ESMT 晶豪科技
Elite Semiconductor Microelectronics Technology
晶豪科技股份有限公司
No.23, Industry E Rd. IV Hsinchu Science Park,
Hsinchu 30077, Taiwan, R.O.C.
03-5781970

3006 ESMT 晶豪科技股份有限公司

111年度年報

2022 ANNUAL REPORT

Annual Report is available at
http://mops.twse.com.tw
http://www.esmt.com.tw
Published on Apr 25, 2023

Spokesperson

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Title:	Corporate Governance Officer
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Deputy Spokesperson

Name:	Hsing-Chu Chang
Title:	Vice Director
Tel:	886-3-578-1970
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Address and telephone number of the Company

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Tel: 886-3-578-1970

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

Stock Transfer Agency

Registrar Department, Capital Securities Corp.

B2, No. 97, Section 2, Dunhua South Road, Da'an District, Taipei City

Tel: 886-2-2702-3999

Address: http://www.capital.com.tw

Certified Public Accountant

Name of CPA firm: PricewaterhouseCoopers Taiwan

Names of the CPA: Bai Shu-Chian, Cheng Ya-Huei

5/F, No. 2 Industrial East Third Road, Science Park, Hsinchu City

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The Company does not issue any overseas securities.

Contents

Table of Contents Page

Table of Contents

Page

Letter to the Shareholders

Dear Shareholders,

In early 2022, geopolitical conflicts spilled over into the outbreak of the Russo-Ukrainian War when Russia invaded Ukraine, a war which is still ongoing today. Countries in Europe and America have imposed sanctions on Russia one after another, leading to skyrocketing energy prices and food shortages. This, in turn, has triggered an inflation crisis rarely seen in Europe and America in the past three to four decades, affecting consumer spending and worsening the global economy. The US Federal Reserve and the European Central Bank have made aggressive interest rate hikes in response, but inflation remains high, and high interest rates still need to last for a while. In addition, the COVID-19 pandemic has continued for three years now, during which time the virus has continued to mutate, becoming more contagious but less dangerous. Many countries have begun to gradually lift restrictions and return to everyday life and work, leading to a decline in the stay-at-home economy. Port congestion issues have gradually been resolved, and many electronic products have become oversupplied. The shortage and prosperity of semiconductors over the last two-plus years have enabled significant manufacturers to take active measures to increase their production capacity. Due to the rapid decline in demand for consumer electronics and the lower-than-expected shipment of servers, memory products have become overstocked overnight and prices have plummeted, resulting in heavy losses. It is estimated that it will take at least three quarters to one year to adjust the inventory. According to WSTS, global memory revenue reached US$137.4 billion in 2022, a 17.2% decline compared to 2021, and the decline in 2023 is projected to be 13.5%, for total revenue of US$118.9 billion. In terms of the leading memory companies, Samsung's profit declined 97% in the fourth quarter of last year, while Hynix reported a loss of $278 million in the same period. Micron also reported a loss of $195 million in the latest quarter. Starting from the third quarter of 2022, the DRAM and NAND markets have encountered unfavorable conditions leading to a rapid decline in demand, including the aftermath of the COVID-19 pandemic, the Russo-Ukrainian War, soaring inflation, and supply chain restructuring, all of which have led to an economic recession much more severe than the typical cyclical downturn.

Affected by the Russo-Ukrainian War, soaring inflation, supply chain restructuring, and the gradual lifting of COVID-19 lockdowns in various countries, the stay-at-home economy has cooled off rapidly and the port congestion issues have been resolved. The boom in semiconductors that has lasted for more than two years rapidly turned to a bust, and the consumer electronics and semiconductor markets are both oversupplied. The memory industry is experiencing its most unfavorable operating conditions in 25 years. Memory products (DRAM, NAND/NOR) have always been one of the important components of electronic products, with a market size that accounts for about 1/4 to 1/3 of the overall IC market. As they are products with standard specifications, their business cycle fluctuations are higher than other IC products. The market is currently in a correction period. As the inventory adjustments are gradually completed in the next few quarters, another wave of growth is to be expected by the memory industry. The Company has been engaged in low-density niche memory, and the business cycle fluctuations are lower than that of standard memory products. However, it will still be affected by the general environment, resulting in price drops. Operations in 2023 will be full of tough challenges, with expected growth in shipping volume but a decline in revenue.

Moving into 2023, affected by the sluggish demands for consumer products, major European and American manufacturers have laid off employees to get through the winter. It is estimated that it will take several quarters to adjust the inventory, however, markets such as 5G cellphones, cloud computing, Smart Edge, EVs, and the metaverse remain in growth mode. The future growth of the semiconductor industry is still worth looking forward to. Semiconductors are key to every business, which is why many countries put semiconductor technology and production as their priority, investing a large amount of capital to build factories.

With regard to the semiconductor market in the automotive industry, the shortage of automotive semiconductor chips gradually eased in 2022. Due to the manufacturing disruptions experienced by automotive manufacturers, governments around the world have increased their investments in the semiconductor industry. In 2022, the sales volume of EVs reached approximately 7.8 million units, an increase of 68% compared to 2021. This is an astonishing growth rate, and the demand for semiconductor devices doubled. Moreover, with more vehicle vendors putting EVs into their main product roadmaps, the semiconductor market is promising.

As regards power IC and analog IC products, product lines are becoming more and more comprehensive after years of hard work and cultivation. The products have gained the recognition of large customers, and in particular, the market share of audio amplifiers in the TV market has been on the rise. Meanwhile, benefiting from the demand for audio-visual devices in the stay-at-home economy in 2022, the smart speaker market expansion has achieved very good results. Due to the impact of semiconductor shortages, audio amplifier ICs have gradually been adopted by major audio brands in Europe and the United States in 2022, and their sales volume and revenue have grown by approximately 36.6%. As the shortage of semiconductors gradually eased and the sluggish demands in the consumer market led to price falls, it is estimated that business operations in 2023 will see an increase in shipments but a slight decline in revenue.

The Company's revenue for 2022 was NT$16,207,898 thousand, an decrease of 32.03% from the revenue of NT$23,844,898 thousand in 2021, with an annual gross margin of 18.38% and a net profit before tax of NT$1,305,216 thousand.

I. Operating Results for 2022 (adopted from Consolidated Financial Statements information)

1. Comparison of the operating condition in 2022 and 2021 is as follows:

Unit: NT$1,000

	2022	2021	Increase (Decrease)	Increase (Decrease) %
Revenue	16,207,898	23,844,898	(7,637,000)	(32.03%)
Gross Profit	2,978,958	8,716,119	(5,737,161)	(65.82%)
Operating Expenses	(2,186,248)	(2,841,112)	654,864	23.05%
Profit (Loss) from Operations	792,710	5,875,007	(5,082,297)	(86.51%)
Net Non-operating Revenue	512,506	105,887	406,619	384.01%
Net Profit (Loss) Before Tax	1,305,216	5,980,894	(4,675,678)	(78.18%)
Net Profit (Loss) After Tax	1,103,715	5,040,020	(3,936,305)	(78.10%)

2. Financial Revenue and Expenses and Profitability Analysis

(1) Financial Revenue and Expenses

Unit: NT$1,000

Item	2022	2021	Increase (Decrease)	Increase (Decrease) %
Cashflow from Operating Activities	(3,528,541)	8,289,599	(11,818,140)	(142.57%)
Cash flow from Investing Activities	(1,273,847)	(1,811,305)	537,458	29.67%
Cash flow from Financing Activities	(223,653)	(285,489)	61,836	21.66%

(2) Profitability

Item		2022	2021
Return on Assets (%)		5.67	30.43
Return on Equity (%)		9.16	48.49
Percentage of Paid-in Capital (%)	Operating Profit	27.70	205.31
	Net Profit before Tax	45.61	209.01
Net Profit Margin (%)		6.81	21.14
Earnings Per Share (NT$)		3.71	17.76

(3) Research and Development: The research and development expense for 2022 was NT$ 1,532,493 thousand, accounting for approximately 9.46% of the revenue.

3. Budget execution scenario: None
The Company is not required to disclose page 84 of the Detailed Annual Report on Financial Forecast Information.

II. 2023 Business Plan

1. Business Strategy

(1) Expand the R&D team to enhance the potentials and increase relevant equipment expenditures to improve efficiency.
(2) Expand 25nm low-density niche DRAM memory product lines such as DDR4, DDR3, LP DDR3, DDR2, LP DDR2, etc.
(3) Complete the development of 21nm DRAM products and begin mass production.
(4) Accelerate the R&D of 19nm DRAM.
(5) Complete the mass production of 28nm NAND products.
(6) Accelerate the expansion of MCP, eMCP and eMMC production line.
(7) Expand the 50nm NOR Flash product line and business in full force.
(8) Research and develop niche memory for automotive applications.
(9) Accelerate the development of power IC and analog IC product lines.
(10) Expand the Company's product lines, such as IoT IC, Motor Drive IC, Sensor IC, etc.
(11) Maintain a stable financial structure.

2. Sales Volume Forecast and Its Basis

Benefiting from the demand of the stay-at-home economy, the semiconductor market has experienced in the past two years a boom unlike any seen in years. The Company's shipping volume and revenue hit a record high in 2020/2021. However, with the outbreak of the Russo-Ukrainian war and inflation crises in Europe and America worsening the global economy, and COVID-19 variants becoming less virulent resulting in countries gradually lifting their lockdowns, the stay-at-home economy has rapidly cooled off, resulting in an oversupply of consumer electronics. The memory market had a decent performance in the first half of 2022, but demand declined rapidly and prices dropped in the second half, resulting in major companies being in a state of loss by the fourth quarter. It will take several quarters to adjust inventory to experience the next wave of growth as 5G cellphones become more prevalent and the memory capacity of PCs and smartphones increases significantly to improve performance. In addition, the demand for memory capacity in EVs is increasing rapidly, providing momentum for the next wave of growth.

Memory products are easily affected by economic fluctuations, and although the Company has been engaged in niche memory, it is difficult to remain unaffected by this economic downturn in the memory market. As prices fall back to pre-boom levels, business operations face severe tests. Adjusting inventory and accelerating product development are urgent priorities to provide competitive products and have the opportunity to experience the next wave of growth. Shipping volume is estimated to increase slightly in 2023, but revenue will still decline.

3. Policies on Production and Marketing

(1) Strengthen the partnership with wafer suppliers and post-production outsourcers to maintain stable production capacity and supply.
(2) Strengthen the promotion of SOC Memory, NOR flash, NAND flash and MCP/eMCP.
(3) Provide cost structure and quality superior to peers, and expand the market share in domestic and foreign markets.
(4) Strengthen the interactive relationship with customers and distributors, and expand the application fields of new products to increase business sales.

III. Future Development Strategies of the Company

Global suppliers of DRAM and NAND flash tend to consolidate and they are no longer in cut-throat price competition like in the past. However, the past two and a half years of semiconductor shortages and prosperity have enabled major manufacturers to expand their production capacity to meet customer demands, and now they are facing tough challenges in this economic downturn. In addition, China has enthusiastically supported the semiconductor industry through governmental resources, especially the DRAM and NAND memory industry, which has added a variable into the future memory products market and will also affect the niche memory market. The niche memory market is still in a state of inventory adjustment in the short term. In this macro-environment, improving technical strength, accelerating new product development, and continuing to reduce costs are the only ways to prepare for future competition.

The application range of low-density niche memory is becoming wider and wider, and it is an indispensable electronic component for technology products. The global demand for niche memory is expected to keep growing in 2022. The Company will continue to increase new product development in response to market demand. Besides focusing on high-integration, high-speed and low-power memory IC products, known good die (KGD), NOR and NAND Flash, and MCP/eMCP, the Company accelerates the R&D of analog IC, analog and digital mixed integrated circuit product lines to enhance product competitiveness to meet customer needs. The Company will actively strengthen the R&D of new products to improve its competitiveness to have a more robust foundation for the future competition, and create the greatest benefits for the Company.

IV. Impacts of the External Competition Environment, Regulatory Environment, and the Overall Business Environment

The progress of the stay-at-home economy and digital life has driven demand for semiconductor devices beyond expectations. In the past two years, major manufacturers have expanded their production capacity in response. However, when the economy reverses direction, business operations will face tough challenges. Since the outbreak of COVID-19, people's lives have encountered never-before-seen challenges. Governments in many countries have imposed quantitative easing policies and money printing to solve economic problems and improve people's lives. The aftermath has gradually emerged as inflation in various countries has hit record highs. In addition, the Russo-Ukrainian War has exacerbated the situation, causing inflation to reach a 30-40-year peak. People have suffered greatly, and this has affected consumer trust. In 2022, central banks around the world adopted drastic interest rate hikes to deal with the inflation crisis, but the crisis has not yet been resolved. Central banks will thus continue to raise interest rates, so these high interest rates will continue for a period of time in 2023, leading to tremendous uncertainly regarding economic development. In addition to geopolitical issues such as intensifying conflict between China and the United States and the Russo-Ukrainian War, the prices of petroleum and natural gas have hit new highs in recent years. Overall, the semiconductor market in 2023 will be in a period of inventory adjustment. However, the future of digital life relies on semiconductors to be realized, so the future growth of semiconductors is still worth anticipating.

The Company's current operations are in compliance with the relevant existing laws and regulations of domestic and foreign reinvestment countries. The management team will also continue to pay close attention to any changes in policies and laws that may affect the Company's finances and business, as a reference for operations. In addition, the Company also cooperates with professional organizations, pays close attention to the development of relevant laws and regulations, and adjusts strategies to meet the needs of operations in a timely manner. In other words, the Company is able to timely grasp and respond to important domestic and foreign policy and legal changes.

Chairman of the Board: Hsing-Hai Chen

President: Ming-Chien Chang

Company Profile

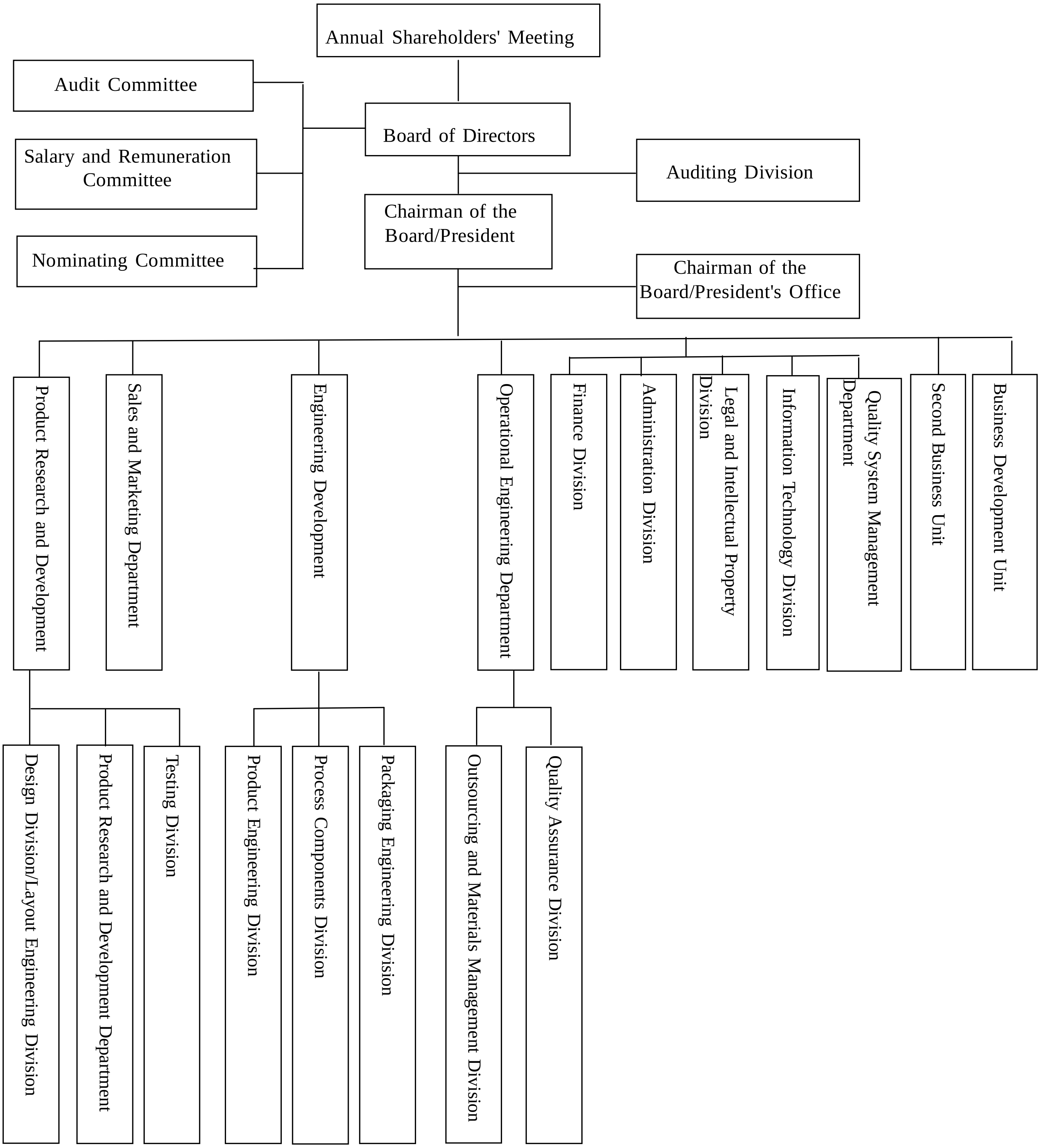
I. Date of Founding: June 2, 1998.

II. Corporate History: Elite Semiconductor Microelectronics Technology Inc. (hereinafter “the Company”) was established on June 2, 1998 and was listed on the Taiwan Stock Exchange since March 4, 2002. As of December 31, 2022, the Company's authorized capital is NT$ 3,500,000,000 and the paid-in capital is NT$ 2,861,569,530. The main business of the Company includes research and development, production and sales of DRAM/SRAM, Flash Memory, Analog IC, Analog-Digital Mixed IC, and the technical services related to product design and research and development of the Company. With the engineering technology that has been focusing on DRAM/Flash Memory for many years, the Company has launched the Multi-Chip Package (MCP) products that are suitable for various mobile communication systems. To accelerate the expansion of the analog product business, the Company completed the consolidation and merger of Advanic Technologies, Inc. in December 2005 and established the Analog Product Department in August, 2008 to extend the product line to the research and development of analog IC, and analog-digital mixed IC. The Company has completed the consolidation by merger with Eon Silicon Devices, Inc in June, 2016 in order to obtain the synergy effect of the strategic collaboration for the product development resources of Flash Memory. In addition, the main spinout companies indirectly held by the Company are Canyon Semiconductor Inc., which are engaged in research and development of Power IC, etc. respectively.

Corporate Governance Report

I. Organizational System

(I) Organizational structure



(II) Major Department Functions

Major Departments	Major Responsibilities and Functions of the Departments
Chairman of the Board/President's Office	Company's Project Promotion/ Coordination and Other Related Operations.
Auditing Division	Establishment, operation, audit and reivew of various internal control systems, operations and management regulations.
Design Division/ Layout Engineering Division	Responsible for circuit design, simulation, layout, detection of memory IC products and assistance in mass production product issue analysis and necessary consultation.
Product Research and Development Department	Responsible for memory IC product specification verification, failure mode analysis, mass production condition formulation, yield improvement, new process development and analysis, product practical application verification, and assisting customers to solve product application problems.
Testing Division	Responsible for the establishment and maintenance of memory IC product test programs, calibration of test equipment, evaluation of test outsourcing testers, automatic analysis of product engineering data and evaluation of reliability evaluation of new needle test boards, and verification of actual product application and assisting customers to solve product application problems.
Sales and Marketing Department	Responsible for memory IC product marketing strategy, product sales, customer service and assisting in the promotion of business and new products, new technology markets, specification evaluation, formulation of new product specification, handling of customer complaints, return analysis, product information collection, mass production specification modification, etc.
Product Engineering Division/ Packaging Engineering Division	Responsible for engineering evaluation of new product development, packaging production line development, CP/FT test production line development, production line abnormal analysis of ramping, process flow, countermeasure formulation, and promotion of execution, etc.
Process Components Division	Responsible for memory IC wafer production plan management, process technology definition, process design criteria verification, SPICE MODEL for product design, component process characteristics analysis, and mask making tape out process management, etc.
Outsourcing and Materials Management Division	Responsible for memory IC mass production plan, outsourced production strategy, production plan, materials, warehouse management, bonded and import and export operations, etc.
Quality Assurance Division	Responsible for product quality inspection, quality assessment and regular audit of outsourcers, handling of customer complaints, return analysis, improve countermeasure requirements and effectiveness tracking.

Major Departments	Major Responsibilities and Functions of the Departments
Finance Division	The Company's financial management, accounting, budget management, shareholding affairs, etc.
Administration Division	Responsible for Company-wide personnel, payroll, education and training, labor laws, general affairs, factory affairs, labor safety and health, transportation, transactional procurement, etc.
Quality and System Management Department	Responsibile in assisting in the establishment and maintenance of Company-wide quality/environmental system operation and audits, outsourcer’s quality system assessment, implementation of control operations such as the establishment, modification, and issuance of documentation, and establishment and maintenance of measurement equipment verification systems
Legal and Intellectual Property Division	Responsible for the Company's legal affairs, patent/trademark applications, etc.
Information Technology Division	Management and maintenance of the Company's OA, MIS system, network and other information related systems.
Second Business Unit	Responsible for the research and development, production and sales of analog, analog and digital mixed-signal IC products, etc.
Business Development Unit	Responsible for the strategic evaluation and development of new products and business.

