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

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

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

Orient Semiconductor Electronics, Limited and Subsidiaries
Information on investees
Nine months ended September 30, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2024			Net profit (loss) of the investee for the nine months ended September 30, 2024	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024	Footnote
				Balance as at September 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Orient Semiconductor Electronics, Limited	OSE INTERNATIONAL LTD.	British Virgin IS.	Investments of various manufacturing businesses	-	\$ 511,840 (USD 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	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	237,375 (USD 7,500,000)	237,375 (USD 7,500,000)	7,500,000	100%	285,355	16,138	16,138	Note 1 、 4
Orient Semiconductor Electronics, Limited	HUA-CHENG INVESTMENT CO.	Taiwan	Reinvestments in various business	2,055,828	2,055,828	194,487,557	100%	2,381,533	99,289	99,289	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 liquated 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
Nine months ended September 30, 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 nine months ended September 30, 2024				Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net income of investee for the nine months ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024	Book value of investments in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan								
Value-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	\$ 170,547 (USD 5,388,522)	Investment and establishment in COREPLUS, and then reinvestment (2)	\$ 158,328	\$ -	\$ -	\$ 158,328	\$ 15,089	100%	\$ 15,089	\$ 30,113	\$ -	Note 3	
		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											
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024			Footnote										
Orient Semiconductor Electronics,Limited	\$ 158,328	\$ 175,495	\$ 6,804,946	Note 3										

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

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

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

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

Orient Semiconductor Electronics, Limited and Subsidiaries

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

Nine months ended September 30, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Provision of															
	Sale (purchase)		Service revenue		Accounts receivable (payable)		Other receivables		endorsements/guarantees or collaterals		Financing				Other	
	Amount	%	Amount	%	Balance at September 30, 2024	%	Balance at September 30, 2024	Purpose	Balance at September 30, 2024	Purpose	Maximum balance during the nine months ended September 30, 2024	Balance at September 30, 2024	Interest rate	Interest during the nine months ended September 30, 2024		
Value-Plus Technology (Suzhou) Co.	\$ -	-	\$ 67,737	100%	\$ 23,550	96%	\$ 358	99%	\$ -	-	\$ 94,950	\$ 63,300	-	\$ -		

Orient Semiconductor Electronics, Limited and Subsidiaries

Major shareholders information

September 30, 2024

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Chipbond Technology Corporation	147,345,498	26.30%

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 September 30, 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(16) D(e).