II. Information of the Company's Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and the Heads of all the Company's Departments and Divisions

(I) Information of Directors and Supervisors

1. Directors and Supervisors

Record date: April 1, 2023

Title	Name	Nationality/Place of Registration	Gender Age	Date Elected	Term (Years)	Date First Elected	Shares Held when Elected		Shares Currenly Held		Shares Held by Spouse and Minor Children		Shares Held in the Name of Other Person(s)		Primary Professional or Academic Experience	Position(s) Concurrently Held at the Company and Other Companies	Other Executives, Directors, or Supervisors who are spouses or within the second degree of kinship.			Remarks
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
Chairman of the Board	Hsing-Hai Chen	Republic of China	Male 71	2022.6.15	3 years	1999.7.06	8,411,629	2.94%	8,411,629	2.94%	1,370,927	0.47%	-	-	Master of Applied Physics, National Tsing Hua University	Note 1	Nil	Nil	Nil	Nil
Director	Ming-Chien Chang	Republic of China	Male 67	2022.6.15	3 years	1998.5.20	5,523,825	1.93%	5,523,825	1.93%	1,618,785	0.57%	-	-	Master Degree from the Institute of Electronics, National Chiao Tung University	Note 1	Nil	Nil	Nil	Nil
Director	Chih-Hong Ho	Republic of China	Male 67	2022.6.15	3 years	2004.6.25	619,172	0.22%	619,172	0.22%	-	-	-	-	PhD in Mechanical Engineering, North Carolina State University, USA	Note 1	Nil	Nil	Nil	Nil
Director	Yeong-Wen Daih	Republic of China	Male 64	2022.6.15	3 years	2016.6.15	581,205	0.20%	581,205	0.20%	75,970	0.03%	-	-	Master Degree from the Institute of Electronics, National Chiao Tung University	Note 1	Nil	Nil	Nil	Nil
Director	Chia-Neng Huang	Republic of China	Male 64	2022.6.15	3 years	2019.6.13	-	-	-	-	-	-	-	-	Department of Mechanical Engineering, Chung Yuan Christian University	Note 1	Nil	Nil	Nil	Nil
Independent Director	William W.Shen	Republic of China	Male 63	2022.6.15	3 years	2022.6.15									PhD in Accounting, Purdue University, USA	Note 1	Nil	Nil	Nil	Nil
Independent Director	Bing-Yue Tsui	Republic of China	Male 60	2022.6.15	3 years	2022.6.15	-	-	-	-	-	-	-	-	Ph.D, Institute of Electronics, National Yang Ming Chiao Tung University	Note 1	Nil	Nil	Nil	Nil
Independent Director	Tai-Haur Kuo	Republic of China	Male 63	2022.6.15	3 years	2022.6.15	-	-	-	-	-	-	-	-	PhD in Electrical Engineering, University of Maryland	Note 1	Nil	Nil	Nil	Nil
Independent Director	Cheng-Yan Chien	Republic of China	Male 67	2022.6.15	3 years	2019.6.13	-	-	-	-	-	-	-	-	Emory University, USA Master of Business Management		Nil	Nil	Nil	Nil

Note 1: Current positions in other companies

Hsing-Hai Chen	Chairman of the Board, Elite Semiconductor Memory Technology Inc. Chairman of the Board, Elite Memory Technology Inc. Chairman of the Board, ESMT Educational Foundation Chairman of the Board, Jie Yong Investment Ltd. Director, Elite Investment Services Ltd.
Chih-Hong Ho	Director, Elite Innovation Japan Ltd. Legal Representative & Executive Director, Elite Semiconductor Microelectronics Technology (Shenzhen) Inc. Legal Representative & Executive Director, Elite Semiconductor Microelectronics (Shanghai) Technology Inc.
Bing-Yue Tsui	Professor, Institute of Electronics, National Yang Ming Chiao Tung University Consultant, Research Institute of Hon Hai Precision Industry Co., Ltd. Consultant, Diodes Taiwan S.A R.L., Taiwan Branch (Luxembourg) Supervisor,The Electronics Devices and Materials Association
Tai-Haur Kuo	Professor, Department of Electrical Engineering, National Cheng Kung University
Ming-Chien Chang	Chairman of the Board, Charng Feng Investment Ltd. Director, ESMT Educational Foundation Director, Jie Yong Investment Ltd. Director, Elite Investment Services Ltd. Director, Eon Silicon Solutions, Inc.USA
Yeong-Wen Daih	Director, Jie Yong Investment Ltd.
William W.Shen	Professor, Department of Finance and Taxation, National Taichung University of Science and Technology Independent Director, Ennostar Inc. Independent Director, Episil-Precision Inc. Independent Director, UPI Semiconductor Corp.
Chia-Neng Huang	Corporate Director, WSP Electromaterials Ltd. Representative Director, CWE Holding Co., Ltd. Director, Broadwell Worldwide Ltd.
Chia-Neng Huang	Chairman of the Board & CEO & President, Chang Wah Electromaterials Inc. Chairman of the Board & CEO, Chang Wah Technology CO.,LTD. Vice Chairman, JMC Electronics Co., Ltd. Chairman of the Board, Chang Wah Energy Technology Co., Ltd Representative of corporate director of VIZIONFOCUS INC. Director, eChem Solutions Corp. Corporate Director, How Weih Holding (Cayman) Co., Ltd. Representative Representative of corporate director of Silver Contacts Co., Ltd. Representative of corporate director of Silver Tai Co., Ltd. Chairman of the Board, SH Asia Pacific Pte.Ltd. Chairman of the Board, Silver Connection Co., Ltd.

2. Major shareholders of the institutional shareholders
   (1) Major shareholders of the institutional shareholders : None.
   (2) Major shareholders of institutional shareholders who are representative of institutional shareholders: None.

3. Disclosure of professional qualification of directors and the independence information of independent directors:

<table>
<tr><th>Qualification
Name</th><th>Professional background and experience</th><th>Independence status</th><th>Number of other public companies where the individual concurrently serves as an independent director</th></tr>
<tr><td>Hsing-Hai, Chen</td><td>Possesses five or more years of work experience required for the Company's business; currently serving as the chairman of the board of the Company; had once worked as Factory Lead/Product Development Assistant Manager, Vanguard International Semiconductor Corporation.; and not been a person of any conditions definedin Article 30 of the Company Law.</td><td rowspan="2">(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Law.
(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person:not a director, supervisor, or employee of that other company.
(7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervis or, oremployee of that other company or institution.
(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership,company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof.
(10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
(11)Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</td><td>None</td></tr>
<tr><td>Ming-Chien, Chang</td><td>Possesses five or more years of work experiencerequired for the Company's business; had once worked as Component Sector Manager, Vanguard International Semiconductor Corporation. ; currently serving as the President of the Company; and not been a person of any conditions definedin Article 30 of the Company Law.</td><td>None</td></tr>
</table>

<table>
<tr><th>Qualification
Name</th><th>Professional background and experience</th><th>Independence status</th><th>Number of other public companies where the individual concurrently serves as an independent director</th></tr>
<tr><td>Chih-Hung, He</td><td>Possesses five or more years of work experience required for the Company's business; had once worked as Executive Vice President, Ultima Electronics Corporation. ; currently serving as the Senior Deputy President of the Company; and not been a person of any conditions definedin Article 30 of the Company Law.</td><td rowspan="2">(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Law.
(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person:not a director, supervisor, or employee of that other company.
(7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervis or, oremployee of that other company or institution.
(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership,company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof.
(10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
(11)Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</td><td>None</td></tr>
<tr><td>Yung-Wen, Tai</td><td>Possesses five or more years of work experience required for the Company's business; had once worked as Manager, Vanguard International Semiconductor Corporation. ; currently serving as the Deputy President of the Company; and not been a person of any conditions definedin Article 30 of the Company Law.</td><td>None</td></tr>
</table>

Qualification / Name	Professional background and experience	Independence status	Number of other public companies where the individual concurrently serves as an independent director
Chia-Neng Huang	Possesses five or more years of work experience required for the Company's business; currently serving as the Chairman of the Board & CEO, Chang Wah Technology CO.,LTD.; and not been a person of any conditions definedin Article 30 of the Company Law.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Law. (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person:not a director, supervisor, or employee of that other company. (7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervis or, oremployee of that other company or institution. (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership,company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. (10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	None
William W.Shen	Possesses five or more years of work experience required for the Company's business; Graduated with Ph.D. in Accounting from Purdue University and is currently a professor at the Department of Finance and Taxation of the National Taichung University of Science and Technology; and not been a person of anyconditions defined in Article 30 of the Company Law.		3
Bing-Yue Tsui	Possesses five or more years of work experience required for the Company's business; Graduated with Ph.D. from and currently a professor at the Institute of Electronics of National Yang Ming Chiao Tung University; and not been a person of anyconditions defined in Article 30 of the Company Law.		None
Tai-Haur Kuo	Possesses five or more years of work experience required for the Company's business; Graduated with Ph.D. in Electrical Engineering from the University of Maryland and is currently a professor at the Department of Electrical Engineering of National Cheng Kung University; and not been a person of anyconditions defined in Article 30 of the Company Law.		None

Qualification / Name	Professional background and experience	Independence status	Number of other public companies where the individual concurrently serves as an independent director
Jeng-Yang, Jian	Possesses five or more years of work experience required for the Company's business; graduated from Master in business, Emory University, U.S.A.; once worked as the Vice President, Taipei Branch of Chase Bank, U.S.A., Assistant Manager, Vate Technology, Co., Ltd., President, Anfu Financial Technology, Co., Ltd., Independent Director, Eon Silicon Solution Inc.; and not been a person of anyconditions defined in Article 30 of the Company Law.	(11)Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	None

4.Board Diversity and Independence:

A. Board Diversity: State the Board's policy, goals and the status of achievement on diversity. The diversity policy includes but is not limited to the selection criteria of directors, the professional qualifications and experience, the composition and proportion in relation to the gender, age, nationality, culture required of the Board, as well as a statement of the specific goals and status of achievement according to the aforementioned policy.

The Company stipulated the Corporate Governance Rules in the 17th Board meeting of the 6th term of Board held on December 18, 2015. A diversity policy was stated in Chapter 3, Reinforce Board Functionality, to ensure the diversity and independence of the Board members. The 9th term of the Board members is experienced in leadership, business management, risk response, industrial knowledge, and global perspective. The detail is listed below.

1. Basic conditions and value: gender, age, nationality and culture.

2.Professional knowledge and skills: operational judgment capability, accounting and financial analysis capability,business management capability, risk management capability, industry knowledge, international market outlook,leadership capability, and decision-making capability.

The current Board of Directors of the Company consists of nine directors. The specific management objectives ofthe board diversity policy and their achievement status are as follows:

Diversity management objectives	Achievement status
The number of independent directors exceeds one third of the board seats	Done
It is advisable that the number of the directors who concurrently serve as themanagers of the Company should not exceed one-third of the board seats.	Done

The independent directors shall not hold office for more than 3 terms.	Done
Adequate and diverse professional knowledge and skills	Done

The implementation status of the board diversity policy is as follows:

Core projects of diversity / Names of directors	Basic composition						Industry experience			Professional capabilities					
	Nationality	Gender	Also serve as an employee of the Company	Age	Term of office of Independent Director		Accounting	Finance	Industry	Operational judgment capability	Business management capability	Leadership and decision - making capability	Risk management capability	Industry knowledge	International market outlook
				60 to 73	1 to 9 years	More than 9 years									
Hsing-Hai Chen	Taiwan	Male		V					V	V	V	V	V	V	V
Ming-Chien Chang	Taiwan	Male	V	V					V	V	V	V	V	V	V
Chih-Hong Ho	Taiwan	Male	V	V					V	V	V	V	V	V	V
Yeong-Wen Daih	Taiwan	Male	V	V					V	V	V	V	V	V	V
Chia-Neng Huang	Taiwan	Male		V					V	V	V	V	V	V	V
William W.Shen	Taiwan	Male		V	V		V	V	V	V	V	V	V	V	V
Bing-Yue Tsui	Taiwan	Male		V	V				V	V	V	V	V	V	V
Tai-Haur Kuo	Taiwan	Male		V	V				V	V	V	V	V	V	V
Cheng-Yan Chien	Taiwan	Male		V	V		V	V	V	V	V	V	V	V	V

B. Board independence: State the number and ratio of independent directors, and explain that the Board is independent. Also, state with reasons whether circumstances set out in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act have occurred, including the existence of spousal relationship or second-degree of kinship in directors or supervisors or between directors and supervisors.

a. Number of Independent Directors and the ratio: There are 4 independent directors, composed of 44.4% of the Board. No circumstance stated in Article 30 of the Company Act was found among the Board of Directors.

b. The Board of Directors is independent of others. Reasons shall be provided explaining whether circumstances set out in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act have occurred, including the existence of spousal relationship or second-degree of kinship in directors or supervisors or between directors and supervisors: The Board of Directors are mainly composed of the professional managers in the Company. The independent directors are mainly held by external professionals. No circumstances set out in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act were found, nor did the spousal relationship or second-degree of kinship were found among the directors.

(II) Information of the Presidents, Vice Presidents, Assistant Vice Presidents, and the Heads of all the Company's Departments and Divisions

Record Date: April 1, 2023

Title	Name	Nationality	Gender	Date of Appointment	Shareholding		Shares Held by Spouse/Minor Children		Shares Held in the Name of Other Persons		Primary Professional or Academic Experience	Position(s) Concurrently Held at the Company or Other Companies	Managers who are spouses or within the second degree of kinship.			Remarks
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relation	
President of Business Group	Ming-Chien Chang	Republic of China	Male	2018.11.03	5,523,825	1.93%	1,618,785	0.57%	-	-	Master of Electronics, National Chiao Tung University	Note 1	Nil	Nil	Nil	Nil
Senior Vice President and Chief Marketing Officer	Chih-Hong Ho	Republic of China	Male	2015.08.01	619,172	0.22%	-	-	-	-	PhD in Mechanical Engineering, North Carolina State University, USA	Note 1	Nil	Nil	Nil	Nil
Senior Vice President and Chief Technology Officer	Yeong-Wen Daih	Republic of China	Male	2018.11.03	581,205	0.20%	75,970	0.03%	-	-	Master Degree, Institute of Electronics, National Chiao Tung University	Note 1	Nil	Nil	Nil	Nil
Senior Vice President and Second Business Unit	Kuan-Chun Chang	Republic of China	Male	2018.11.03	685,341	0.24%	949	-	-	-	Master Degree, Department of Electrical Engineering, National Cheng Kung University	Note 1	Nil	Nil	Nil	Nil
Vice President and Chief Sales Officer	Jackie Hao	Republic of China	Male	2022.07.29	-	-	-	-	-	-	Department of Electronic Engineering, Kun Shan University	-	Nil	Nil	Nil	Nil
Vice President and Chief Operating Officer	Shu-Hui Feng	Republic of China	Female	2022.07.29	85,000	0.03%	-	-	-	-	Masters, Institute of Technology Management, National Tsing Hua University Masters, Graduate Institute of Human Resources Management, National Central University	Note 1	Nil	Nil	Nil	Nil

Title	Name	Nationality	Gender	Date of Appointment	Shareholding		Shares Held by Spouse/Minor Children		Shares Held in the Name of Other Persons		Primary Professional or Academic Experience	Position(s) Concurrently Held at the Company or Other Companies	Managers who are spouses or within the second degree of kinship.			Remarks
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relation	
Senior Director of Finance Division	Candy Chu	Republic of China	Female	2016.09.01	143,000	0.05%	39,490	0.01%	-	-	Department of Accounting and Statistics, Ming Chuan Commercial College	Note 1	Nil	Nil	Nil	Nil
Special Assistant, President's Office and Corporate Governance Officer	Hong-Gee Wu	Republic of China	Male	2021.6.16	313,560	0.11%	548,373	0.19%	-	-	Department of Industrial Engineering and Management, National Chiao Tung University	Note 1	Nil	Nil	Nil	Nil

Note 1: Position(s) concurrently held in other companies is as follows:

Ming-Chien Chang	Chairman of the Board, Charng Feng Investment Ltd. Director, ESMT Educational Foundation Director, Jie Yong Investment Ltd. Director, Elite Investment Services Ltd. Director, Eon Silicon Solutions, Inc.USA
Yeong-Wen Daih	Director, Jie Yong Investment Ltd.
Kuan-Chun Chang	Director, Jie Yong Investment Ltd.

Chih-Hong Ho	Director, Elite Innovation Japan Ltd. Legal Representative & Executive Director, Elite Semiconductor Microelectronics Technology (Shenzhen) Inc. Legal Representative & Executive Director, Elite Semiconductor Microelectronics (Shanghai) Technology Inc.
Shu-Hui Feng	Director, Eon Silicon Solutions, Inc.USA Supervisor, Elite Semiconductor Microelectronics Technology (Shenzhen) Inc. Supervisor, Elite Semiconductor Microelectronics (Shanghai) Technology Inc. Director, ESMT Educational Foundation

Candy Chu	Supervisor, Elite Innovation Japan Ltd.
Hong-Gee Wu	Supervisor, Canyon Semiconductor Inc. Director, ESMT Educational Foundation Director, Elite Innovation Japan Ltd.

(III) Remuneration Paid During in the Most Recent Financial Year to Directors, Supervisors, President, and Vice Presidents Under the Company and All Companies Listed in the Consolidated Statements

1. Remuneration of Directors (including Independent Directors)

As at December 31, 2022 Unit: NT$ 1,000/share

Title	Name	Directors Remuneration								Ratio of the total of 4 items A, B, C and D to net income after taxes		Relevant remuneration received by directors who are also employees								Proportion of the sum of A, B, C, D, E, and F to net profit after tax		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company
		Remuneration (A)		Severance pay and pension (B)		Remuneration of directors (C)		Business expense (D)				Salary, bonus and special allowance (E)		Pension (F)		Employee's compensation (G)						
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company		All companies listed in this Financial Report		The Company	All companies listed in this Financial Report	
																Cash	Stock	Cash	Stock			
Chairman	Hsing-Hai Chen	7,499	7,499	-	-	12,651	13,454	45	45	1.83%	1.90%	26,692	26,692	324	324	-	-	-	-	4.28%	4.35%	Nil
Directors	Ming-Chien Chang																					
Directors	Chih-Hong Ho																					
Directors	Yeong-Wen Daih																					
Directors	Chia-Neng Huang																					
Independent Director	William W.Shen																					
Independent Director	Bing-Yue Tsui																					
Independent Director	Tai-Haur Kuo																					
Independent Director	Cheng-Yan Chien																					
Independent Director	Shan-Jen Chow (Note1)																					
Independent Director	Tsin-Fu Jiang (Note1)																					

1. Please illustrate the policies, systems, standards and structure of independent directors' remuneration, as well as the correlation between their remuneration and the responsibilities, risks, and time invested: According to Article 24-1 of the Companys' Articles of Incorporation, based on the profit of the year, the Company shall appropriate no less than 1% of the profit as remuneration to employees, and no more than 1% of the profit as remuneration to Directors. With reference to the Company's overall operating performance, industry's future operating risks and development trends, and referring to the individual's performance achievement rate and contribution to the Company's performance, the Company has given reasonable remuneration. Relevant performance evaluation and the remuneration rationality shall be approved by the Remuneration Committee and the Board of Directors.

2.	Other than disclosure in the above table, Directors remuneration received by providing services (E.g. Non-employee consultant of the mother company/ companies stated in the financial statements/ reinvestment businesses) to the Company in the financial report: None.

Note1: 2022.6.15 dismissal

Remuneration range for each director in the Company	Name of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	ESMT	All Company in the consolidated financial statements	ESMT	All Company in the consolidated financial statements
Lower than NTD 2,000,000	Chia-Neng Huang、Cheng-Yan Chien、Shan-Jen Chow、Tsin-Fu Jiang、William W.Shen 、 Bing-Yue Tsui、Tai-Haur Kuo	Chia-Neng Huang、Cheng-Yan Chien、Shan-Jen Chow、Tsin-Fu Jiang、William W.Shen 、 Bing-Yue Tsui、Tai-Haur Kuo	Chia-Neng Huang、Cheng-Yan Chien、Shan-Jen Chow、Tsin-Fu Jiang、William W.Shen 、 Bing-Yue Tsui、Tai-Haur Kuo	Chia-Neng Huang、Cheng-Yan Chien、Shan-Jen Chow、Tsin-Fu Jiang、William W.Shen 、 Bing-Yue Tsui、Tai-Haur Kuo
NTD 2,000,000(inclusive）～ NTD 5,000,000 (exclusive)	Hsing-Hai Chen、Ming-Chien Chang、Chih-Hong Ho、Yeong-Wen Daih	Hsing-Hai Chen、Ming-Chien Chang、Chih-Hong Ho、Yeong-Wen Daih	-	-
NTD 5,000,000（inclusive ）～ NTD 10,000,000(exclusive)	-	-	-	-
NTD 10,000,000（inclusive ）～ NTD 15,000,000(exclusive)	-	-	Hsing-Hai Chen、Ming-Chien Chang Chih-Hong Ho、Yeong-Wen Daih	Hsing-Hai Chen、Ming-Chien Chang Chih-Hong Ho、Yeong-Wen Daih
NTD 15,000,000（inclusive ）～ NTD 30,000,000(exclusive)	-	-	-	-
NTD 30,000,000（inclusive ）～ NTD 50,000,000(exclusive)	-	-	-	-
NTD 50,000,000（inclusive ）～ NTD 100,000,000(exclusive)	-	-	-	-
NTD 100,000,000 or More	-	-	-	-
Total	11	11	11	11

2. Remunerations to President and Vice Presidents

As at December 31, 2022 Unit: NT$ 1,000/share

Title	Name	Salary (A)		Severance pay and pension (B) (Note 1)		Bonuses and allowances (C)		Employee's remuneration (D)				Proportion of net profit after tax to the sum of A, B, C, and D (%)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company		All companies listed in this Financial Report		The Company	All companies listed in this Financial Report	
								Cash	Stock	Cash	Stock			
President	Ming-Chien Chang	15,778	16,046	522	522	27,500	27,500	-	-	-	-	3.97%	3.99%	Nil
Senior Vice President	Chih-Hong Ho													
Senior Vice President	Yeong-Wen Daih													
Senior Vice President	Kuan-Chun Chang													
Vice President	Jackie Hao (Note 2)													
Vice President	Shu-Hui Feng (Note 2)													

Note 1: All are recognized contribution

Note 2: 2022.07.29 new appointment

Range of Compensation	Name of presidents and vice presidents	
	ESMT	All Company in the Consolidated Financial Statements
Lower than NTD 2,000,000	–	–
NTD 2,000,000(inclusive）～ NTD 5,000,000 (exclusive)	Jackie Hao、Jennifer Feng	Jackie Hao、Jennifer Feng
NTD 5,000,000（inclusive ）～ NTD 10,000,000(exclusive)	–	–
NTD 10,000,000（inclusive ）～ NTD 15,000,000(exclusive)	Ming-Chien Chang、Chih-Hong Ho、Yeong-Wen Daih、Kuan-Chun Chang	Ming-Chien Chang、Chih-Hong Ho、Yeong-Wen Daih、Kuan-Chun Chang
NTD 15,000,000（inclusive ）～ NTD 30,000,000(exclusive)	–	–
NTD 30,000,000（inclusive ）～ NTD 50,000,000(exclusive)	–	–
NTD 50,000,000（inclusive ）～ NTD 100,000,000(exclusive)	–	–
NTD 100,000,000 or More	–	–
Total	6	6

3. If a listed company has the following circumstances, it shall disclose the compensation of the first five top managementindividually: Not applicable since the following circumstances are not observed.

a.Parent company only or individual financial statements in the last three years have shown after-tax losses: None.

b.Listed companies whose results of the most recent corporate governance assessment are at lowest level: The result of the Company's corporate governance evaluation was Level 2 and thus not applicable.

4. Names of Managers for Distributing the Employees' Compensation and Distribution Status

Unit: NT$ 1,000

	Title	Name	Shares Amount	Cash Amount	Total	Ratio of the Total Amount to Net Profit After Tax (%)
Manager	President	Ming-Chien Chang	–	–	–	–
	Senior Vice President	Chih-Hong Ho				
	Senior Vice President	Yeong-Wen Daih				
	Senior Vice President	Kuan-Chun Chang				
	Vice President	Jackie Hao(Note 1)				
	Vice President	Shu-Hui Feng (Note 1)				
	Senior Director of Finance Division	Candy Chu				
	Corporate Governance Officer	Hong-Gee Wu				

Note 1: 2022.07.29 new appointment

(IV) The analysis of the ratio of the total remuneration paid to the Company's Directors, Supervisors, President and Vice Presidents of the Company and all companies listed in the consolidated financial statements in the most recent two financial years to Net Profit After Tax, and the relevance of remuneration payment policies, standards and combination, procedures determining remuneration, business performance and future risk shall be compared and stated:

Units: NTD 1,000; %

Item	FY 2021		FY 2022	
	The Company	Consolidated Financial Statements	The Company	Consolidated Financial Statements
Total Directors' Remuneration	70,264	70,264	20,195	20,998
Ratio of Total Directors' Remuneration to Net Profit After Tax (%)	1.39%	1.39%	1.83%	1.90%
Total Remuneration for the President and Vice Presidents	123,234	123,234	43,800	44,068
Ratio of Total Remuneration for President and Vice Presidents to Net Profit After Tax (%)	2.45%	2.45%	3.97%	3.99%

There is no material difference in the ratio against Net Profit After Tax for FY2021 and FY2022.

According to Article 24-1 of the Companys' Articles of Incorporation, based on the profit of the year, the Company shall appropriate no less than 1% of the profit as remuneration to employees, and no more than 1% of the profit as remuneration to Directors. However, cumulative loss should be offset, if any. The Company shall also consider its operating results and the contribution to the Company's performance, and provide reasonable remuneration. The policy of remuneration of the President and Vice President is based on the Company's salary structure as fixed salary: basic salary, meal allowance and variable salary: allowance (overtime work, missed meals allowance), bonus (year-end bonus, work bonus), the salary level of the position in the industry, the scope of the position within the Company and the contribution to the Company’s operating goals. The procedures for determining remuneration are based on the Company's overall performance, future business risks and development trends of the Company, as well as the individual's performance achievement rate and contribution to the Company's performance, so as to provide reasonable remuneration. Performance assessment and the reasonableness of remuneration has been reviewed by the Remuneration Committee and the Board of Directors. In addition, the remuneration system is reviewed at any time according to the actual operating conditions and relevant laws and regulations. The Company's policy and procedures for setting directors' and general managers' remuneration have taken into account the future operational risks faced by the Company and are positively correlated with its operational performance in order to achieve a balance between sustainable operation and risk control.

III. Implementation of Corporate Governance:

(I) Implementation of the Board of Directors

A total of 8 meetings were held by the Board of Directors in 2022, with the directors' attendance listed as follows:

Title	Name	Attendance Count	By Proxy	Attendance Count	Remarks
Chairman of the Board	Hsing-Hai Chen	8	－	100%	
Director	Ming-Chien Chang	8	－	100%	
Director	Chih-Hong Ho	7	1	88%	
Director	Yeong-Wen Daih	8	－	100%	
Director	Chia-Neng Huang	8	－	100%	
Independent Director	William W.Shen	5	－	100%	2022/06/15 New appointment
Independent Director	Bing-Yue Tsui	5	－	100%	2022/06/15 New appointment
Independent Director	Tai-Haur Kuo	5	－	100%	2022/06/15 New appointment
Independent Director	Cheng-Yan Chien	8	－	100%	
Independent Director	Shan-Jen Chow	3	－	100%	2022/06/15 Dismissal
Independent Director	Tsin-Fu Jiang	3	－	100%	2022/06/15 Dismissal

Other Matters:

I. Where the proceedings of the meeting of the Board of Directors include one of the following circumstances, state the date, session, topic discussed, opinions of every Independent Director, and the Company's handling of the Independ Directors' opinions:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Date of the Meeting	Proposals	Opinions of All Independent Directors and the Company's Handling of These

		Opinions
The 8th Board 18th Meeting 2022.02.25	1. Approved the amendment to the Company's "Articles of Incorporation." 2.Approved the amendments to the Company's "Procedures for the Acquisition and Disposal of Assets". 3.Rotation through a CPA. 4. Approved the evaluation of the independence of the CPAs and the CPAs' accounting firm.	Approved by all Independent Directors
The 8th Board 19th Meeting 2022.04.28	1. Approve the lifting of competition restrictions on newly appointed directors of the Company.	Approved by all Independent Directors
The 9th Board 2th Meeting 2022.06.24	1. Approve the amendments to the Regulations Governing the Organization of the Salary and Remuneration Committee.	Approved by all Independent Directors
The 9th Board 3th Meeting 2022.07.29	1. Approve the rotation of CPAs.	Approved by all Independent Directors
The 9th Board 5th Meeting 2022.12.15	1. Approve the resolution to amend the Company's Procedures for Meetings of the Board of Directors. 2. Approve the formulation of internal material information processing procedures. 3. Approve the independence of CPAs, affiliated accounting firms, and audit quality assessment.	Approved by all Independent Directors
The 9th Board 6th Meeting 2023.02.23	1. Approved the amendment to the Company's "Articles of Incorporation." 2. Approved the appointment of the Company's CPAs for 2023.	Approved by all Independent Directors

(II) In addition to the aforementioned matters, other resolutions resolved by the Board of Directors that are objected to, or expressed reservations with record or declaration in writing by the Independent Directors: None.

II. When any Director recuse him/herself for being a stakeholder in certain proposals, the name of the Director(s), the content of the proposals, reasons for recusal and participation in voting shall be stated:

Board of Directors Date	Names of Directors	Proposals	Reason for Recusal	Voting
2022.4.28	Cheng-Yan Chien	Nomination and review of the Independent Director candidates.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	Hsing-Hai Chen, Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih Chia-Neng Huang	Nomination of the general Director candidates.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	Hsing-Hai Chen, Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih Chia-Neng Huang Shan-Jen Chow Tsin-Fu Jiang Cheng-Yan Chien	The Company's Directors remuneration distribution for FY2021	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih	The managers' and employees' salaries and bonus of the Company for FY2021.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.

2022.6.24	William W.Shen, Tai-Haur Kuo, Bing-Yue Tsui, Cheng-Yan Chien	The resolution of the appointment of the members of the 5th-term Remuneration Committee.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	William W.Shen, Bing-Yue Tsui, Hsing-Hai Chen, Ming-Chien Chang	The appointment of the 2nd-term Nomination Committee members.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
2022.7.29	Yeong-Wen Daih	The appointment and promotion of managers of the Company.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih	The adjustment of Company managers' salary for 2022.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	William W.Shen, Tai-Haur Kuo, Bing-Yue Tsui, Cheng-Yan Chien	The adjustment of Company independent directors' salary.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.

III. TWSE/TPEx list companies shall disclose information on the evaluation cycle and period, scope, method and content of the self-evaluation by the Board of Directors (or peers), and complete Appendix 2(2) Bboard of Directors Evaluation.

1. External evaluation:

The "Rules for Performance Evaluation of Board of Directors" amended and approved by the Board of Directors on February 26, 2021, stipulates that the Company's Board of Directors shall conduct an external evaluation of the performance of the Board of Directors and its committees at least once every three years.

On February 2023, the Company commissioned the "Taiwan Institute of Ethical Business" to conduct an external evaluation of the performance of the Board of Directors and its committees (including the Audit Committee, Remuneration Committee, and Nomination Committee) for 2022 (the evaluation period was the entire year of 2022). The institute and its experts have no business transactions with the Company and are independent. They evaluated 4 major aspects, such as how the Board of Directors grasps the company's operational status, communicates with shareholders, manages corporate risks and crises, verifies the implementation of the company's internal control and audit system, evaluates the management of the corporate sustainable business operation and observes the operational efficiency of the company's Board of Directors. They conduct evaluations through questionnaires and on-site visits. The Taiwan Institute of Ethical Business issued the performance evaluation report on March 13, 2023, and the recommendations and expected implementation measures mentioned were presented to the Board of Directors on March 23, 2023. The relevant content of the overall assessment and measures are as follows:

I. Overall Evaluation of the Evaluation Report:

The institute assesses the following aspects separately: professional competencies, effectiveness of decision-making, internal control, and sustainable development:

Organization being valuated	Evaluation scores
Board of Directors	All evaluated items received scores between 4 and 5.

Audit Committee	All evaluated items received scores between 4 and 5.
Remuneration Committee	All evaluated items received scores between 4 and 5.
Nominating Committee	All evaluated items received scores between 4 and 5.
Explanation of Rating Scale: 5 = Fully meets all criteria in all circumstances 4 = Meets most of the criteria/above average 3 = Sometimes meet/reach the average 2 = Occasionally meets/ below average 1 = Almost never met the criteria	

II. Suggestions for Improvements:

Suggested items for improvements	Descriptions	Expected implementation measures
Increase the diversity of Board composition	It is recommended that the Nomination Committee of the evaluated company consider incorporating age and gender into the evaluation of director candidates in the future to promote a more diverse composition of the board members and facilitate the introduction of different values and perspectives.	It will be included as a reference for planning the next director's elections.
Strengthen the recording of directors' statements in the minutes of the Board of Directors meetings	To enable the Board of Directors to easily review past decision-making experiences, it is recommended to present essential points and record a summary of the directors' opinions and responses in the discussions during formal meetings to facilitate the application of past experiences to future decision-making.	If the essential points of the opinions and responses in the discussion among the directors are presented in the formal meeting, they should be summarized and recorded in a timely manner.
Survey the continuing education needs of the directors and continuously increase the diversity of the courses	To respond to industry trends and technological developments, the evaluated company may consider planning more continuing education courses related to the evaluated company's industry to increase the diversity of training courses for directors and continuously help the Board members to better understand the industry in which the evaluated company operates.	Conduct a survey of directors' needs as a reference for annual continuing education planning and scheduling.
Establish and strengthen risk assessment and control mechanisms and implement them	Evaluated companies may consider stipulating internal procedures for risk assessments, elevating risk assessment to the level of the Board of Directors, such as stipulating the role of the Audit Committee in supervising risk assessments and management, or establishing a Risk Management Committee to strengthen risk assessment and control mechanisms.	Incorporate the supervision and management of risk assessment as the competency of the Audit Committee.
Adjust the unit that accepts the reported cases and the regulations for handling the reports	It is recommended that the evaluated company stipulate the regulations for handling reported cases, taking into account the independence of the acceptance unit, and set up a dedicated email or hotline for whistleblowing and investigation and reporting procedures.	Strengthen the regulations for the acceptance and handling of reported cases and related procedures according to the recommendations.
Increase the discussion of sustainable development issues in the Board meetings	When planning sustainable policies related to corporates in the future, the evaluated company may also pay attention to the latest international development trends besides complying with the	The issues related to sustainable development shall be reported to the Board of Directors

	policies promoted by Taiwan's competent authorities. For example, the Task Force on Climate-Related Financial Disclosures (TCFD) which has been recently implemented internationally is an area that the evaluated companies should pay attention to in terms of sustainability. Consideration may also be given to bringing in external consultants to diversify the perspective on corporate social responsibility, facilitate innovative thinking, and achieve corporate social responsibility goals while pursuing business profitability.	according to the recommendations	

2. Self-evaluation:

The "Rules for Performance Evaluation of Board of Directors" amended and approved by the Board of Directors on February 26, 2021, stipulates that the Company's Board of Directors shall conduct a self-evaluation of the performance of the Board of Directors and its committees once a year.

1. Performance Evaluation of the Board of Directors:2023.03.23 approved the resolution by the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content	Rating
Conducted Annually	From: Jan. 1, 2022 To: Dec. 31, 2022	Board of Directors	Internal self-evaluation for the Board of Directors	1. Level of participation in corporate operations. 2. Improving Board of Directors decision-making. 3. Composition and structure of the Board of Directors. 4. Elections and continuous training of the directors. 5. Internal control.	Superior

2. Performance evaluation (self and peer evaluation) of the board members:2023.03.23 approved the resolution by the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content	Rating
Conducted Annually	From: Jan. 1, 2022 To: Dec. 31, 2022	Members of Board of Directors	Internal self-assessment of board members	1. Knowledge of corporate objectives and mission. 2. Knowledge of the director's responsibilities. 3. Level of participation in corporate operations. 4. Internal relationships and communications. 5. Director of professionalism and continuous training. 6. Internal control.	Superior

IV. Targets for strengthening the functions of the Board of Directors (e.g. establishment of the Audit Committee, enhancement of information transparency) and evaluation of the implementation: After the full re-election of directors and supervisors at the shareholders' meeting on June 13, 2019, the Company established the Audit Committee, convened by Mr. Chou, Shuang-Jen, an independent director, to replace the supervisor's function and strengthen the functions of the Board of Directors. The "Rules for Performance Evaluation of Board of Directors" amended and approved by the Board of Directors on February 26, 2021, stipulates that the Company's Board of Directors shall conduct a self-evaluation of the performance of the Board of Directors and its committees once a year.

1. Salary and Remuneration:2023.03.23 approved the resolution by the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content	Rating
Conducted Annually	From: Jan. 1, 2022 To: Dec. 31, 2022	Number of Members	Internal self-evaluation of committee members	1. Participation in the Company's operation 2. Awareness of the duties of the functional committees 3. Improving the decision-making of the functional committees 4. Composition of the functional committees, and election and appointment of committee members	Superior

2. Audit Committee:2023.03.23 approved the resolution by the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content	Rating
Conducted Annually	From: Jan. 1, 2022 To: Dec. 31, 2022	Number of Members	Internal self-evaluation of committee members	1. Participation in the Company's operation 2. Awareness of the duties of the functional committees 3. Improving the decision-making of the functional committees 4. Composition of the functional committees, and election and appointment of committee members 5. Internal control	Superior

3. Nominating Committee:2023.03.23 approved the resolution by the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content	Rating
Conducted Annually	From: Jan. 1, 2022 To: Dec. 31, 2022	Number of Members	Internal self-evaluation of committee members	1. Participation in the Company's operation 2. Awareness of the duties of the functional committees 3. Improving the decision-making of the functional committees 4. Composition of the functional committees, and election and appointment	Superior

				of committee members 5. Internal control	

(II) Implementation of the Audit Committee :

The Company established an Audit Committee after the shareholder's meeting on June 13, 2019, according to the "Audit Committee Charter" formulated and approved at the meeting. According to the organization regulations, the 2nd term of the Audit Committee (consisting of four independent directors) was approved, and they elected Wei-Min Sheng, an independent director, as the convener. The details of the list of members of the Committee and their relevant professional competencies, annual operation status, and other information are below.

I. Describe the qualifications and responsibilities of members appointed to the company's Audit Committee
   (I) The Committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The independent director members of the Committee shall serve a 3-year term and may be re-elected to further terms. When the number of independent director members on the Committee falls below that prescribed in the preceding paragraph or the articles of incorporation due to an independent director's dismissal for any reason, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of the occurrence to hold a by-election to fill the vacancies.
   (II) The main function of the Audit Committee is to supervise the following matters:
      1. Fair presentation of the financial reports of this Company.
      2. The hiring (and dismissal), independence, and performance of certificated public accountants of this Company.
      3. The effective implementation of the internal control system of this Company.
      4. Compliance with relevant laws and regulations by this Company.
      5. Management of the existing or potential risks of this Company.

II. The professional qualifications, experience and operation of the Audit Committee members are as follows:
   (I) There are a total of 4 members in the Audit Committee.

Audit Committee term: June 15, 2022 to June 14, 2025. A total of 6 meetings were held in 2022. Member qualifications, experience, attendance, and topics of discussion were as follows:

Title	Name	Professional background and experience	Attendance Count	By Proxy	Attendance Count	Remarks
Independent Director	William W.Shen	Possesses five or more years of work experience required for the Company's business; Graduated with Ph.D. in Accounting from Purdue University and is currently a professor at the Department of Finance and Taxation of the National Taichung University of Science and Technology	3	-	100%	2022/06/15 New appointment
Independent Director	Tai-Haur Kuo	Possesses five or more years of work experience required for the Company's business; Graduated with Ph.D. in Electrical Engineering from the University of Maryland and is	3		100%	2022/06/15 New appointment

		currently a professor at the Department of Electrical Engineering of National Cheng Kung University.				
Independent Director	Bing-Yue Tsui	Possesses five or more years of work experience required for the Company's business; Graduated with Ph.D. from and currently a professor at the Institute of Electronics of National Yang Ming Chiao Tung University.	3	–	100%	2022/06/15 New appointment
Independent Director	Cheng-Yan Chien	Possesses five or more years of work experience required for the Company's business; graduated from Master in business, Emory University, U.S.A.; once worked as the Vice President, Taipei Branch of Chase Bank, U.S.A., Assistant Manager, Vate Technology, Co., Ltd., President, Anfu Financial Technology, Co., Ltd., Independent Director, Eon Silicon Solution Inc..	6	–	100%	
Independent Director	Shan-Jen Chow	Possesses five or more years of work experience required for the Company's business; graduated from Master of Business Administration, Golden Gate University, California, USA; once worked as the Public Accountant, Ding Zun Accounting Firm.	3		100%	2022/06/15 Dismissal
Independent Director	Tsin-Fu Jiang	Possesses five or more years of work experience required for the Company's business; graduated from PhD in Physics, National Tsing Hua University; once worked as the Professor, Institute of Physics, National Chiao Tung University.	3		100%	2022/06/15 Dismissal

Other matters:

I.With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, dissenting opinions from independent directors, reserved opinions, material contents, the resolutions of the Committee, and the Company's response to the Committee's opinions shall be specified:

(I) Items listed in Article 14-5 of the Securities and Exchange Act

Audit Committee Date	Proposals (Items listed in Article 14-5 of Securities and Exchange Act)	Resolutions not approved by the Audit Committee but approved by over two thirds of all directors
14th meeting of the 1st session 2022.02.25	1. Company's 2021 final accounting books and statements. 2. Distribution of the Company's 2021 earnings. 3. Self-assessment of the Company's internal control system . 4. The Company's employee stock option exercised to subscribe for ordinary shares. 5.Rotation through a CPA. 6. Assess the independence of CPAs and affiliated accounting firms.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	
15th meeting of the 1st session 2022.04.28	1.The Company's 2022 Q1 financial report. 2.The Company's employee stock option exercised to subscribe for ordinary shares. 3. Adjustment of undistributed earnings from the beginning of the period in the 2021 disposition of net earnings. 4.Simplification of the investment structure of subsidiaries.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	
16th meeting of the 1st session 2022.05.31	1. Factory building space acquisition.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	
1th meeting of the 2st session 2022.07.29	1. Rotation through a CPA. 2.The Company's 2022 Q2 financial report. 2. The Company's employee stock option exercised to subscribe for ordinary shares.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	
2th meeting of the 2st session 2022.10.27	1. The Company's 2022 Q3 financial report. 2. The Company's employee stock option exercised to subscribe for ordinary shares.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the	

	Directors present.	
3th meeting of the 2st session 2022.12.15	1.Audit plan of the Company for 2023. 2. Formulation of internal material information processing procedures. 3. The independence of CPAs and affiliated accounting firms and audit quality assessment.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	
4th meeting of the 2st session 2023.02.23	1. Company's 2022 final accounting books and statements. 2. Distribution of the Company's 2022 earnings. 3. Self-assessment of the Company's internal control system. 4. The Company's employee stock option exercised to subscribe for ordinary shares. 5.Approved the appointment of the Company's CPAs for 2023.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	None

(II) Except for the items in the preceding issues, other resolutions which was not approved by the Audit Committee but approved by at least two-thirds of all Board of Directors members: None.

II.In regards to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the proposal content, reasons for recusal due to conflict of interests and voting outcomes should be
stated:See P.26

III.Communications between the Independent Directors and the Head of Internal Audit and Accountant (such as the matters, methods, and results of communication with respect to the Company's financial and business status):

1.The Head of Internal Audit reports the audit report to the individual independent directors for deficiencies and improvement suggestions found in the audit operation on a monthly basis. In addition, the Head of Internal Audit explains and discusses the Company's financial and business conditions from time to time. No material events have occurred. Relevant reporting matters are reported together in the Audit Committee and the Board of Directors. The period allows the corporate governance unit to fully understand the Company's risk assessment and control status. There are no major abnormalities in the 2022 audit results, and the independent directors have no objections. The previous communication situation is as follows:

Date of meeting	Nature and discussed issues	Independent Directors' Suggestion
2022.02.25	1.Report on the internal audit progress. 2.Company's Statement of Self-assessment of Internal Control System for 2021.	The Independent Directors have no opinions and suggestions.
2022.04.28	Report on the internal audit progress.	The Independent Directors have no opinions and suggestions.
2022.07.29	Report on the internal audit progress.	The Independent Directors have no opinions and suggestions.
2022.10.27	Report on the internal audit progress.	The Independent Directors have

		no opinions and suggestions.
2022.12.15	1.Report on the internal audit progress. 2.Discussion on the Company's 2023 audit plan.	The Independent Directors have no opinions and suggestions.

2. The Company’s CPAs communicate with the governance unit after the quarterly audit or review. In addition, at least two decree announcements are held in the Company each year (obtained the Certificate of the Republic of China Securities and Futures Market Development Foundation). The independent directors and accountants of the Company maintain smooth communication.

Communication in 2022 is as follows:

Date of meeting	Nature and discussion topics	Independent Directors' Suggestion
2022.02.25	Communicate with the governance unit after the review of 2021 consolidated financial report and individual financial report Respond and discuss questions raised by participants	The Independent Directors have no opinions and suggestions.
2022.04.28	Communicate with the governance unit after reviewing the consolidated financial report for the first quarter of 2022 Respond and discuss questions raised by participants	The Independent Directors have no opinions and suggestions.
2022.07.29	Communicate with the governance unit after reviewing the consolidated financial report for the second quarter of 2022 Respond and discuss questions raised by participants	The Independent Directors have no opinions and suggestions.
2022.10.27	Communicate with the governance unit after reviewing the consolidated financial report for the third quarter of 2022 Respond and discuss questions raised by participants	The Independent Directors have no opinions and suggestions.

(III) Implementation of Corporate Governance and the Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons Thereof

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Descriptions</th></tr>
<tr><td>I. Does the Company establish and disclose its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?</td><td>V</td><td></td><td>The Company has established the "Code of Corporate Governance Practices", which has been disclosed in the Corporate Governance Section of the MOPS. The Board of Directors appointed a Corporate Governance Officer at the meeting held on June 16, 2021. His responsibility is listed below.</td><td>No material departure</td></tr>
<tr><td>II. Shareholding Structure & Shareholders' Rights
(I) Did the Company establish an internal procedures for handling shareholder proposals, inquiries, disputes, and litigation? Are such matters handled according to the internal procedures?
(II) Did the Company maintain a register of major shareholders with controlling stake as well as a register of persons with ultimate controls over those major shareholders?
(III) Did the Company establish and enforce risk controls and firewall systems with its affiliated companies?
(IV) Did the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?</td><td>V
V
V
V</td><td></td><td>1. The Company has set up e-mails and telephone lines for the relevant personnel to handle matters relating to shareholders' suggestions and disputes at any time.
2. The Company has set up a Shareholding Affairs Department and a stock service agency that can keep abreast of the major shareholders of the Company and the ultimate controlling persons of the major shareholders.
3. The financial and accounting matters of all affiliated companies of the Company are carried out independently, and are handled in accordance with the "Guidelines for the Transaction between the Company and Specific Companies, the Group and Related Parties" and the "Guideline for Supervision of Subsidiaries", and the risk controls and firewall mechanisms have been implemented.
4. The Company has established insider trading guidelines and has told the insiders to strictly abide by the guidelines.The rules are disclosed on the company's website.</td><td>No material departure</td></tr>
<tr><td>III. Composition and Responsibilities of the Board of Directors
(I) Whether the Board of Directors has established diversity policy, specific goals, and whether these measures have been implemented?
(II) In addition Remuneration Committee and Audit Committee established according to law, has the company voluntarily established other functional committees?
(III) Has the Company established standards to measure the performance of the Board, and does it implement such standards annually? Does the Company report the results of the performance evaluation to the BOD</td><td>V
V
V</td><td></td><td>1. The Company adopted the "Corporate Governance Code" in the 17th meeting of the 6th Board of Directors on December 18, 2015, and strengthen the functions of the Directors in Chapter 3 by setting a diversity policy to ensure the diversity and independence of the Directors. Please refer to schedule 1 for the director list of 9th term of the Board. 9 Board members have expertise in leadership, operational judgement, business management, risk handling, industry knowledge, and point of view in global market.See P.12.
2. The 8th Board The 9rd meeting on November 11, 2020, Approved the Company's "Organizational Rules of the Nomination Committee." And The 9th Board The 2rd meeting on June 24, 2022, Appointment of the</td><td>No material departure</td></tr>
</table>

Evaluation Item	Implementation Status (Note 1) Yes	No	Descriptions	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
and use them as a reference for each Director's remuneration and nomination of term renewal? (IV) Did the Company regularly implement assessments on the independence of the CPAs?	V		second-term Nomination Committee members. 3. The Company's Remuneration Committee's organizational rules clearly define the responsibilities of the Remuneration Committee. The Remuneration Committee establishes the relevant policies and regularly evaluates the performance of the Board of Directors. Details of Implementation of the Board of Directors. 4. The Company independently evaluated the independence of its CPA every year, and submitted the evaluation results to the Board of Directors for review and approval on February 25, 2022 and December 15, 2022 and February 23, 2023. After the evaluation, the Company's CPAs are in compliance with the Company's Independent Evaluation Standards (Please refer to Schedule II). Therefore, the independence of the CPAs should be undoubted, and the CPAs' accounting firm also issued a letter of declaration.	
IV. Did the listed company set up or appoint an exclusively (or concurrently) responsible department or personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by the Directors and Supervisors, and handling, in accordance with relevant laws, matters related to the meetings of the Board of Directors and Shareholders' Meetings, business registration and the amendments to the registration, and for preparing minutes of the meetings of the Board of Directors and Shareholders' Meetings)?	V		The Corporate Governance Officer is responsible for handling governance related affairs, and the person in charge is responsible for furnishing information requested by the Directors, handling matters related to meetings of the Board of Directors and Shareholders' Meetings according to the laws, processing company 's registration and the amendments to the registration, and preparing minutes of the meetings of the Board of Directors and Shareholder's Meetings.	No material departure
V. Did the Company established a communication channel with stakeholders (including but not limited to the shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established in the Company's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the company?	V		It is handled by relevant business personnel; interested parties can communicate with the Company at any time if necessary.Contact details of the company's website. For more information, please refer to the company's sustainability report.	No material departure
VI. Has the Company appointed a professional shareholder service agency to deal with shareholders' affairs?	V		The company commissioned Capital Securities Corps. to handle shareholders' affairs and Shareholders' Meetings.	No material departure
VII. Information Disclosure (I) Did the Company establish a website to disclose	V		1. The Company has set up a Chinese website to disclose relevant	No material departure

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Descriptions	
information regarding financial operations and corporate governance? (II) Does the Company have other information disclosure channels (e.g. establishing an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences, etc.)? (III) Did the Company declare annual financial reports two months after the end of fiscal year, and declare Q1, Q2, and Q3 financial reports and monthly operational status before the prescribed deadline?	 V V		information at any time, and in accordance with the regulations of the competent authority to announce and declare various information at MOPS, and set up automatic links for investors to query for relevant information. 2. The Company has appointed designated personnel to collect and disclose various information. The person in charge shall hold irregular corporate briefings from time to time, publicizes the Company's operation overview, and employed a spokesperson and an acting spokesperson. 3. The Company announces and declares annual financial reports three months after the end of fiscal year, and timely announces and declares Q1, Q2, and Q3 financial reports and monthly operational status before the prescribed deadline.	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by the Directors and Supervisors)?	V		1. Employees' rights and care: the Company upholds the belief of taking good care of its employees, manages employees in a humane manner, and cooperates with various welfare measures to establish good relationships with the employees. 2. Investor relations, supplier relations, and rights of interested parties: the Company maintains good relationships with all related parties, and the Company's relevant business personnel communicates with each related party to deal with each related party's problems and suggestions. 3. The Independent Directors currently selected by the Company are all professionals who are finance professionals or in the fields related to the Company's business. During the meetings of the Board of Directors, the Independent Directors can present their opinions and understand the Company's operations situation. 4. Continuing education of the Directors is attached in Schedule I. 5. Implementation of risk management policies and measurement standards: The internal control system and various measures have been established in accordance with the law, various risk management and evaluations have been carried out, and the Internal Audit Department reviews the implementation of the internal control system regularly and irregularly. Detailed risk assessment and policy description of Fulfillment of Corporate Social Responsibility. 6. Implementation of customer policies: The Company maintains good	No material departure

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Descriptions	
			relationships with its customers, and provides various services to its customers in accordance with internal management methods, and takes customer satisfaction as the highest guiding principle. 7. The Company has purchased liability insurance for its Directors and key employees and reported to the Board of Directors.	

IX. Describe improvements made according to the corporate governance assessment made in the recent financial year by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE), and provide prioritized improvements and measures to be taken for improvements that have yet to be carried out.

According to the results of the 8th Corporate Governance Review, the Company's scoreless items priority strengthening and improvement matters are as follows：

Improving measures and description (Note 2)	Item
It was added in the 2021 annual report	2.9、2.10、2.21、3.10、3.21、4.2、4.3、4.4、4.14、4.15、4.17
It was added in the 2022 annual report	2.5、2.7、2.8、2.11、2.18、3.18、4.7、4.18

Note 1: Describe briefly in implementation status column whether the result of implementation is "Yes" or "No".

Note 2: The Company's self-evaluation report is conducted in accordance with the Corporate Governance Self-Assessment Program, which is evaluated and explained by the Company, and reported on each evaluation program of the current operation and implementation of the Company.

Schedule I: Continuing education of the Directors in FY2022 is as follows:

Title	Name	Organizer	Training Courses	Hours of Courses	Compliance with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies"
Chairman of the Board	Hsing-Hai Chen	Securities and Futures Institute	1. Analysis of Important Regulations on China and Taiwan Investment, Joint Ventures, and Mergers and Acquisitions. 2. Risks and crises arising from the digital wave faced by corporations. 3. How Directors and Supervisors oversee the Company's corporate risk management and crisis management.	6H(1, 2)	Yes
Director	Ming-Chien Chang			6H(1, 2)	Yes
Director	Chih-Hong Ho			6H(1, 2)	Yes
Director	Yeong-Wen Daih			6H(1, 2)	Yes
Director	Chia-Neng Huang			6H(1, 2)	Yes
Independent Director	William W.Shen			6H(1, 2)	Yes
Independent Director	Tai-Haur Kuo			9H(1, 2,3)	Yes
Independent Director	Bing-Yue Tsui			6H(1, 2)	Yes
Independent Director	Cheng-Yan Chien			6H(1, 2)	Yes

Schedule II: Evaluation Criteria for the Independence of CPAs is as follows:

Compliance with Independence	Yes	No	Remarks
Is the CPAs not a Director or Independent Director at the Company or its affiliated companies?	V		
Is the CPAs not a shareholder of the Company or its affiliated companies?	V		
Is the CPAs not paid by the Company or its affiliated companies?	V		
Has the CPAs provided auditing services to the Company for less than seven years?	V		
Is it confirmed that the CPAs has complied with his/her accountant firm's CPA independence regulations?	V		
Are the former CPAs of the Company from the same firm of the current CPAs, within a year after stepping down, not serving as the Company's Director, manager or any position with substantial impact on audit results?	V		

(IV) Composition, duties, and implementation of the Remuneration Committee:

I. Information regarding the members of the Remuneration Committee:

<table>
<tr><th>Title</th><th>Qualification Name</th><th>Professional background and experience</th><th>Independence status</th><th>Number of other public companies where the individual concurrently serves as an independent director</th></tr>
<tr><td>Convener and Independent Director</td><td>Cheng-Yan Chien</td><td>Possesses five or more years of work experience required for the Company's business; graduated from Master in business, Emory University, U.S.A.; once worked as the Vice President, Taipei Branch of Chase Bank, U.S.A., Assistant Manager, Vate Technology, Co., Ltd., President, Anfu Financial Technology, Co., Ltd., Independent Director, Eon Silicon Solution Inc.</td><td rowspan="3">(1) Not an employee of the Company or any of its affiliates.
(2) Not a director or supervisor of the Company or any of its affiliates.
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Law. .
(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.
(7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution.
(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for</td><td>-</td></tr>
<tr><td>Independent Director Member</td><td>William W.Shen</td><td>Possesses five or more years of work experience required for the Company's business; Graduated with Ph.D. in Accounting from Purdue University and is currently a professor at the Department of Finance and Taxation of the National Taichung University of Science and Technology.</td><td>3</td></tr>
<tr><td>Independent Director Member</td><td>Tai-Haur Kuo</td><td>Possesses five or more years of work experience required for the Company's business; Graduated with Ph.D. in Electrical Engineering from the University of Maryland and is currently a professor at the Department of Electrical Engineering of</td><td>-</td></tr>
</table>

		National Cheng Kung University.	which the provider in the past 2 years has received cumulative compensation, or a spouse thereof. (10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	
Independent Director Member	Bing-Yue Tsui	Possesses five or more years of work experience required for the Company's business; Graduated with Ph.D. from and currently a professor at the Institute of Electronics of National Yang Ming Chiao Tung University.		-

II. Scope of Responsibilities of the Remuneration Committee:

1. Periodically review this Charter and make recommendations for amendments.
2. Establish and regularly review the annual and long-term performance targets and remuneration policies, systems, standards, and structures of the Directors, and managers.
3. Regularly evaluate the performance targets of the Directors, and managers of the Company, and establish the content and amount of their remuneration.

III. Attendance of Members at Remuneration Committee Meetings

(1) The Remuneration Committee of the Company is consist of three members.

(2) Term of office: June 24, 2022 to June 14, 2025. A total of four meetings (A) were conducted by the Remuneration Committee in the most recent financial year, where the qualifications and attendance of the members are as follows:

Title	Name	Attendance Count (B)	By Proxy	Rate of Actual Attendance (%) (B/A)	Remarks
Convener	Cheng-Yan Chien	4	-	100%	
Member	William W.Shen	2	-	100%	2022/06/24 New appointment
Member	Tai-Haur Kuo	2		100%	2022/06/24 New appointment
Member	Bing-Yue Tsui	2	-	100%	2022/06/24 New appointment
Convener	Shan-Jen Chow	2		100%	2022/06/15 Dismissal
Member	Tsin-Fu Jiang	2		100%	2022/06/15 Dismissal

Other matters:

I. If the Board of Directors does not adopt or wishes to amend the proposals of the Remuneration Committee, please state the date and session of the meeting of the Board of Directors, proposals, resolutions from the Board of Directors, and handling of the Remuneration Committee's opinions (such as the difference between the salary and remuneration approved by the Board of Directors and those proposed by the Remuneration Committee and the reason therefo): None.

II. If the resolutions to which the members of the Remuneration Committee have an objection or reservation are recorded or written, please state the date and session of the meeting of the Remuneration Committee, proposals, opinions of the members, and handling of the opinions: None.

III. Remuneration Committee meeting and resolution results and the Company's handling of members' opinions in the most recent year:

Remuneration Committee	Resolution content and results
10st meeting of the 4th session 2022.2.25	Reports: Report on the results of the evaluation of the performance of the Board of Directors and its committees for 2021.
11st meeting of the 4th session 2022.4.28	1.The Company's Directors remuneration distribution for FY2021. 2.Distribution of 2021 employees' compensation and bonus paid to managerial officers.
	Remuneration Committee Opinion: No objections or qualified opinion. Resolution results: In the case (1), except for the members: Shuang-Jen, Chou, Tsin-Fu Jiang and Jeng-Yang, Jian, who did not participate in the discussion and recused themselves from voting for the interested parties, the remaining members passed the case without any disagreement. The case (2) was Approved without objection by the Chairman upon consultation with all the Directors present. The Company's actions in response to the opinions of the Remuneration Committee: Submitted to the Board of Directors for approval by all the directors in attendance.
1nd meeting of the 5th session 2022.7.29	1.The adjustment of Company independent directors' salary.。 2.The adjustment of Company managers' salary for 2022.。 3.The Company proposed the compensation and qualifications for appointing managers and distribution of annual employee compensation and bonus.。
	Remuneration Committee Opinion: No objections or qualified opinion. Resolution results: In the case (1), except for the members: Cheng-Yan Chien, William W.Shen, Tai-Haur Kuo and Bing-Yue Tsui who did not participate in the discussion and recused themselves from voting for the interested parties, Among them, regarding Chairman Cheng-Yan Chien, upon his recusal, William W.Shen was appointed as the acting chairman to preside over the meeting. After the relevant individual members had been recused, the Chairman consulted with the members present, who voted in favor of the resolution without any dissenting opinions. The case (2,3) was Approved without objection by the Chairman upon consultation with all the Directors present. The Company's actions in response to the opinions of the Remuneration Committee: Submitted to the Board of Directors for approval by all the directors in attendance.
2st meeting of the 5th session 2022.12.15	1. Proposal of the annual plan of the Company's Remuneration Committee for 2023.
	Remuneration Committee Opinion: No objections or qualified opinion. Resolution results: Approved without objection by the Chairman upon consultation with all the Directors present. The Company's actions in response to the opinions of the Remuneration Committee: Submitted to the Board of Directors for approval by all the directors in attendance.

(V) Nominating Committee member information and the Committee operation

I. State the qualification and duties of committee members

1. The Committee shall comprise at least 3 directors appointed by the Board of Directors, and half of the members shall be independent directors.
   The term of the Committee members shall end at the same time as that of the Board of Directors that appointed the members.
2. The Compensation Committee shall exercise the care of a prudent administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion:

a. Formulate and review the election criteria and succession plan for the Directors and the Manager, including their composition and qualification criteria.
b. Select and review the potential candidates, assess the independence of independent directors and propose a list of candidates to the Board.
c. Develop and review the establishment, duties and operation of each committee under the Board, and review the qualifications and potential conflicts of interests of each committee member.
d. Formulate and implement the continuing education program for Directors.
e. Other matters to be conducted by the Committee according to the Board of Directors‘ resolution.

II. The professional qualifications, experience and operation of the Committee members are as follows:
(I) There are a total of 4 members in the Nominating Committee.
(II) Nominating Committee term: June 24, 2022 to June 14, 2025. A total of 3 (A) meetings were held. Member qualifications, experience, and attendance were as follows:

Title	Name	Professional background and experience	Attendance Count	By Proxy	Attendance Count	Remarks
Convenor and independent Director	William W.Shen	Possesses five or more years of work experience required for the Company's business; Graduated with Ph.D. in Accounting from Purdue University and is currently a professor at the Department of Finance and Taxation of the National Taichung University of Science and Technology.	2	－	100%	2022/06/24 New appointment
Member and independent Director	Bing-Yue Tsui	Possesses five or more years of work experience required for the Company's business; Graduated with Ph.D. from and currently a professor at the Institute of Electronics of National Yang Ming Chiao Tung University.	2	－	100%	2022/06/24 New appointment
Member	Hsing-Hai, Chen	Possesses five or more years of work experience required for the Company's business; currently serving as the chairman of the board of the Company; had once worked as Factory Lead/Product Development Assistant Manager, Vanguard International Semiconductor Corporation.	3	－	100%	
Member	Ming-Chien , Chang	Possesses five or more years of work experiencerequired for the Company's business; had once worked as Component Sector Manager, Vanguard International Semiconductor Corporation. ; currently serving as the President of the Company.	3	－	100%	
Convenor and independent Director	Cheng-Yan Chien	Possesses five or more years of work experience required for the Company's business; graduated from Master in business, Emory University, U.S.A.; once worked as the Vice President,	1	－	100%	2022/06/15 Dismissal

		Taipei Branch of Chase Bank, U.S.A., Assistant Manager, Vate Technology, Co., Ltd., President, Anfu Financial Technology, Co., Ltd., Independent Director, Eon Silicon Solution Inc..				
Member and independent Director	Tsin-Fu Jiang	Possesses five or more years of work experience required for the Company's business; graduated from PhD in Physics, National Tsing Hua University; once worked as the Professor, Institute of Physics, National Chiao Tung University.	1	－	100%	2022/06/15 Dismissal

Other Matters:

Specify the meeting date, term, meeting content, member suggestions, dissenting opinions, resolution, and the Company's response toward the member opinions.

Nominating Committee	Resolution content and results
4st meeting of the 1st term 2022.04.28	1.Proposed the List of Nominees for Directors
	Nominating Committee Opinion: No objections or qualified opinion. Resolution: Except for the Cheng-Yan Chien, who did not participate in the discussion and recused themselves from voting for the interested parties, the remaining members passed the case without any disagreement. The Company's response toward the opinions of the Nominating Committee: Submitted to the Board of Directors for approval by all the directors in attendance.
1st meeting of the 2st term 2022.07.29	1. Promotion of managers of the Company. 2. Appointment of managers of the Company.
	Nominating Committee Opinion: No objections or qualified opinion. Resolution: Approved without objection by the Chairman upon consultation with all the Directors present. The Company's response toward the opinions of the Nominating Committee: Submitted to the Board of Directors for approval by all the directors in attendance.
2st meeting of the 2st term 2022.12.15	Announcements 1. Formulation of the succession plan for the Directors and appointed Managers of the Company.

(VI)Implementation of sustainable development and the deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof:

Actions implemented	Implementation (Note 1)			deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof
	Yes	No	Summary	
I. Has the Company established sustainable development structure, and formulated a dedicated (or concurrent) unit responsible for sustainable development? Has the Board authorized the management team to handle such affairs and monitored the whole process?	V		The Corporate Sustainability Committee is responsible for the planning and implementation of affairs related to CSR. Charity activities held by ESMT Educational Foundation will help promote corporate sustainability. (See P56 for more detail).	No material departure
II. Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		The Company has set out Corporate Social Responsibility (CSR) policies and disclosed them in the corporate governance section on MOPS and on the Company's official website. The Company has also appointed a corporate governance officer. The Company has long had a concern for special education groups and cultural and educational activities, cooperating with and support the operation of the ESMT Educational Foundation. By combining the strength of relevant groups, the Company supports children who have lost family and sponsors cultural, artistic, and education-related philanthropic activities. The Company also reviews their effectiveness according to the annual plan. For relevant information on the establishment of the Corporate Sustainability Committee on October 7, 2020, see p. 36.	No material departure
III. Environmental Issues (1) Does the Company establish proper environmental management systems based on the characteristics of its industry?	V		1. The Company is committed to green product design and has obtained Green Partner certifications from multiple customers. At present, the	No material departure

Actions implemented	Implementation (Note 1)			deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof
	Yes	No	Summary	
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to address climate change issues? (4) Has the Company taken inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and formulated policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management ?	V V V		Company's products are in compliance with international standards, such as RoHS, REACH, etc. 2. To conduct environmental management, the Company established an environmental management system in 2007 and obtained ISO 14001 certification through verification in January 2008, and has continued to promote programs relating to environmental improvement ever since. (See P99 for more detail) 3. To tackle global climate change, reduce and manage greenhouse gas emissions, deliver environmental justice, and fulfill its responsibility to protect the global environment, the Company conducts air conditioning and temperature control in summer to achieve efficient energy use and the goal of energy saving and carbon reduction. The Company continues to improve its performance in energy saving and carbon reduction in accordance with the ISO 14001 management system. 4. The Company actively responds to the Carbon Disclosure Project (CDP) and voluntarily discloses greenhouse gas emissions according to the "Greenhouse Gas Protocol" (GHG Protocol) published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). (See P102 for more detail)	
V. Social Issues (1) Does the Company formulate appropriate management policies and	V		1. Employee selection, training, appointment, retention, benefits and	No material

Actions implemented	Implementation (Note 1)			deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof
	Yes	No	Summary	
procedures according to relevant regulations and the International Bill of Human Rights? (2) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately? (3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? (4) Does the Company provide its employees with effective career development and training sessions? (5) Does the Company comply with relevant laws, regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services etc, and has a policy and complaint procedure for protecting consumer or customer rights? (6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised the implementation?	 V V V V V		retirement of the Work Rules established by the Company are in compliance with domestic labor regulations and the International Bill of Human Rights. 2. The Company has established employee performance assessment procedures to evaluate employees' performance. The salary and remuneration are adjusted according to the evaluation results. Rewards and penalties are stipulated in the "Work Rules" with reference to the requirement of the corporate social responsibility policies. 3. The Company established the Labor Safety and Health Committee in October 2009 to continuously strengthen the hardware and software facilities of work environment safety and personnel protection, in compliance with the relevant domestic laws and regulations, and successively promote and implement the related improvement programs. 4. The Company enrolls employees in various seminars and courses related to career planning according to their career plans. The Company links the growth and development of the Company with the career development of its employees for the employer and the employees to grow together. The Company's Welfare Committee allocates subsidies for employee education and training every year. 5. The marketing and labeling of the Company's products and services are in compliance with relevant laws and regulations and international	departure

Actions implemented	Implementation (Note 1)			deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof
	Yes	No	Summary	
			standards, such as the labeling of RoHS compliance on product packaging, The Company values customer feedback and has a dedicated unit that executes and handles complaint-related issues in accordance with the "Code of Practice for Handling Customer Complaints." 6.When the Company signs a contract with a major supplier, the content of the contract should include the terms of compliance with the CSR policy of both parties, and both parties should each try the best to fully understand whether the other party has violated its CSR and incorporate the circumstance into the commercial contract accordingly.	
V. Does the Company refer to internationally-used standards or guidelines for the preparation of reports, such as CSR reports, to disclose non-financial information? Have the foregoing reports been verified or guaranteed by a third-party certification body?	V		The Company has disclosed the fulfillment of social responsibilities on its website and in the report of the Annual Shareholders' Meeting. The Company has prepared a Sustainability Report related to detailed instructions to see P.59.	No material departure
VI.If the Company has established the sustainable development best practice principles based on the " Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: To practice corporate social responsibility and achieve sustainable development goals, the Company established "Corporate Social Responsibility Practice Code" with reference to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and the internal and external environment of the Company, to manage the Company's economic, environmental and social risks and impacts. The Company also assumes corporate citizenship responsibility, enhances national economic contributions, improves the quality of life of its employees, the communities, and society, and promotes competitive advantages based on corporate responsibility.				
VII. Other important information to facilitate better understanding of the Company's sustainable developmen practices:				

Actions implemented	Implementation (Note 1)			deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof
	Yes	No	Summary	

1. Corporate Social Responsibility Promotion Unit

The Corporate Sustainability Committee of the Company is responsible for the planning, implementation and promotion of corporate social responsibility related matters. It integrates corporate social responsibility into the Company's business strategy in a purposeful, systematic and organized long-term manner, and fulfills corporate social responsibility. The Company established the Corporate Sustainability Committee on October 7, 2020.and related to the relevant instructions.

2. Risk Assessment and Policy

Based on the principle of corporate social responsibility, the Company conducts risk assessments on important issues, and formulates the following risk management policies or strategies based on the assessed risks:

Major Issues	Assessment Item	Risk management policy or strategy
Environmental Sustainability	Environmental Protection	As a member of the global semiconductor product supply chain, The Company is obligated to take responsibility for the sustainable development of the environment. Through friendly environment, energy-saving and carbon reduction, and the formulation of safety and health policies, all business activities that affect the environment, safety and health should comply with legal requirements, reduce the negative impact on the environment, safety and health, and aim at increasing resource recycling. In addition, in line with international environmental protection laws and customers' requirements for environmental protection, The Company has also established a green product management system, making continuous improvement through the institutionalized PDCA management cycle, and obtained Green Partner certification from major international manufacturers. The products also comply with RoHS, REACH and other regulatory requirements. In the future, The Company's main goal of environmental sustainability will continue to work hard and improve on green product design, launch more energy-saving and low environmental load products, and contribute to the sustainable development of the environment.
Social	Workplace	To prevent occupational disasters and protect the safety and health of employees, The Company has established an occupational

<table>
<tr><th rowspan="2" colspan="3">Actions implemented</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="7">
<table>
<tr><td rowspan="2">Responsibility</td><td>Safety</td><td>safety and health committee. Through internal and external safety inspections and regular committee meetings, labor safety and health related issues are discussed, various labor safety and health related policies are also implemented.
Through education and training, the Company conveys the Company's commitment and relevant policy requirements, enabling employees and contractors to gain an understanding of the safety and health regulations and policies. The Company continues to improve through the institutionalized PDCA management cycle and implements the emergency response plan to ensure the achievement of safety and health goals and workplace safety.</td></tr>
<tr><td>Social Care</td><td>The Company has long-term care for special education groups and cultural and educational activities, providing resources and manpower, cooperating with the operation of the "ESMT Educational Foundation", combining the strength of related groups, helping children who have lost their families, and sponsoring or organizing culture, art and education, related public welfare activities, and reviewing the effectiveness according to the annual plan, to achieve the goal of caring for the society and giving back to the society.</td></tr>
<tr><td>Corporate Governance</td><td>Social-economy Legal Compliance</td><td>The Company ensures the achievement of the Company's operating efficiency by establishing a governance organization that meets the requirements and implements internal control mechanisms, thereby rewards shareholders, employees, and society. At the same time, through the establishment and promotion of relevant systems, the Company ensures that all personnel and operations shall strictly comply with relevant laws and regulations.</td></tr>
</table>
3. The Company cooperates and supports the "ESMT Educational Foundation" of the purpose of this Council is to promote public welfare activities such as education, arts and culture, and to encourage lifelong learning and the very nature of life:
I. Establish or provide scholarships to encourage study or learning preprofessional skills.
II. Promote, sponsor, or organize various public welfare activities and clubs related to education, art and literature, and advocacy of aesthetics.
III. Promote, sponsor, or organize various public welfare activities and clubs related to lifelong learning, talent cultivation, occupational competence training, life education, reformatory education and inspiring growth education.
</td></tr>
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<tr><th rowspan="2">Actions implemented</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">IV. Sponsor high-tech education and talent cultivation.
V. Promote, sponsor, or organize various academic activities and interchanges.
VI. Provide rewards to cultivation of outstanding talents and participation in various performances and competition.
VII. Donate books, tools and materials, or equipment for the purpose of public welfare education.
VIII. Other education affairs of a public welfare nature that meet the purpose of the founding of this Foundation.

The 2022 implementation plan is as follows:
a. Sponsored the fund of Hsinchu Toranado Boxing Education Association.
b. Sponsored the operating fund of Hsinchu Symphony Orchestra.
c. Sponsored the student sewing hand-made course and teacher training project fund of Charity Foundation Hsinchu Catholic Social Welfare Foundation.
The rest is omitted
For the related content, please refer to the website of ESMT Educational Foundation: http://www.esmt.com.tw/foundation/index.asp</td></tr>
</table>

Note 1: Describe briefly in implementation status column whether the result of implementation is "Yes" or "No".

(VII)Compliance with ethical corporate management, and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Descriptions	
I.Establishment of Ethical Corporate Management Policies and Programs (I) Has the Company formulated the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies? (II) Has the Company established a risk assessment mechanism against unethical conduct to analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and formulated a prevention program accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"? (III) Has the Company defined operational procedures, conduct guidelines, and disciplinary and grievance systems for non-compliance in its prevention program against unethical conduct and implemented them, and does the Company regularly review and revise the foregoing program?	V V V		1. The Company and the Group of Companies clearly specified in their rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and the management for rigorous and thorough implementation of such policies, and carried out the policies in internal management and in commercial activities. Compliance with ethical corporate management to see P.60 2. The Directors, managers, and employees of the Company shall not, directly or indirectly, provide, promise, demand or accept any improper benefits or engage in other unethical or illegal acts or breach their fiduciary duties during the course of commercial activities in order to acquire or maintain their personal interest.See P.285 3. When establishing the prevention program, the Company shall analyze business activities within the business scope which may be at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.	No material departure
II.Implementation of Ethical Corporate Management (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V V		1. Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with the integrity management policy. 2. The Corporate Sustainability Committee of the Company is responsible for the formulation and supervision of the corporate integrity management	No material departure

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Descriptions	
(III) Has the Company established policies to prevent conflicts of interests, provided proper channels of appeal, and enforced these policies and channels accordingly? (IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit prepared an audit plan based on the assessment results of the risk of unethical conduct and checked the compliance of the prevention program against unethical conduct accordingly, or entrusted a CPA to perform the audit? (V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	V V V		policy and the implementation of the plan, and reports to the Board of Directors on a regular basis. See P.56 3. The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks potentially resulting from unethical conducts, and shall also offer appropriate means for the Directors, managers, and other stakeholders attending or be present at the meetings of the Board of Directors to voluntarily explain whether their interests would potentially be conflicted with those of the Company. 4. The Company shall establish effective accounting systems and internal control systems for business activities that are potentially at a higher risk of being involved in unethical conducts to prevent from having under-the-table accounts or keeping secret accounts, and conduct reviews regularly to ensure that the design and enforcement of the systems are effective. The Internal Audit Department regularly reviews the compliance of various systems and reports to the Board of Directors. 5. The Company promotes the concept of integrity management at all levels of management meetings and communication meetings. In addition, there are a variety of communication channels that can be communicated at any time.Detailed information on relevant education and training to see P.60。	
III.Status of Enforcing Whistle-blowing Systems in the Company (I) Has the company established a concrete whistleblowing and rewarding system, and set up accessible methods for whistleblowers, and designate appropriate and dedicated personnel to investigate the accused? (II) Has the Company established an SOP for investigation and relevant confidentiality mechanism for all whistleblowing cases? (III) Does the Company take any measures to protect whistleblowers so that they are safe from mishandling?	V V V		1. The Company has strengthened the promotion of ethical concepts to employees and established a dedicated hotline and e-mail, where employees can report to the management if they suspected or identified violations of laws and regulations or ethical standards. In addition, a reward and punishment system is stipulated in the "Work Rules" and announced to all employees of the Company. 2. The Company has a dedicated complaint hotline and e-mail to provide employees with timely response and opinion. Complaints are handled according to the Company's relevant measures. To protect whistleblowers, confidentiality terms are stipulated in the procedures. The Company will take appropriate measures depending on the seriousness of the circumstances. 3. The measures of the Company stipulated protection measures for the whistleblowers to ensure the quality and fairness of the investigation and	No material departure

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Descriptions	
			avoid unfair treatment.	
IV.Enhanced Disclosure of Corporate Social Responsibility Information Has the Company disclosed the content of its integrity operation principles and its result of implementation on its website and MOPS?	V		The Company has established the "Code of Integrity Management", which has been disclosed in the Corporate Governance section on MOPS to see P.60.	No material departure
V.If the Company has established the Corporate Social Responsibility best practice principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: To establish a corporate culture and sound development of integrity management, the Company refers to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", and the internal and external environment of the Company, and formulate the "Code of Integrity Management" to comply with.				
VI.Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g. reviews and amendments to its policies). The Company should operate its business in a fair and transparent manner based on the principle of good faith management. Designated people are in place as regular communication channels with the customers to keep up with the customer dynamics at any time through a good mechanism to ensure the integrity of both parties. The Company also pays attention to the relevant laws and regulations on integrity management at any time, based on which it reviews and improves the relevant operation standards of the Company and enhances the effectiveness of the Company's integrity management. The Company has prepared a Sustainability Report related to detailed instructions to see P.57.				

Note 1: Describe briefly in implementation status column whether the result of implementation is "Yes" or "No".

(V) Please disclose the access to the Company's corporate governance principles and related rules and regulations:

The Company has established the "Corporate Governance Code" and related regulations, which have been disclosed in the Corporate Governance section of MOPS, which is available for access to the investors (including shareholders).

(VI) Other important information that is sufficient to enhance the understanding of the operation of corporate governance must be disclosed together:

I. Responsibilities of the Corporate Governance Officer:

The company resolved in the 1st term, 3rd nomination meeting on June 16, 2021 and the 8th term,13th Board meeting on the same day to appoint Mr. Hong-Gee Wu as the corporate governance officer to protect shareholder interests and strengthen the functions of the Board of Directors.

The main responsibilities of the Corporate Governance Officer shall include:

1.Handle matters in relation to the Board meetings and shareholders' meetings according to law.

2.Keep minutes at the Board meetings and shareholders' meetings.

3.Assist directors and supervisors in taking office and carrying out continuing education.

4.Provide information required for the Directors to conduct business.

5.Assisting Directors and Supervisors in complying with the laws and regulations.

6.Report to the Board of Directors on the review of the qualifications of Independent Directors in accordance with relevant laws and regulations during the nomination, election, and tenure.

7. Handle matters related to change of directors.

8.Other matters as stipulated by laws and regulations, the company's bylaws, or contracts.

Before being designated as the corporate governance officer, Mr. Hong-Gee Wu has equipped similar experience as an internal audit supervisor in public listed companies for three years; The total hours of training in 2022 were 15, and the details are as follows:

Date	Unit	Course Name	Hours of Courses
2022/07/29	Securities and Futures Institutes	Analysis of Important Regulations on China and Taiwan Investment, Joint Ventures and Mergers and Acquisitions.	3.0
2022/10/06	Taiwan Stock Exchange	Release of Reference Guidelines for Independent Directors and Audit Committees to Exercising Powers and Directors and Supervisors Publicity Meeting.	3.0
2022/10/19	Securities and Futures Institutes	2022 Legal Compliance of Equity Transfer by Insiders of Listed Companies.	3.0
2022/10/27	Securities and Futures Institutes	Risks and Crisis Arising from the	3.0

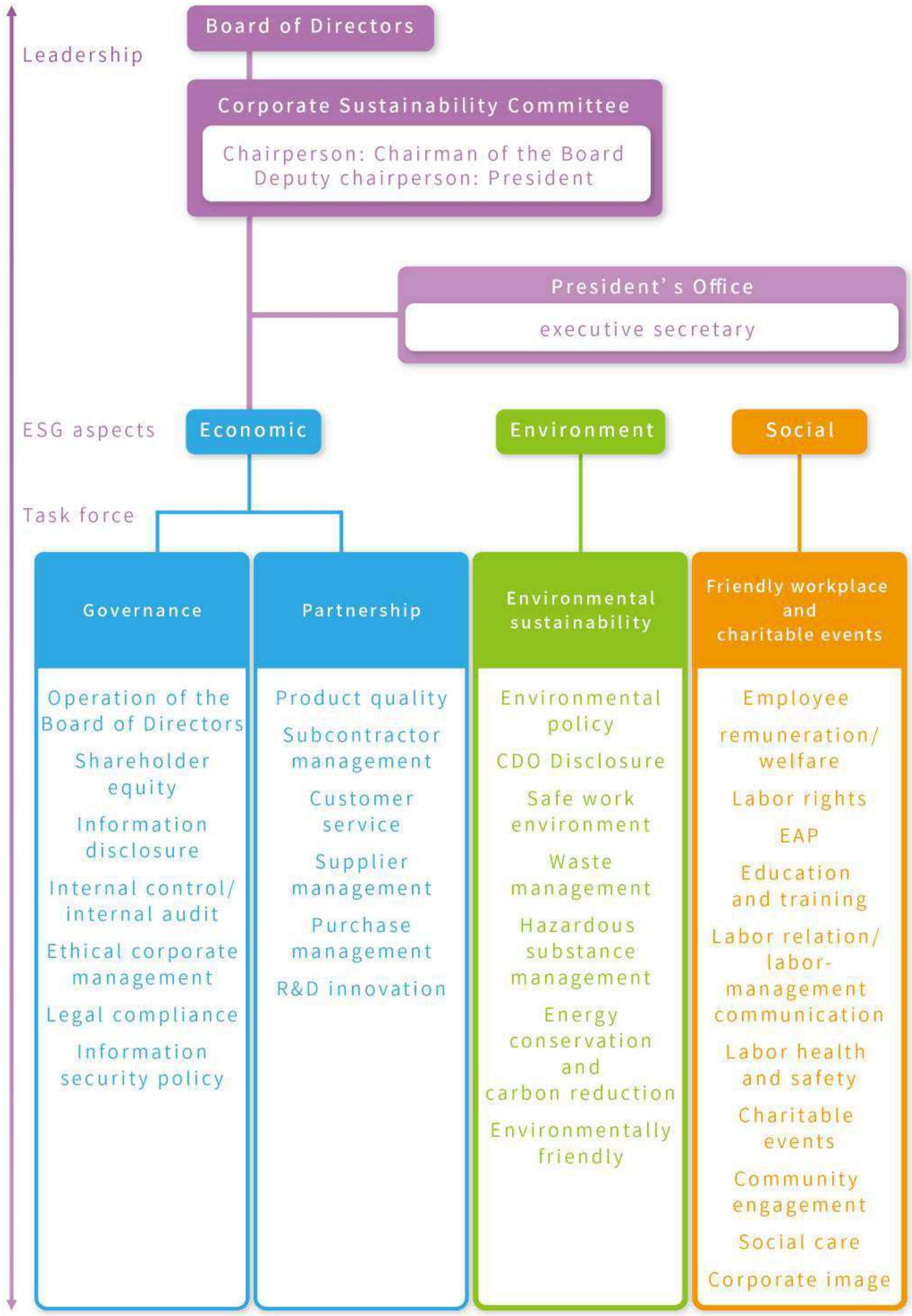
		Digital Wave Faced by Corporates.	
2022/11/03	Taiwan Corporate Governance Association	ESG Trends and Risk Management Seminar.	3.0

II.Corporate Sustainability Committee

In response to the promotion of risk management and corporate sustainability strategy, the Company established the Corporate Sustainability Committee on October 7, 2020. The Chairperson of the Board and the President are the Chairperson and the Deputy Chairperson of the Committee, respectively, convening senior executives to form the Committee, which consists of working groups on "Corporate Governance," "Partnership," "Environmental Sustainability," and "Friendly Workplace and Public Interests of the Society." The aim is to manage business risks in the economic, environmental and social aspects based on the principle of sustainable management, and provide a reference for the senior managers and the Board of Directors to formulate strategic policies and improve management. Details of the Committee's organization and annual operation are shown in the attached chart.

The Company submitted a report on the establishment of the Corporate Sustainability Committee to the Board of Directors at the third meeting of the ninth Board (July. 29, 2022).

ESMT Corporate Sustainability Committee Organizational Structure



<u>Committee Responsibilities</u>

˙Formulate the direction, strategy and goals for the sustainable development of the Company
˙Define the severity of the impact of various issues on the Company
˙Confirm the Company's major issues and the priority of their implementation
˙Assign the executive secretary and group leaders
˙Review the short-, mid- and long-term goals and implementation proposals of major issues

prepared by each working group
˙Supervise the working groups implementing plans and programs
˙Track and review the achievement status of each goal and implementation plan
˙Report to the Board of Directors on the effectiveness of implementation and future plans

Risk management policy
Under the principle of corporate sustainable management, the Company conducts risk control in the economic, environmental, and social aspects, and through the promotion of the Corporate Sustainability Committee, the Company assesses risks, formulates strategic policies and carries out work in the directions of "corporate governance," "partnership," "environmental sustainability," and "friendly workplace and public interests of the society" in the hope of improving management and achieving sustainable management.
The Company submitted a report on risk management policies to the Board of Directors at the third meeting of the ninth Board (July. 29, 2022).
Responsibilities of the Working Groups

Aspect	Group	Responsibilities
G	Corporate Governance	1. Assist the Board of Directors in fortifying the functions 2. Protect the rights and interests of investors 3. Establish various systems and regulations for corporate governance 4. Ensure the transparency and disclosure of information 5. Comply with relevant laws and regulations
	Partnership	1. Improve the sustainability of the supply chain 2. Build long-term partnerships for co-prosperity regarding product quality, customer service, and delivery and supply in supply chain management.
E	Environmental Sustainability	1. Promote the environmental protection work of the Company to meet the requirements of laws and regulations 2. Promote work on safety and health to meet the requirements of laws and regulations and ensure the safety of the working environment 3. Promote energy saving and carbon reduction to achieve the set goals
S	Friendly Workplace and Public Interests of the Society	1. Plan employee benefits 2. Assist the Company in planning employee career development 3. Uphold employees' rights at work 4. Create a friendly workplace 5. Develop community welfare and give back to the community in line with the Company's core philosophy.

Operation in 2022
1. Meetings of the Committee and its working groups
   (1) Explanation of indicators for the (9th term) 2022 corporate governance assessment
   (2) 2022/04/20 Schedule plan for editing the 2021 sustainability report
   (3) 2022/05/06 Progress report on the editing of the sustainability report
   (4) 2022/07/01 Editing and review the final draft of the sustainability report
   (5) 2022/09/15 Work reports of the Environmental Sustainability Team
   (6) 2022/10/20 Work reports of Corporate Governance Team
   (7) 2022/11/04 Work reports of Friendly Workplace Team

(8) 2022/12/02 Work reports of the Partnership Team

2. Report on Board Meetings
   (1) 2022/02/25 (18th meeting, the 8th term of the Board of Directors)
       - Report on the promotion of amendments to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
   (2) 2022/04/28 (19th meeting, the 8th term of the Board of Directors)
       - Schedule plan for greenhouse gas inventory and verification
       - Self-evaluation report of 2021 corporate governance assessment
       - Schedule plan for editing the 2021 sustainability report
   (3) 2022/07/29 (3rd meeting, the 9th term of the Board of Directors)
       - Editorial report of the 2021 sustainability report
       - Report on policies related to risk management for corporate sustainable business operations
       - Progress report on greenhouse gas inventory plan
   (4) 2022/10/27 (4th meeting, the 9th term of the Board of Directors)
       - Progress report on greenhouse gas inventory plan

III. Sustainability Report

About this report

This Sustainability Report for 2021 is published by Elite Semiconductor Microelectronics Technology Inc., ESMT ("ESMT" hereinafter). This report makes ESMT's efforts and achievements regarding the Environment, Social, and Governance (ESG).

Scope

This report discloses ESMT's actions and accomplishment on The ESG fronts, such as governance, partnership, environmental sustainability, friendly workplace, and charitable events carried out by ESMT's Hsinchu Operations Headquarters in Taiwan in 2021 (January 1, 2021 ~ December 31, 2021).

Compilation principles

This report identifies the issues concerning stakeholders by performing a materiality analysis of the ESG issues (Environment, Social, Governance) related to ESMT. Information in this report in compiled and disclosed by following the Core Option of the GRI Standards.

This report provides a summary of statistics from each responsible unit of ESMT, the financial performance statistics are open information which has been attested by CPAs, and are consistent with those in ESMT's annual report.

Report verification

The content of this report was collected and compiled by each task force and the executive secretary of ESMT's Corporate Sustainability Committee. After being verified by the supervisor of each responsible unit and confirmed by all members of the Corporate Sustainability Committee, the report is then approved by the chairperson of the Corporate Sustainability Committee to the Board of Directors.

Report publication

ESMT has published the Sustainability Report in both the Chinese and the English on the official website for review and download by the general public.

First publication date: September 2021
Last publication date: September 2021
Current publication date: September 2022
Next publication date: June 2023

IV. Ethical Management Unit and Operation Status

A corporate governance team is set up under the Company's Corporate Sustainability Committee. It is composed of the corporate governance officer, legal, financial, share affairs, and information security units to initiate relevant tasks of corporate governance and operation integrity (refer to 2021 CSR Report). The convenor is Mr. Hong-Gee Wu. Based on different functions of the units, the team assists Sustainability Committee and supervisors to establish and monitor operation integrity policies, ensuring the guidelines have been adopted thoroughly and the results being reported to the Board of Directors. The team, along with the Sustainability Committee, made a report to the Board of Directors on July. 29, 2022.

Results and Goals

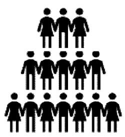
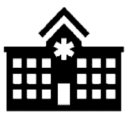
Issue	Result in 2021	Future Goals
Legal compliance and anti-corruption	No violation was found Relevant training on employees: 91.77%	Maintain the operation of corporate governance and ethical management Relevant training on employees > 90%

The Company completed the educational training featuring the prevention of insider trading through online learning in December 2022. A total of 508 people completed the training, with the achievement rate reaching 95.85%. For employees who haven't completed the training, they will be tracked closely in the education program in the following year.

V. Identity of Stakeholders, Issues of Concern, Communication Channels, and Response Methods Investigate engagement level (issue of concern and communication channel)

ESMT collected 34 issues and investigated the issues of concern that the five groups of stakeholders care about by delivering 157 questionnaires. 144 questionnaires had been collected with the response rate reaching 91.72%. Hence the issues of concern were collected.

Stakeholder	Connection	Communication channel	Issues of concern
Clients/customers 	Long-term partners and the key to company growth	• Client satisfaction survey (annually) • Sustainability Report (annually) • Designated unit (occasionally) • Customer audit	1. Quality management 2. information protection/ personal information security/client privacy 3. Corporate integrity 4. Innovative R&D of products and services 5. anti-corruption

		(occasionally) • Business meetings (occasionally) • Company website (occasionally)	
Employee 	An important asset of the Company. Develop a sense of belonging through welfare and career development.	• Labor relations meetings, Employee Welfare Committee meetings (quarterly) • Employee mailbox/hotline: • Internal website and announcement board • Conversation with the Chairman of the Board and the President (regular)	1. Salary and Welfare 2. Employee career management 3. Talent development 4. Innovative R&D of products and services 5. Employment
Supplier 	Long-term partners for stable development and sustainable operation	• Supplier assessment (quarterly) • Sustainability Report (annually) • Designated unit (occasionally) • Supplier meetings (occasionally) • Company website (occasionally)	1. information protection/ personal information security/client privacy 2. Occupational safety and health 3. Corporate integrity 4. Economic performance 5. Environmentally-friendly products
Shareholders 	The main source of capital. Good performance demonstrates company value and pursues sustainable operation.	• Company financial statements (quarterly) • Investor conference (twice a year) • Annual Report (annually) • Shareholders' meeting (annually) • MOPS (according to law) • Sustainability Report (annually) • Company website (occasionally) • Mailbox and hotline (occasionally)	1. Corporate integrity 2. Economic performance 3. Innovative R&D of products and services 4. Legal Compliance 5. Quality management
Government institutions 	Communication channel with the government to understand the latest legal news	• MOPS (regular) • Pollution prevention reporting (regularly) • Sustainability Report (annually) • Government audits (occasionally) • Official documents, emails and meetings (occasionally) • Company website (occasionally)	1. Legal Compliance 2. information protection/ personal information security/client privacy 3. Corporate integrity 4. Economic performance 5. Intellectual Property Rights

Analyze business impacts

By considering the impacts of ESG, risks and opportunities in every aspect, ESMT analyzed the impact levels of 34 issues after the identification and assessment of the Sustainability Committee.

Decide the disclosure border/ review the disclosed content (management strategies of material issues)

After the discussion with ESMT Sustainability Committee, other than the eight issues that have high impacts on business and high level of concerns from the stakeholders, the committee members also considered eco-friendly products and supplier management are also important. Therefore, the two issues were added to the material issues. According to GRI Guidelines to disclose management strategies and performance, future goals have been made for each issue, and regular reviews have been conducted. Relevant content detailed Sustainability Report.

The Company submitted a report on communications with stakeholders to the Board of Directors at the third meeting of the ninth Board (July. 29, 2022).

(VII) Status of Internal Control System:

1. Statement of Internal Control:

Elite Semiconductor Microelectronics Technology Inc

Date: February 23, 2023

This Statement of Internal Control System is issued based on the self-assessment of the Company for the Financial Year 2022.

I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the three aforementioned goals. In addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the Guidelines Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Guidelines") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Guidelines divide the internal control system into five constituent elements: 1. control environment; 2. risks assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Guidelines.

IV. The Company has already adopted the aforementioned Guidelines to evaluate the effectiveness of its internal control system design and operating effectiveness.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of its subsidiaries), to provide reasonable assurance over the Company's operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws, and regulations.

VI. This statement will constitute the main content of the Company's Annual Report and the Prospectus, which will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Company's Board of Directors on February 23, 2023, and out of the 9 members of the Board of Directors in attendance, none had objected to it and all consented to the contents expressed in this statement.

Elite Semiconductor Microelectronics Technology Inc

Chairman of the Board: Hsing-Hai Chen Signature and Seal

President: Ming-Chien Chang Signature and Seal

2. Any CPA commissioned to conduct an audit on the Internal Control System shall disclose the CPA’s audit report: None.

(VIII) The Company and its internal personnel that have been punished according to law in the most recent financial year and up to the date of publication of the Annual Report, and the punishment imposed by the Company on its internal personnel for violating internal control system regulations, and major deficiencies and improvements: None.

(IX) Important resolutions of the Shareholders' Meetings and the meetings of the Board of directors from the most recent financial year up to the date of publication of the Annual Report.

Board of Directors:

Date	Content of Proposals and Follow-up Actions	Issues specified in Article 14-3 of the Securities and Exchange Act	Objections or Qualified Opinion of the Independent Directors
The 8th Board The 18nd meeting Feb 25, 2022	(1)Approved the 2021 remuneration distribution for employees and directors.		
	(2)Approved the Company's 2021 final accounting books and statements.		
	(3)Approved the distribution of the Company's 2021 earnings.		
	(4)Approved the self-assessment of the Company's internal control system for 2021.		
	(5)Approved the Company's allowance of employee stock option to be subscribed for ordinary shares of NT$57.6 per share until Mar. 31, 2022. If the employee exercises the stock option, the Chairperson of the Board is authorized to set the actual number of shares issued within the range of 1,000 shares to 14,117 shares. The base date for the issuance of new shares is Mar. 31, 2022. In the event of a change, the Chairperson is authorized to set another date.		
	(6)Approved the amendment to the Company's "Articles of Incorporation."	V	
	(7) Approved the amendments to the Company's "Procedures for the Acquisition and Disposal of Assets".	V	
	(8)Approved the establishment of the operating plan and budget for fiscal year 2022.		
	(9)A motion for re-election is submitted upon the expiration of the term of office of the Company's directors.		
	(10)Approved the convening of the Company's 2022 Annual General Shareholders' Meeting.		
	(11)Approved the designated period and venue for accepting proposals from the shareholders.		
	(12)Approved the designated period and venue for accepting proposals from the shareholders nomination of directors (independent directors).		
	(13) Rotation through a CPA.	V	
	(14)Approved the evaluation of the independence of the CPAs and their affiliated firms.	V	
	Opinions of Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution results: All the directors present voted in favor of the resolution without any objection.		
The 8th Board The 19nd meeting April 28, 2022	(1)Approved the nomination and review of the Independent Director candidates..		
	(2)Approved the nomination of the general Director candidates.		
	(3)Approved the proposal to release of restriction on competitive of activities for Directors.	V	
	(4)Approved the resolution of the Company's remuneration to Directors for FY2021.		
	(5)Approved the resolution of managers' and employees' compensation and bonus for FY2021 of the Company.		
	(6)Approved that Company's employee stock option can be exercised to subscribe for ordinary shares at NT$57.6 per share until June 30, 2022. If the employee exercises the stock option, the Chairman is authorized to set the actual number of shares issued range from 1,000 to 14,117 shares. The base date for the issuance of new shares is June 30, 2022. In the event of a change, the Chairman is authorized to change the date.		
	(7)Approved the application for the credit line with various financial institutions in response to the Company's capital needs.		
	(8)Approved the adjustment of undistributed earnings from the beginning of the period in the 2021 disposition of net earnings.		
	(9)Approved the Company's greenhouse gas inventory and verification schedule.		
	(10)Approved the simplification of the investment structure of		

Date	Content of Proposals and Follow-up Actions	Issues specified in Article 14-3 of the Securities and Exchange Act	Objections or Qualified Opinion of the Independent Directors
	subsidiaries.		
	Opinions of the Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution: In the case (3 and 6-10) was Approved without objection by the Chairman upon consultation with all the Directors present. In the case (1) except for the members:Jeng-Yang, Jian, who did not participate in the discussion and recused themselves from voting for the interested parties, the remaining members passed the case without any disagreement. In the case (2) except for the members:Hsing-Hai Chen, Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih, and Chia-Neng Huang, who did not participate in the discussion and recused themselves from voting for the interested parties, the remaining members passed the case without any disagreement. In the case (4) except for the members:Hsing-Hai Chen, Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih, Chia-Neng Huang, Shan-Jen Chow, Tsin-Fu Jiang, and Jeng-Yang, Jian, who did not participate in the discussion and recused themselves from voting for the interested parties, the remaining members passed the case without any disagreement. In the case (5) except for the members:Ming-Chien Chang, Chih-Hong Ho, and Yeong-Wen Daih, who did not participate in the discussion and recused themselves from voting for the interested parties, the remaining members passed the case without any disagreement.		
The 8th Board The 20nd meeting May 31, 2022	Approved the Factory building space acquisition.		
	Opinions of the Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution results: All the directors present voted in favor of the resolution without any objection.		
The 9th Board The 1st meeting June 15, 2022	(1) Election of the Chairman. (2)Report of the ex-dividend record date of and issue date of the Company and related items.		
The 9th Board The 2nd meeting June 24, 2022	(1)Approve the amendments to the Regulations Governing the Organization of the Salary and Remuneration Committee.	V	
	(2)Approved the resolution of the appointment of the members of the 5th-term Remuneration Committee.		
	(3)Approved the appointment of the 2nd-term Nomination Committee members. ◦		
	Opinions of Independent Directors: None.		
	The Company's actions in response to the Opinions of the Independent Directors: None.		
	Resolution results: In the case (1) was Approved without objection by the Chairman upon consultation with all the Directors present. The case (2), except for the members: William W.Shen, Tai-Haur Kuo, Bing-Yue Tsui and Cheng-Yan Chien, who did not participate in the discussion and recused themselves from voting for the interested parties, the remaining members passed the case without any disagreement. The case (3), except for the members: William W.Shen, Bing-Yue Tsui, Hsing-Hai Chen and Ming-Chien Chang, who did not participate in the discussion and recused themselves from voting for the interested parties, director Chia-Neng Huang temporarily acted as Chairman on his behalf to recuse him from discussion and voting on the resolutions in respect of his relevant interests. The acting Chairman consulted with the other Directors present, and they voted in favor of the resolution without any dissenting opinions after discussion.		
The 9th Board The 3rd meeting July 29, 2022	(1)Approved the resolution that the Company will be subject to the stock price adjustment of the employee's stock option of the original Eon Silicon Solution Inc. due to the merger.		
	(2)Approved the Company's allowance of employee stock option to be subscribed for ordinary shares of NT$ 53.30 per share until Sep 30, 2022. If the employee exercises the stock option, the Chairman of the Board is authorized to set the actual number of shares issued within the range of 1,000 shares to 14,117 shares. The record date for the issuing of new		

Date	Content of Proposals and Follow-up Actions	Issues specified in Article 14-3 of the Securities and Exchange Act	Objections or Qualified Opinion of the Independent Directors
	shares is set at September 30, 2022. The Chairman of the Board is authorized to amend the date if any change arises.		
	(3)Approve the rotation of CPAs.	V	
	(4)Approved the Company's 2022 Q2 financial report.		
	(5)Approved the application for the credit line with various financial institutions in response to the Company's capital needs.		
	(6)Approved the appointment and promotion of managers of the Company.		
	(7)Approved the resolution of the managers' remuneration ajustment for FY2022 of the Company.		
	(8)Approved the Company's compensation and qualifications for newly appointed managers and distribution of annual employee compensation and bonus.		
	(9)Approved the adjustment of Company independent directors' salary.		
	Opinions of the Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution results: In the case (1~5&8) was Approved without objection by the Chairman upon consultation with all the Directors present. The case (6), except for the members:Yeong-Wen Daih, who did not participate in the discussion and recused themselves from voting for the interested parties, the remaining members passed the case without any disagreement. The case (7), except for the members:Ming-Chien Chang , Chih-Hong Ho,Yeong-Wen Daih, who did not participate in the discussion and recused themselves from voting for the interested parties, the remaining members passed the case without any disagreement. The case (9), except for the members: William W.Shen, Tai-Haur Kuo, Bing-Yue Tsui and Cheng-Yan Chien, who did not participate in the discussion and recused themselves from voting for the interested parties, the remaining members passed the case without any disagreement.		
The 9th Board The 4th meeting October 27, 2022	(1)Approved the Company's 2022 Q3 financial report.		
	(2) Approved the Company's allowance of employee stock option to be subscribed for ordinary shares of NT$53.30 per share until Dec. 31, 2022. If the employee exercises the stock option, the Chairperson of the Board is authorized to set the actual number of shares issued within the range of 1,000 shares to 14,117 shares. The base date for the issuance of new shares is Dec. 31, 2022. In the event of a change, the Chairperson is authorized to set another date.		
	(3) Approved the application for the credit line with various financial institutions in response to the Company's capital needs.		
	Opinions of the Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution: All the directors present voted in favor of the resolution without any objection.		
The 9th Board The 5th meeting Dec 15, 2022	(1) Approved the audit plan of the Company for 2023.		
	(2) Approve the resolution to amend the Company's Procedures for Meetings of the Board of Directors.	V	
	(3) Approve the formulation of internal material information processing procedures.	V	
	(4) Approve the independence of CPAs, affiliated accounting firms, and audit quality assessment.	V	
	Opinions of the Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution results: All the directors present voted in favor of the resolution without any objection.		
The 9th Board The 6th meeting Feb 23, 2023	(1)Approved the 2022 remuneration distribution for employees and directors.		
	(2)Approved the Company's 2022 final accounting books and statements.		
	(3)Approved the distribution of the Company's 2022 earnings.		
	(4)Approved the self-assessment of the Company's internal control system for 2022.		

Date	Content of Proposals and Follow-up Actions	Issues specified in Article 14-3 of the Securities and Exchange Act	Objections or Qualified Opinion of the Independent Directors
	(5)Approved the Company's allowance of employee stock option to be subscribed for ordinary shares of NT$53.30 per share until Mar. 31, 2023. If the employee exercises the stock option, the Chairperson of the Board is authorized to set the actual number of shares issued within the range of 1,000 shares to 14,117 shares. The base date for the issuance of new shares is Mar. 31, 2023. In the event of a change, the Chairperson is authorized to set another date.		
	(6)Approved the amendment to the Company's "Articles of Incorporation."	V	
	(7) Approved the establishment of the operating plan and budget for fiscal year 2023.		
	(8) Approved the convening of the Company's 2023 Annual General Shareholders' Meeting.		
	(9) Approved the designated period and venue for accepting proposals from the shareholders.		
	(10)Approved the appointment of the Company's CPAs for 2023.	V	
	Opinions of the Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution results: All the directors present voted in favor of the resolution without any objection.		
The 9th Board The 7th meeting Mar 23, 2023	(1)Planning of the 2022 continuing education program for the Company's Directors' and Appointed Managers'. (2)Report on the evaluation of the performance of the Board of Directors and its committees for 2022.		

Shareholders' Meeting:

Date	Review of Key Resolutions and Implementation
June 15,2022	Adoption Item 1: Adoption of the Business Report and Financial Statements for FY2021. Resolution: The proposal is voted and resolved as it is.. Voting Results:

Number of Votes by Attending Shareholders	Approved Votes	Disapproved votes	Abstained Votes/No Votes
178,125,147 rights	172,690,364 rights	11,331 rights	5,423,452 rights
100%	96.94%	0.00%	3.04%

Adoption Item 2: Adoption of the Earnings Distribution for FY2021.
Resolution: The proposal is voted and resolved as it is.
Voting Results:

Number of Votes by Attending Shareholders	Approved Votes	Disapproved votes	Abstained Votes/No Votes
178,125,147 rights	173,082,408 rights	14,710 rights	5,028,029 rights
100%	97.16%	0.00%	2.82%

Implementation review: The cash ex-dividend date of this Earnings Distribution was July 9, 2022, and the dividend was distributed by remittance and postal cheque on July 29, 2022

Discussion Item 1: Proposed resolution to amend the Company's "Articles of Association".
Resolution: The proposal is voted and resolved as it is.
Voting Results:

Number of Votes by Attending Shareholders	Approved Votes	Disapproved votes	Abstained Votes/No Votes
178,125,147 rights	151,532,011 rights	21,559,326 rights	5,033,810 rights
100%	85.07%	12.10%	2.82%

Implementation review: The Company's operating management system documents have been amended, and the relevant "Articles of Association" shall be handled in accordance with this newly revised provision.

Discussion Item 2: Amendment to the Company’s Procedures for Acquisition or Disposal of Assets.
Resolution: The proposal is voted and resolved as it is.
Voting Results:

Number of Votes by Attending Shareholders	Approved Votes	Disapproved votes	Abstained Votes/No Votes
178,125,147 rights	173,075,728 rights	18,647 rights	5,030,772 rights
100%	97.16%	0.00%	2.82%

Implementation review: The Company's operating management system documents have been amended, and the relevant " Company’s Procedures for Acquisition or Disposal of Assets " shall be handled in accordance with this newly revised provision.

Elections：Election of the 9th Term of Directors.

Results of the election:

The elected members are as follows:

	A/C Number / ID Card Number	A/C Name	Number of voting rights for election
Director	75	Hsing-Hai Chen	356,580,154 rights
Director	27	Ming-Chien Chang	292,562,098 rights
Director	12931	Chih-Hong Ho	229,793,467 rights
Director	68	Yeong-Wen Daih	228,423,219 rights
Director	R1202XXXXX	Chia-Neng Huang	206,781,068 rights
Independent Director	A1202XXXXX	William W.Shen	44,372,434 rights
Independent Director	R1215XXXXX	Tai-Haur Kuo	41,120,023 rights
Independent Director	D1209XXXXX	Bing-Yue Tsui	39,502,557 rights
Independent Director	H1011XXXXX	Cheng-Yan Chien	37,531,223 rights

	Other Matters : Discussion of releasing the Prohibition on new Directors from Participation in Competitive Business. Resolution: The proposal is voted and resolved as it is. Voting Results:

Number of Votes by Attending Shareholders	Approved Votes	Disapproved votes	Abstained Votes/No Votes
166,726,297 rights	173,075,728 rights	88,700 rights	11,311,150 rights
100%	97.16%	0.04%	6.35%

Implementation review: Without affecting the Company's business growth and without damaging the Company's interests, it is agreed to remove the non-competition clauses for the newly-appointed Directors.

(X) Major Issues of Record or Written Statements Made by Any Director Objecting to Important Resolutions Passed by the Board of Directors in the most recent recent financial year and up to the date of publication of the Annual Report: None.

(XI) Resignation or Dismissal of the Chairman of the Board, President, and Heads of Accounting, Finance, Internal Audit and R&D in the most recent recent financial year and up to the date of publication of the Annual Report: None.

IV. Information of Audit Fee

(I) Information of Audit Fee:

Unit:Thousand NTD

CPA Accounting Firm	Name of CPAs	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
Pricewaterhouse Coopers Taiwan	Cheng, Ya-Huei	2022.1.1~ 2022.12.31	6,665	1,030	7,695	
	Lin Yu-Kuan	2022.1.1~ 2022.3.31				
	Bai Shu-Chian	2022.4.1~ 2022.12.31				

(II) If the Company is in any one of the following conditions, the following information shall be disclosed:

(1) If the non-audit fees paid to CPAs, the CPA's accounting firm and its affiliates amounted to over one-fourth of the audit fees paid to the CPAs, the amount of audit and non-audit fees and the content of the non-audit services shall be disclosed:

The non-audit fees are mainly the income tax exemption application service fee of NT$900 thousand and dual-status business entities verification fee of NT$50 thousand and relevant fees for overseas subsidiaries NT$80 thousand.

(2) Where the CPA firm was replaced, and the audit fees in the financial year when the replacement was made were less than that in the previous financial year

before the replacement, the amount of the audit fees paid before the replacement and reasons for paying said amount shall be disclosed: Not applicable.

(3) Where accounting fee paid has decreased for more than 15% than that of the previous year, the amount, proportion, and reason of the reduction shall be disclosed: None.

V. Changes of CPAs:

According to the internal job rotation of PricewaterhouseCoopers Taiwan and relevant laws, the CPAs, Cheng Ya-Huei and Li Tien-Yi, in the 1st quarter of 2022 were replaced by the CPA Cheng Ya-Huei and Lin Yu-Kuan. According to the internal job rotation of PricewaterhouseCoopers Taiwan and relevant laws, the CPAs, Cheng Ya-Huei and Lin Yu-Kuan, in the 2nd quarter of 2022 were replaced by the CPA Bai Shu-Chian and Cheng Ya-Huei.

(I) Former CPAs

<table>
<tr><td>Date of Replacement</td><td colspan="4">February 25, 2022 and July 11, 2022</td></tr>
<tr><td>Replacement Reasons and Explanations</td><td colspan="4">Legal compliance and internal job rotation adjustment of PricewaterhouseCoopers.</td></tr>
<tr><td rowspan="3">Termination by Aurora or the CPAs</td><td colspan="2">Status</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="2">Termination by the Company</td><td>N/A</td><td>N/A</td></tr>
<tr><td colspan="2">Termination by the CPAs</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Opinions (Other than Unmodified Opinions) in the Past 2 Years and Reasons</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="7">Deviation form the Issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other Revealed Matters Additional Disclosures under Subparagraphs 1-4 to 1-7, Paragraph 6, Article 10 of the Guidelines</td><td colspan="4">N/A</td></tr>
</table>

(II) Regarding the successor CPA

Name of the CPA accounting firm	PricewaterhouseCoopers Taiwan
Name of CPAs	Cheng Ya-Huei, Lin Yu-Kua, CPA
Date of Appointment	February 25, 2022
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	N/A

Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

Name of the CPA accounting firm	PricewaterhouseCoopers Taiwan
Name of CPAs	Bai Shu-Chian, Cheng Ya-Huei, CPA
Date of Appointment	July 11, 2022
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	N/A
Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

(III) Former CPAs' Reply to Disclosures under Items 1 and 2-3, Subparagraph 6, Article 10 of the Guidelines: N/A.

VI. Any of the Company’s Chairman of the Board, President, or managers in charge of finance or accounting held a position in CPA's accounting firm or its affiliates in the most recent year: None.

VII. Conditions of shares transfer and changes in equity pledge from the Chairman of the Board, Supervisors, managers, and shareholders who hold more than ten percent (10%) of the total shareholder, from the most recent financial year up to the date of publication of the Annual Report:

(I) Shares changes by Directors, managers, and major shareholders

Title	Name	FY2021		As at April 1, 2023	
		Shareholding (Number of Shares) Amount Increased (Decreased)	Shares Pledged Amount Increased (Decreased)	Shareholding (Number of Shares) Amount Increased (Decreased)	Shares Pledged Amount Increased (Decreased)
Chairman of the Board Chief Executive Officer	Hsing-Hai Chen	-	-	-	-
Director President	Ming-Chien Chang	-	-	-	-
Director Senior Vice President	Chih-Hong Ho	(9,000)	-	-	-
Director Senior Vice President	Yeong-Wen Daih	-	-	-	-
Director	Chia-Neng Huang	-	-	-	-
Independent Director	William W.Shen (Note 1)	-	-	-	-
Independent Director	Bing-Yue Tsui (Note 1)	-	-	-	-
Independent Director	Tai-Haur Kuo (Note 1)	-	-	-	-

Title	Name	FY2021		As at April 1, 2023	
		Shareholding (Number of Shares) Amount Increased (Decreased)	Shares Pledged Amount Increased (Decreased)	Shareholding (Number of Shares) Amount Increased (Decreased)	Shares Pledged Amount Increased (Decreased)
Independent Director	Cheng-Yan Chien	-	-	-	-
Senior Vice President	Kuan-Chun Chang	-	-	-	-
Vice President	Jackie Hao (Note 2)	-	-	-	-
Vice President	Shu-Hui Feng (Note 2)	-	-	-	-
Senior Director of Finance Department	Candy Chu	-	-	-	-
Corporate Governance Officer	Hong-Gee Wu	-	-	-	-

Note 1:2022.6.15 new appointment

Note 2:2022.7.29 new appointment

(II) Equity transfer information: None.

(III) Shares pledged: None.

VIII. Information of the Relationship among the Top Ten Shareholders

Name	Current Shareholding		Spouse & Minor Children Children's Shareholding		Shareholding by Nominees		The name and relationship with any one who is a related party or a relative within the second degree of kinship among the ten largest shareholders,		Remarks
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Name (or Name)	Relationship	
Jie Yong Investment Ltd.	13,709,000	4.79%	-	-	-	-	Hsing-Hai Chen	Chairman of the Board of this company	
							Ming-Chien Chang	Director of this company	
Representative of Jie Yong Investment Ltd.: Hsing-Hai Chen	8,411,629	2.94%	1,195,927	0.42%	-	-	Jie Yong Investment Ltd.	Chairman of the Board of this company	
Hsing-Hai Chen	8,411,629	2.94%	1,195,927	0.42%	-	-	Jie Yong Investment Ltd.	Chairman of the Board of this company	
Citibank Taiwan serves as custodian for investment funds of the Norges Bank.	6,617,819	2.31%	-	-	-	-	-	-	
Ming-Chien Chang	5,523,825	1.93%	1,618,785	0.57%	-	-	Jie Yong Investment Ltd.	Director of this company	
Shun Cheng Investment Co., Ltd.	5,107,941	1.79%	-	-	-	-	British Virgin Islands merchant KAHOW LTD.	Parent company	
Representative of Shun Cheng Investment Co., Ltd.: Ming-Hui Chen	-	-	-	-	-	-	-	-	
British Virgin Islands merchant KAHOW LTD.	4,922,985	1.72%	-	-	-	-	Shun Cheng Investment Co., Ltd.	Subsidiary	
Representative of British Virgin Islands merchant KAHOW LTD.: ML Chiou	949	-	-	-	-	-	-	-	
J.P. Morgan serves as custodian for Van Garde Group Emerging Markets Fund	3,601,000	1.26%	-	-	-	-	-	-	

Name	Current Shareholding		Spouse & Minor Children Children's Shareholding		Shareholding by Nominees		The name and relationship with any one who is a related party or a relative within the second degree of kinship among the ten largest shareholders,		Remarks
J.P. Morgan serves as custodian for Advanced Starlight Advanced Total International Equity Index.	3,206,717	1.12%	-	-	-	-	-	-	
Liu, Yi-Fang	2,390,645	0.84%	-	-	-	-	-	-	
J.P. Morgan serves as custodian for investment funds of the Japan Securities Finance Co., Ltd.	2,273,000	0.79%	-	-	-	-	-	-	

IX. Shares held by the Company, its Directors, Supervisors, managers, and businesses directly or indirectly controlled by the Company as a spin-off, and the percentage of consolidated shares held:

Unit: Shares; %

Spinoff Company	Investment by the Company		Investment by Directors/Supervisors/managers and by companies directly or indirectly controlled by the Company		Total Investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Elite Semiconductor Memory Technology Inc.	100,000	100.00%	–	–	100,000	100.00%
Charng Feng Investment Ltd.	50,000,000	100.00%	–	–	50,000,000	100.00%
Elite Memory Technology Inc.	–	–	10,000,000	100.00%	10,000,000	100.00%
Jie Yong Investment Ltd.	3,600,000	41.86%	2,900,000	33.72%	6,500,000	75.58%
Elite Investment Services Ltd.	15	100.00%	–	–	15	100.00%
Elite Innovation Japan Ltd.	–	–	200	100.00%	200	100.00%
Eon Silicon Solutions, Inc.USA	200,000	100.00%	–	–	200,000	100.00%
Elite Semiconductor Microelectronics Technology (Shenzhen) Inc.	–	–	–	100.00%	–	100.00%
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	–	–	–	100.00%	–	100.00%
CHI Microelectronics Limited.	–	–	10,000	100.00%	10,000	100.00%

Note: This document is dated March 31, 2023.

Capital Overview

I. Capital and Shares

(I) Sources of Capital

Year and Month	Price at Issuance	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Sources of Capital	Increase of Capital by Assets Other Than Cash	Others
1998.5	10	30,000	300,000	10,540	105,400	Capital Shares at Founding	Technical Value NT$ 10,540 thousand	Note 1
1999.4	10	30,000	300,000	28,571	285,715	Increase of Capital in Cash NT$ 162,284 thousand	Technical value NT$ 18,031 thousand	Note 2
1999.7	10	30,000	300,000	30,000	300,000	Recapitalization of Retained Earnings NT$ 14,285 thousand	Nil	Note 3
2000.9	10	100,000	1,000,000	55,453	554,530	Recapitalization of Retained Earnings NT$ 254,530 thousand	Nil	Note 4
2001.9	10	100,000	1,000,000	100,000	1,000,000	Recapitalization of Retained Earnings NT$ 445,470 thousand	Nil	Note 5
2002.9	10	150,000	1,500,000	137,500	1,375,000	Recapitalization of Retained Earnings NT$ 375,000 thousand	Nil	Note 6
2003.9	10	180,000	1,800,000	158,125	1,581,250	Recapitalization of Retained Earnings NT$ 206,250 thousand	Nil	Note 7
2004.9	10	210,000	2,100,000	177,891	1,778,906	Recapitalization of Retained Earnings NT$ 197,656 thousand	Nil	Note 8
2005.9	10	260,000	2,600,000	204,574	2,045,742	Recapitalization of Retained Earnings NT$ 266,836 thousand	Nil	Note 9
2006.2	10	260,000	2,600,000	207,833	2,078,325	Increase of Capital by Merger NT$32,583 thousand	Nil	Note 10
2006.9	10	260,000	2,600,000	216,665	2,166,654	Recapitalization of Retained Earnings NT$ 88,329 thousand	Nil	Note 11
2007.9	10	260,000	2,600,000	227,365	2,273,654	Recapitalization of Retained Earnings NT$ 107,000 thousand	Nil	Note 12
2008.9	10	260,000	2,600,000	239,007	2,390,071	Recapitalization of Retained Earnings NT$ 116,417 thousand	Nil	Note 13
2008.11	17.65	260,000	2,600,000	241,532	2,415,321	Exercising of Employee Stock Options of NT$ 25,250 thousand	Nil	Note 14
2009.4	17.65	260,000	2,600,000	241,995	2,419,951	Exercising of Employee Stock Options of NT$ 4,630 thousand	Nil	Note 15

Year and Month	Price at Issuance	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Sources of Capital	Increase of Capital by Assets Other Than Cash	Others
2009.5	17.65	260,000	2,600,000	242,251	2,422,519	Exercising of employee stock options NT$ 2,568 thousand	Nil	Note 16
2009.9	17.65	260,000	2,600,000	242,340	2,423,404	Exercising of Employee Stock Options of NT$ 885 thousand	Nil	Note 17
2010.1	16.65	260,000	2,600,000	244,310	2,443,101	Exercising of Employee Stock Options of NT$ 19,697 thousand	Nil	Note 18
2010.4	16.65	260,000	2,600,000	244,683	2,446,834	Exercising of Employee Stock Options of NT$ 3,733 thousand	Nil	Note 19
2010.5	16.65	300,000	3,000,000	245,422	2,454,221	Exercising of Employee Stock Options of NT$ 7,387 thousand	Nil	Note 20
2010.7	16.65	300,000	3,000,000	245,874	2,458,749	Exercising of Employee Stock Options of NT$ 4,528 thousand	Nil	Note 21
2011.1	15.65	300,000	3,000,000	246,035	2,460,351	Exercising of Employee Stock Options of NT$ 1,602 thousand	Nil	Note 22
2011.4	15.65	300,000	3,000,000	246,224	2,462,246	Exercising of Employee Stock Options of NT$ 1,895 thousand	Nil	Note 23
2011.7	15.65	300,000	3,000,000	246,291	2,462,911	Exercising of Employee Stock Options of NT$ 665 thousand	Nil	Note 24
2011.11	14.7 10	350,000	3,500,000	259,777	2,597,774	Exercising of Employee Stock Options of NT$ 1,638 thousand and stock swap of NT$ 133,225 thousand	Nil	Note 25
2012.4	14.7	350,000	3,500,000	260,522	2,605,229	Exercising of Employee Stock Options of NT$7,455 thousand	Nil	Note 26
2012.7	14.7	350,000	3,500,000	260,741	2,607,414	Exercising of Employee Stock Options of NT$ 2,185 thousand	Nil	Note 27
2012.7	-	350,000	3,500,000	266,741	2,667,414	Issuance of New Restricted Employee Shares Amounted NT$ 60,000 thousand	Nil	Note 28
2013.1	14.2	350,000	3,500,000	267,175	2,671,749	Exercising of Employee Stock Options of NT$ 5,285 thousand Cancellation of restricted employee shares of NT$ 950 thousand	Nil	Note 29
2013.6	-	350,000	3,500,000	266,980	2,669,799	Cancellation of Restricted Employee Shares NT$ 1,950 thousand	Nil	Note 30
2013.11	-	350,000	3,500,000	266,873	2,668,729	Cancellation of Restricted Employee Shares NT$ 1,070 thousand	Nil	Note 31

Year and Month	Price at Issuance	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Sources of Capital	Increase of Capital by Assets Other Than Cash	Others
2014.5	-	350,000	3,500,000	266,782	2,667,819	Cancellation of Restricted Employee Shares NT$ 910 thousand	Nil	Note 32
2014.11	24.3	350,000	3,500,000	271,454	2,714,544	Cancellation of Restricted Employee Shares NT$ 600 thousand Exercising of Employee Stock Options of NT$ 47,325 thousand	Nil	Note 33
2015.4	24.3	350,000	3,500,000	272,424	2,724,241	Cancellation of Restricted Employee Shares NT$ 140 thousand Exercising of Employee Stock Options of NT$ 9,837 thousand	Nil	Note 34
2015.10	22.8	350,000	3,500,000	272,514	2,725,144	Exercising of Employee Stock Options of NT$ 903 thousand	Nil	Note 35
2016.1	22.8	350,000	3,500,000	272,834	2,728,344	Exercising of Employee Stock Options of NT$ 3,200 thousand	Nil	Note 36
2016.4	22.8	350,000	3,500,000	273,103	2,731,026	Exercising of Employee Stock Options of NT$ 2,682 thousand	Nil	Note 37
2016.8	22.8	350,000	3,500,000	281,518	2,815,177	Exercising of Employee Stock Options of NT$ 1,415 thousand Stock Issued Pursuant to Acquisitions NT$ 82,736 thousand	Nil	Note 38
2016.10	21.8	350,000	3,500,000	281,924	2,819,239	Exercising of Employee Stock Options of NT$ 4,062 thousand	Nil	Note 39
2017.1	21.8	350,000	3,500,000	282,574	2,825,737	Exercising of Employee Stock Options of NT$ 6,498 thousand	Nil	Note 40
2017.4	21.8	350,000	3,500,000	283,281	2,832,814	Exercising of Employee Stock Options of NT$ 7,077 thousand	Nil	Note 41
2017.7	20.9	350,000	3,500,000	284,025	2,840,252	Exercising of Employee Stock Options of NT$ 7,438 thousand	Nil	Note 42
2017.10	20.9	350,000	3,500,000	284,699	2,846,992	Exercising of Employee Stock Options of NT$ 6,740 thousand	Nil	Note 43
2018.1	20.9	350,000	3,500,000	285,759	2,857,589	Exercising of Employee Stock Options of NT$ 10,597 thousand	Nil	Note 44
2021.4	57.6	350,000	3,500,000	286,099	2,860,999	Exercising of Employee Stock Options of NT$ 3,409 thousand	Nil	Note 45

Year and Month	Price at Issuance	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Sources of Capital	Increase of Capital by Assets Other Than Cash	Others
2021.7	57.6	350,000	3,500,000	286,150	2,861,503	Exercising of Employee Stock Options of NT$ 504 thousand	Nil	Note 46
2021.10	57.6	350,000	3,500,000	286,157	2,861,570	Exercising of Employee Stock Options of NT$ 67 thousand	Nil	Note 47

		Approval Date and Number by FSC Securities and Futures Bureau	Approval Date and Number by Science Park Bureau
Note 1	Established in May 1998	—	(1998) Park Commercial No. 013135 on June 2, 1998
Note 2	Increase of Capital in April 1999	—	(1999) Park Commercial No. 007633 on April 19, 1999
Note 3	Increase of Capital in July 1999	—	(1999) Park Commercial No. 014586 on July 6, 1999
Note 4	Increase of Capital in September 2000	(2000) Taiwan Financial Securities (1) No. 31221 on April 21, 2000	Park Commercial No. 019842 on September 15, 2000
Note 5	Increase of Capital in September 2001	(2001) Taiwan Financial Securities (1) No. 144603 on July 10, 2001	(2001)Park Commercial No. 023715 on September 20, 2001
Note 6	Increase of Capital in September 2002	Taiwan Financial Securities (1) No. 0910139350 on July 16, 2002	Park Commercial No. 0910022134 on September 18, 2002
Note 7	Increase of Capital in September 2003	Taiwan Financial Securities (1) No. 0920129883 on July 4, 2003	Park Commercial No. 0920025611 on September 10, 2003
Note 8	Increase of Capital in September 2004	Financial Supervisory Securities (1) No. 0930132757 on July 22, 2004	Park Commercial No. 0930025291 on September 20, 2004
Note 9	Increase of Capital in September 2005	Financial Supervisory Securities (1) No. 0940129095 on July 20, 2005	Park Commercial No. 0940024896 on September 19, 2005
Note 10	Increase of Capital in Februrary 2006	Financial Supervisory Securities (1) No. 0940147723 on November 1, 2005	Park Commercial No. 0950002485 on February 3, 2006
Note 11	Increase of Capital in September 2006	Financial Supervisory Securities (1) No. 0950131360 on July 19, 2006	Park Commercial No. 0950024568 on September 21, 2006
Note 12	Increase of Capital in September 2007	Financial Supervisory Securities (1) No. 0960036695 on July 16, 2007	Park Commercial No. 0960024944 on September 19, 2007
Note 13	Increase of Capital in September 2008	Financial Supervisory Securities (1) No. 0970035546 on July 15, 2008	Park Commercial No. 0970026074 on September 22, 2008
Note 14	Increase of Capital in November 2008	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0970032595 on November 21, 2008

		Approval Date and Number by FSC Securities and Futures Bureau	Approval Date and Number by Science Park Bureau
Note 15	Increase of Capital in April 2009	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0980009444 on April 14, 2009
Note 16	Increase of Capital in May 2009	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0980012992 on May 13, 2009
Note 17	Increase of Capital in September 2009	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0980025248 on September 10, 2009
Note 18	Increase of Capital in January 2010	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0990002583 on January 28, 2010
Note 19	Increase of Capital in April 2010	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0990009166 on Apil 13, 2010
Note 20	Increase of Capital in May 2010	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0990013413 on May 13, 2010
Note 21	Increase of Capital in July 2010	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0990018991 on July 7, 2010
Note 22	Increase of Capital in January 2011	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 1000001111 on January 13, 2011
Note 23	Increase of Capital in April 2011	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 1000009811 on April 14, 2011
Note 24	Increase of Capital in July 2011	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No.1000019060 on July 6, 2011
Note 25	Increase of Capital in November 2011	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006 Financial Supervisory Securities Issued No. 1000047861 on October 13, 2011	Park Commercial No. 1000035125 on November 28, 2011
Note 26	Increase of Capital in April 2012	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 1010009398 on April 3, 2012
Note 27	Increase of Capital in July 2012	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No.1010020247 on July 9, 2012
Note 28	Increase of Capital in October 2012	Financial Supervisory Securities Issued No. 1010030033 on July 9, 2012	Park Commercial No. 1010031715 on October 15, 2012
Note 29	Increase of Capital in January 2013	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 1020000199 on January 7, 2013
Note 30	Decrease in Capital in June 2013	Financial Supervisory Securities Issued No. 1010030033 on July 9, 2012	Park Commercial No. 1020018681 on June 28, 2013
Note 31	Decrease in Capital in November 2013	Financial Supervisory Securities Issued No. 1010030033 on July 9, 2012	Park Commercial No. 1020036135 on November 27, 2013
Note 32	Decrease in Capital in May 2014	Financial Supervisory Securities Issued No. 1010030033 on July 9, 2012	Hsinchu Commercial No. 1030015402 on May 29, 2014

		Approval Date and Number by FSC Securities and Futures Bureau	Approval Date and Number by Science Park Bureau
Note 33	Increase of Capital in November 2014	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1030034996 on November 28, 2014
Note 34	Increase and Decrease of Capital in April 2015	Financial Supervisory Securities Issued No. 1010030033 on July 9, 2012 Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1040010347 on April 17, 2015
Note 35	Increase of Capital in October 2015	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1040029657 on October 15, 2015
Note 36	Increase of Capital in January 2016	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1050001500 on January 19, 2016
Note 37	Increase of Capital in April, 2016	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1050009686 on April 13, 2016
Note 38	Increase of Capital in August 2016	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012 Financial Supervisory Securities Issued No. 1050014535 on May 4, 2016	Hsinchu Commercial No. 1050021881 on August 5, 2016
Note 39	Increase of Capital in October 2016	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1050028662 on October 18, 2016
Note 40	Increase of Capital in January 2017	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 060001396 on January 19, 2017
Note 41	Increase of Capital in April 2017	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1060009648 on April 14, 2017
Note 42	Increase of Capital in July 2017	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1060019320 on July 18, 2017
Note 43	Increase of Capital in October 2017	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1060028218 on October 16, 2017
Note 44	Increase of Capital in January 2018	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1070002487 on January 16, 2018
Note 45	Increase of Capital in April 2021	Financial Supervisory Securities Issued No. 1050014535 on May 4, 2016	Hsinchu Commercial No. 1100010380 on April 15, 2021
Note 46	Increase of Capital in July 2021	Financial Supervisory Securities Issued No. 1050014535 on May 4, 2016	Hsinchu Commercial No. 1100019845 on July 19, 2021
Note 47	Increase of Capital in October 2021	Financial Supervisory Securities Issued No. 1050014535 on May 4, 2016	Hsinchu Commercial No. 1100029581 on October 15, 2021

(II) Category of Shares

Shareholding record date: April 1, 2023; Unit: Shares

Category of Shares	Authorized Capital			Remarks
	Outstanding	Unissued shares	Total	
Registered Common	286,156,953	63,843,047	350,000,000	Listed on March 4, 2002

Note: shares of a listed company

(III) Shareholder Structure

Record date: April 1, 2023

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Foreign Natural Persons	Total
Number of	4	8	233	70,049	233	70,527
Number of Shares	1,107,258	1,503,816	26,709,274	210,075,969	46,760,636	286,156,953
Shareholding	0.39%	0.53%	9.33%	73.41%	16.34%	100.00%

Note: Percentage of shareholding from China: None.

(IV) Distribution of Equities (nominal value of NT$ 10 per share)

1. Ordinary Shares:

Record Date: April 1, 2023

Range of Shareholding	Number of Shareholders	Number of Shares Held	Number of Shares Held
1 to 999	22,147	2,038,610	0.71
1,000 to 5,000	42,165	78,708,181	27.51
5,001 to 10,000	3,684	28,699,789	10.03
10,001 to 15,000	939	12,074,413	4.22
15,001 to 20,000	497	9,230,086	3.23
20,001 to 30,000	426	10,929,542	3.82
30,001 to 40,000	196	7,027,438	2.46
40,001 to 50,000	105	4,882,019	1.71
50,001 to 100,000	181	12,941,212	4.52
100,001 to 200,000	94	12,595,761	4.40
200,001 to 400,000	33	9,194,773	3.21
400,001 to 600,000	16	8,361,553	2.92
600,001 to 800,000	14	9,776,587	3.41
800,001 to 1,000,000	8	7,209,752	2.52
1,000,001 or more	22	72,487,237	25.33
Total	70,527	286,156,953	100.00

2. Preferred Shares: None.

(V) List of Major Shareholders:

Record date: April 1, 2023

Shareholding / Shareholder's Name	Number of Shares Held	Percentage (%)
Jie Yong Investment Ltd.	13,709,000	4.79%
Hsing-Hai Chen	8,411,629	2.94%
Citibank Taiwan serves as custodian for investment funds of the Norges Bank.	6,617,819	2.31%
Ming-Chien Chang	5,523,825	1.93%
Shun Cheng Investment Co., Ltd.	5,107,941	1.79%
British Virgin Islands merchant KAHOW LTD.	4,922,985	1.72%
J.P. Morgan serves as custodian for Van Garde Group Emerging Markets Fund.	3,601,000	1.26%
J.P. Morgan serves as custodian for Advanced Starlight Advanced Total International Equity Index.	3,206,717	1.12%
Liu, Yi-Fang	2,390,645	0.84%
J.P. Morgan serves as custodian for investment funds of the Japan Securities Finance Co., Ltd.	2,273,000	0.79%

(VI) Per Share Market Price, Net Book Value, Earnings and Dividends and Related Information over the Past Two Financial Years

Unit: NT$

Item / Year			2021	2022
Market Price Per Share	Highest		213.00	182.00
	Lowest		57.20	60.00
	Average		130.22	103.19
Net Book Value Per Share	Before Distribution		44.46	40.24
	After Distribution		36.46	(Note 1)
Earnings Per Share	Weighted Average Number of Shares (thousand shares)		280,221	280,542
	Earnings Per Share	Before Adjustment	17.76	3.71
		After Adjustment	17.76	(Note 1)
Dividends Per Share	Cash Dividends		8.00	(Note 1)
	Free Allotment	Dividends from Retained Earnings	—	(Note 1)
		Dividends from Capital Reserves	—	(Note 1)
	Cumulative Unpaid Dividends		—	—
Investment Return Analysis	Price-Earnings Ratio (Note 2)		7.33	27.81
	Price-Dividend ratio (Note 3)		16.28	(Note 1)
	Cash Dividend Yield % (Note 4)		6.14	(Note 1)

Note 1: Verdict after the resolution of the Board of Directors' or Annual Shareholders' Meeting .

Note 2: Price-Earnings ratio = Average per share closing price of the year/earnings per share.

Note 3: Price-Dividend ratio = Average closing price per share of the year/cash dividends per share
Note 4: Cash dividend yield %= cash dividend per share/current year average per share closing price.

(VII) Dividend Policy and Implementation Status

(1) Dividend policy as set out in the Articles of Association:

The Company is still at the growth stage of related industry life cycle. In response to future capital needs, long-term financial plans, and shareholders' demand for cash dividends, the distributable earnings in the current year can all be allocated. The allocation plan is made by the BOD according to regulations and should be resolved by the shareholders' meeting. The Company may distribute dividends to shareholders in cash or stocks. The ratio of cash dividends shall be no less than 50% of the total dividends of the shareholders.

Where earnings, legal reserve, and capital reserve are distributed entirely or partially in cash, the BOD shall be authorized, pursuant to Articles 240 and 241 of the Company Act, to approve the distribution by a resolution adopted by a majority of the Directors at a meeting attended by over two-thirds of the total number of BOD. The distribution by a resolution of BOD shall be reported to the Shareholders' Meeting.

(2) The Company's Board of Directors' plan for reserve distribution and capital reserve allocation for FY2022 is as follows:

1. The surplus distribution of cash dividend of NT$1,800 per thousand shares (rounded off to the nearest dollar), as approved in the 2023 Annual Shareholders' Meeting , authorizes the Chairman of the Board to set a separate ex-dividend.
2. Where the dividend distribution rate of NT$1.8 per share is maintained in the proposed appropriation of earnings, if, prior to the ex-dividend date, the number of outstanding shares is affected by any amendment by the competent authorities or by any change in the Company's share capital, such as the conversion of employee stock warrants into common shares, which subsequently results in a change in the earnings distribution, it is intended that the shareholders will authorize the Chairman of the BOD to exercise his or her full authority to deal with such changes.

(3) Any expected material changes to the dividend policy shall be further explained:

The Company's dividend policy shall consider the company's current and future investment environment, capital requirement, domestic and foreign competition conditions, and capital budgets, in order to safeguard the shareholders' interests, maintain a balanced between dividend payouts and long-term financial plan. On an annual basis, the Board of Directors will formulate a distribution plan and report it to the Shareholders' Meeting. If there is a surplus in the Company's annual accounting, the Company shall, in the following order, pay taxes and make up losses, set aside 10% of the statutory surplus reserve and if necessary, allocate a special surplus reserves. At least 20% of the financial year's profits shall be distributed as dividends and bonus after allocating a reasonable amount according to the needs of business operations.

(VIII) The impact on the Company's business performance and Earnings Per Share (EPS) for allotment of free shares proposed at the shareholder's meeting: N/A

(According to the regulations of Financial Supervisory Securities (6) No. 0930005938 “Regulations Governing the Publication of Financial Forecasts of Public Companies” by the Financial Supervisory Commission on December 9, 2014 , the Company does not need to disclose the financial forecast information for 2023)

(IX) Employees' Compensation and Directors' Remuneration

1. Quantity or scope of compensation for employees, and Directors, as prescribed under the Articles of Incorporation:

   Article 24-1 of the Company's Articles of Association stipulates that the Company shall allocate no less than one percent (1%) of its annual profits for compensations to the employees and no more than one percent (1%) for compensations to the Directors. However, the Company shall set aside a sufficient amount to offset its accumulated losses. The compensation shall be distributed, in shares or in cash, to the employees of the Company or the qualified employees of the affiliated companies.

   The profit for the year referred in the first clause is referred to the Profit Before Tax for the year, before deducting employees' compensation, and remuneration to Directors.

2. The basis for estimating the amount of compensation and remuneration to the employees, and Directors, in the current period shall be the basis for calculating of the number of shares to be distributed as employees' remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure:

   The basis for estimating the employees' compensation and the Directors' remuneration during the current period is detailed in the aforementioned "1. Statement". When the actual number of employees' compensation and the Directors' remuneration is different from the estimated amount, this shall be an accounting estimates changes and will be adjusted in the profit and loss for the following year.

3. Information of the proposed employees' comentation approved by the Board of Directors:

Remuneration to Directors Cash (NT$)	 12,650,940
Employees' Compensation Cash (NT$)	 12,650,940
Proposed distribution of employee shares compensation Amount The ratio of the total Net Profit After Tax and otal employees'	 — —

compensation for the current period		
Estimated Earnings Per Share after proposed allotment of employee remuneration and Directors' remuneration:	(NTD)	3.71

a. The amount of any employee compensation distributed in cash or stocks and compensation for directors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: There is no discrepancy between the amount of employee compensation and the amount allocated for director compensation and the estimated figure.

b. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: none.

4. Distribution of employee bonus and Directors' remuneration from the earnings of 2021:

	2021			
	Actual distributed amount as resolved in the Shareholders' Meeting	Proposed distribution by the Board of Directors	Discrepancies	Reason
I. Distribution				
1. Employees' Cash Compensation (NT$ thousand)	314,318	314,318	—	—
2. Employees' Shares Bonus				
(1) Amount	—	—	—	—
(2) Proportion of total Net Profit After Tax and total employees' compensation for the current period	—	—	—	—
3. Remuneration for Directors (NT$ thousand)	62,864	62,864	—	—
II. Relevant information on Earnings per Share:				
1. Original Earnings Per Share (Note 1)	NT$17.76	NT$17.76	—	—
2. Calculation of Earnings Per Share (Note 2)	NT$17.76	NT$17.76	—	—

Note 1: The calculation was not adjusted according to the ratio of earning reserves and employee compensation to the increase of capital in 2022.
Note 2: The calculation of Earnings Per Share = (Net Profit - employees' compensation -Directors' and Supervisors' remuneration) / (weighted average number of shares outstanding in the current year)

(X) Shares Buyback: None.

II. The issuance of corporate bonds, preferred shares, overseas depository receipts, employee stock options, and mergers and acquisitions (including mergers, acquisitions, and divestment) and implementation of funds utilization plans.

(I) Issuance of corporate bonds: None.

(II) Issuance of preferred shares: None.

(III) Issuance of overseas depository receipts: None.

(IV) Issuance of employee stock options:

1. Issuance of employee stock options

As at March 31, 2023

Category of employee stock options	The Company received the employee stock options of the original Eon Silicon Solution Inc. due to the merger
Declaration Effective Date and Total Number of Units	May 4, 2016：1,175,443
Date of Issuance (Placement)	May 4, 2016
Number of Options Issued	1,175,443
Number of Units still Available for Issuance	0
Ratio of subscribable shares to total issued and outstanding shares	0.41%
Duration of Subscription	Duration till August 18, 2023
Method for Exercising the Options	Issuance of New Shares
Restrictions on the Option Exercise Period and Exercise Ratio (%)	Expiration of 2 years: 50% Expiration of 3 years: 75% Expiration of 4 years: 100%
Shares Exercised	398,028
Total Value of Shares Subcribed by Exercising Option	22,926,413
Number of Shares Unsubscribed	14,117
Subscription Price Per Share of the Unsubscribed Shares	NT$ 53.30
Ratio of the Amount of Unsubscribed Options to the Total Number of Issued Shares	0.00%
Impact to Shareholders' Equity	Limited impact of dilution to the existing ordinary shareholders' equity

2. Restriction on employees' right to subsribe new shares: None.

3.The names of the managers and top ten employees who obtained the employee stock option certificates, and the status acquisition and subscription:

As at March 31, 2023
Unit:Share,%,NT$

	Title	Name	Number of Stock Options	Stock Options as a Percentage of Shares Issued	Exercised				Unsubscribed			
					Number of Shares Converted	Strike Price (NT$)	Amount (NT$)	Converted Shares as a Percentage of Shares Issued	Number of Shares Converted	Strike Price (NT$)	Amount (NT$)	Converted Shares as a Percentage of Shares Issued
Management Team	NA		-	-	-	-	-	-	-	-	-	-
Employee	Technical Associate	Cheng, Po Yuan	282,346	0.09867%	282,346	57.6	16,263,130	0.09867%	-	-	-	-
	Technical Associate	Wu Shuqi										
	Senior Chief Engineer	Huang Shimin										
	Senior Chief Engineer	Tong Ziyun										
	Technical manager	Li Kuiwang										
	Technical Associate	Jiang Lanqing										

	Technical Associate	Liu Guanhui											
	Senior Account Manager	Xu Zijie											
	Technical Associate	Huang Jiancheng											
	Technical manager	Chen Pauling											

4. The names of the managers and top ten employees who obtained the new restricted employees' right shares, and the acquisition status: None.

(V) Mergers, acquisitions or issuance of new shares to acquire shares of other companies: None.

(VI) Implementation of capital utilization plan: Up to the quarter preceding the date of publication of the Annual Report, the Company has no incomplete issuance or placement of private securities or completed placement where the benefits of the plan have yet to be realized in the past three years.

Business Operations Overview

I. Business Activities

(I) Business Scope

The Company is a professional integrated circuit (IC) design company, the main business is research, development, manufacturing, and sales of DRAM, Flash Memory, analog integrated circuit, analog and digital mixed-signal IC and product design related to the Company's business and R & D technical services. The IC revenue in 2022 was NT$ 16,207,898 thousand, accounted for 100% of the operating ratio.

With the increasingly enhanced functions of terminal electronic products, the easier operation interface and the humanized application interface and functions designed by its application software, such as electric car, artificial intelligence (AI), the imminent fifth generation mobile communication generation (5G) and entering of the commercial stage, due to the characteristics of faster transmission, high-frequency bandwidth, high density and low latency, it is conducive to the development of services such as big data, artificial intelligence, and the Internet of Things, which can drive value-added innovative applications such as high-quality audio-visual entertainment, smart medical, smart factories, self-driving cars, drones, and smart cities, as well as various emerging application fields to make memory ICs a key component of electronic products. The relative capacity, operating speed and low power consumption requirements are also becoming stricter. In addition to continuing to focus on the development of high-density, high-speed and low-power memory ICs, the company will also speed up the development of flash memory, analog, analog and digital mixed-signal ICs in response to industry development and market demand. The product line enhances product competitiveness and develops towards product diversification.

(II) Industry Overview

1. Current situation and development of the industry

According to WSTS statistics, global semiconductor market sales value in Q4 2022 reached US$130.2 billion, a 7.7% decrease from the previous quarter (Q3 2022) and a 14.7% decline from the same period in 2021 (Q4 2021); sales volume reached 252.2 billion units, a decline of 8.9% from the previous quarter (Q3 2022), a decline of 12.6% from the same period in 2021 (Q4 2021); ASP was US$0.516, an increase of 1.4% from the previous quarter (Q3 2022) and a decline of 2.4% from the same period in 2021 (Q4 2021).

Fourth quarter 2022 US semiconductor market sales reached US$34 billion, decreasing by 5.8% from Q3 2022 and 6.6% from Q4 2021; Japan’s semiconductor market sales reached US$11.9 billion, decreasing by 2.3% from Q3 2022 and rising by 0.6% from Q4 2021. Europe’s semiconductor market sales reached US$13.3 billion, decreasing by 1.7% from Q3 2022 and up by 3.3% from Q4 2021. China’s market reached US$37.9 billion, decreasing by 12.4% from Q3 2022 and 26.4% from Q4 2021. Sales of semiconductors in the Asia-Pacific region reached US$33.1 billion, decreasing by 8.0% from Q3 2022 and 17.1% from Q4 2021.

As regards total annual sales in 2022, the US semiconductor market reached US$140.9 billion, an increase of 16.0% from 2021. Japan's semiconductor market reached US$48 billion, an increase of 10.0% from 2021. Europe's semiconductor market recorded

US$53.8 billion, an increase of 12.7% from 2021. China's market reached US$180.3 billion, a decrease of 6.3% from 2021. The Asia-Pacific semiconductor market reached US$150.4 billion, a decrease of 0.1% from 2021. Global semiconductor annual sales totaled US$573.5 billion in 2022, an increase of 3.2% from 2021.

According to statistics from the ITRI Industrial Economics and Knowledge Center, Taiwan's overall IC industry output value (including IC design, IC manufacturing, IC packaging, and IC testing) in Q4 2022 reached NT$1,197.1 billion (US$40.2 billion), a decrease of 3.7% compared with the previous quarter and an increase of 8.2% from the same period in 2021. Of this, the output value of the IC design industry is NT$260 billion (US$8.7 billion), which is 12.5% lower than the previous quarter (Q3 2022) and 18.1% lower than the same period in 2021 (Q4 2021); IC manufacturing is NT$769.9 billion (US$25.8 billion), an increase of 0.8% from the previous quarter (Q3 2022) and 25.5% from the same period in 2021 (Q4 2021), of which the wafer foundry was NT$723.4 billion (US$24.3 billion), an increase of 1.5% from the previous quarter (22Q3), and 33.9% compared to the same period in 2021 (Q4 2021); and memory and other manufacturing were NT$46.5 billion (US$1.6 billion), which was 8.8% lower than the previous quarter (Q3 2022) and 36.6% lower than the same period in 2021 (Q4 2021). The IC packaging industry was NT$114 billion (USD$3.8 billion), a decrease of 10.2% from the previous quarter (Q3 2022) and 5.0% from the same period in 2021 (Q4 2021). The IC testing industry was NT$53.2 billion (US$1.8 billion), which was a decrease of 4.1% from the previous quarter (Q3 2022) and 3.3% from the same period in 2021 (Q4 2021). The exchange rate of USD to TWD is 29.8.

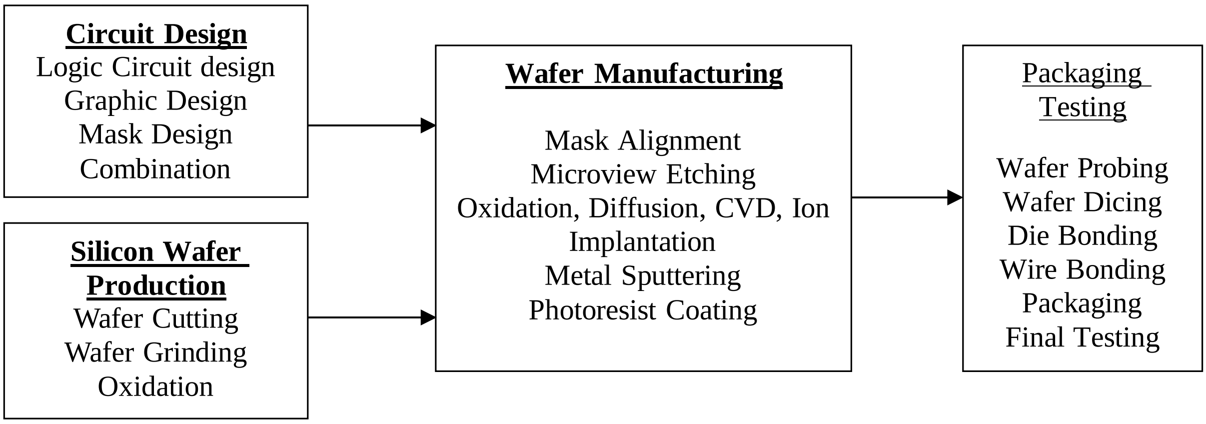
The statistical results of Taiwan's IC industry output value from 2019 to 2022

Unit: NT$100million

	2019	2020	2021	Growth Rate in 2021	2022	Growth Rate in 2022
IC Industry Output Value	26,656	32,222	40,820	26.7%	48,370	18.5%
IC Design Industry	6,928	8,529	12,147	42.4%	12,320	1.4%
IC Manufacturing Industry	14,721	18,203	22,289	22.4%	29,203	31.0%
Wafer Foundry	13,125	16,297	19,410	19.1%	26,847	38.3%
Manufacturing Own Products	1,596	1,906	2,879	51.0%	2,356	-18.2%
IC Packaging Industry	3,463	3,775	4,354	15.3%	4,660	7.0%
IC Testing Industry	1,544	1,715	2,030	18.4%	2,187	7.7%
IC Product Output Value	8,524	10,435	15,026	44.0%	14,676	-2.3%
Global Semiconductor Growth Rate	-12.1%	6.8%	-	26.2%	-	3.2%

Source: TSIA ITRI IEK (2023/02)

2. Semiconductor upstream, middle and downstream correlation diagram



The following describes the relative industrial characteristics of the abovementioned IC industry upstream, midstream and downstream, as follows:

A. IC Design

IC design company is an integrated circuit product design company. Its main business is to design product sales or design directly entrusted by the customers. It is a brain-intensive industry, it requires much smaller capital than the wafer manufacturing plants. There is a fairly complete semiconductor industry support structure in Taiwan and IC design talents are increasingly abundant, which has prompted many manufacturers to invest in this industry.

B. IC Manufacturing and Foundry

The main business of the IC manufacturing company is to convert the designed circuit into a chip with sophisticated equipment, complex manufacturing processes, and strict quality control. This industry is capital and technology-intensive, and the barriers to entry are quite high. At present, the cost of constructing a 12-inch wafer fab is about NT$ 100 billion, and the subsequent maintenance and research and development costs must continue to be invested to maintain the effective operation of the IC fab.

C. IC Packaging and Testing

However, the barriers to entry for this industry are much lower than those for wafer manufacturing, and its profit comes from the fixed revenue of processing. The key factors that affect its profitability are the equipment utilization rate and personnel costs. The IC design industry is an upstream industry in the industrial value chain. Before the final product is completed, the main processes of photomask, manufacturing, packaging, and testing are required. As far as industrial development trends are concerned, processes such as photomask, packaging, and testing are all directed towards the mode of commissioning production by external professional companies.

3. Product Development Trends and Competition

A. High Degree of Integration

With the evolution of Windows operating system software and the continuous development of diversification of application software, DRAM products have been developed towards high degree of integration. The current mainstream market is 16 GB (DDR4) and 8 GB (DDR4).

B. High Speed

DRAM and CPU have an apparent gap in data transmission speed for a long time, and it has become the bottleneck of PC's overall system performance. To solve this problem, many high-speed DRAM architectures have been proposed, such as DDR3/DDR4 and RAMBUS. In order to adapt to the requirements of network communication products with different performances, such as switches and routers, SRAM (Zero Bus Turnaround SRAM) with high-frequency bandwidth and high-speed operation capability is also introduced due to the mixed reading and writing operations.

C. Low Power Consumption

With the continuous increase of CPU computing speed and the application of portable electronic products, characteristics such as low power consumption and low voltage are necessary to achieve power-saving or avoid the problem of overheating of components.

D. Reduced Crystallite Size

The continuous decline in the price of memory IC products is a characteristic of the industry. To maintain the competitive position and profitability of the products, with the design and process control, the output quantity of a single wafer is increased and the high quality rate is being maintained, only then could the Company effectively reduce product costs and enhance market competitiveness.

4. Product Competition

The Company's products are mainly based on niche memory. At present, the main domestic and foreign competitors are as follows:

Domestic Competitors	Foreign Competitors
Nan Ya Technology, Etron, Powerchip, Winbond	Samsung, Hynix, Micron

(III) Technology and R&D Overview

(1) Technical aspects of the business activities

The Company is a professional memory IC design company. It owns the core technology of memory IC design. The members of the R&D design team are well-versed in the design profession for many years and possess extensive practical experience. Since the Company can control the development and design technology of memory IC, it can adjust the product combination in time in response to market changes. Since its establishment, tbe Company has continued to develop memory ICs with high integration, high capacity, high speed and high performance by adhering to superb and outstanding design technology.

(2) Research and development

The Company's development and design of DRAM, Pseudo SRAM, NOR Flash, MCP, analog IC, and analog and digital mixed-signal IC are all focused on mastering "Time-to-Market". The future research and development is directed towards high-end process technology and high-integration product development.

(3) Education and experience of research and development personnel

The Company and its subsidiaries currently have a total of 328 R&D personnel, most of whom have a college degree or above and abundance of experience in R&D. With the pulse of the existing and future markets, they continue to develop new technologies and new products to continue to lead the industry and meet the market needs.

March 31, 2023

Item	Education		
	PhD	Master	University

Number of Persons	7	241	80
Percentage (%)	2.13%	73.48%	24.39%

(4) R&D expenses and technologies or products successfully developed in the most recent Financial Year:

A. R&D expense in the most recent financial year

Unit: NT$ 1,000

Item \ Year	2022
R&D Expenses	1,532,493
Growth Rate (%)	(14.23%)

B. Successfully developed technologies or products

1. The Company's DRAM product line has completed the development of 16 MB ~ 4 GB SDRAM, DDR/DDR2/DDR3/DDR4 and other products with 12" 25/38/45/50/60nm process technology.
2. In terms of Flash Memory has completed the development of 65nm various -capacity 4 MB ~ 256 MB etc, and 50nm medium and low-capacity 16 MB ~ 128 MB etc.
3. Integrated NAND Flash and LP DRAM product technologies and launched MCP products.
4. In terms of non-memory products, various power management and IC solutions for Class D/AB power amplifiers have been developed.

(IV) Long-term and Short-term Development Plans

1. Short-term development plans

(1) Marketing strategy

A. Adopt marketing strategies based on product functions and cost-competitive advantages to provide customers with a stable supply.

B. Strengthen the interactive relationship with agents and distributors, continue to penetrate the domestic market, and actively develop handheld devices, PC-related equipment, and information appliance manufacturers in overseas markets to access direct business opportunities.

(2) Production strategies

A. Improve the use of process technology to reduce production costs.

B. Establish a good cooperative relationship with the wafer foundry and back-end packaging and testing outsourcers to ensure that production capacity, product delivery and quality can be achieved, and meet the demand for flexible scheduling.

(3) Product development

Use new generation process technology to develop mainstream products to reduce production costs and enhance product competitiveness.

(4) Human resources

Provide humane management and share operating profits with the employees to attract professional talents to join the management team and stabilize the Company's personnel flow, maintaining the Company's leading position in technology and operations.

2. Long-term plan

(1) Marketing strategy

Maintain revenue sources from proprietary products and design technical services that are functional/cost competitive to ensure the stability of profits.

(2) Production strategies

Ensure the production quality and cycle time of wafer foundry partners, including fabs, packaging and outsourced testing factories

(3) Product development

Continue to develop memory ICs with high integration, high speed, low power and small die size to increase product performance and enhance product competitiveness. Also, use the new generation process technology for the manufacturing of existing products to strengthen cost competitiveness. In addition, in response to industry development and market demand, the company will actively mass produce MCP, analog, analog and digital mixed-signal IC product lines, towards product diversification.

II. Analysis of the market as well as production and marketing situation

(I) Market analysis

(1) Sales of main products (services) by region

The Company's current product combination is mainly based on high-speed and high-integration DRAM/FLASH/analog IC and technical service income. The product sales regions in the past two years are as follows:

Units: Thousand NTD; %

Year / Geographical Region		2021		2022	
		Sales Value	Percentage	Sales Value	Percentage
Internal sales		11,523,346	48	7,244,896	45
External sales	Asia	12,196,154	51	8,841,579	54
	Others	125,398	1	121,423	1
	Sub-total	12,321,552	52	8,963,002	55
Total		23,844,898	100	16,207,898	100

(2) Market share

The global overall memory market has grown significantly in 2022 compared with 2021, resulting in global market size of US$ 78.3 billion. Based on the Company's 2022 revenue calculation, its share of the global market is approximately 0.67%.

(3) Future market demand and supply status and growth characteristics

The main factor affecting the price trend of DRAM products is the spread between supply and demand. On the supply side, the memory industry was in a gloomy situation in 2022, with DRAM prices falling by more than 40% for the whole year. As each memory manufacturer suffered heavy losses, industry capital expenses are expected to decrease significantly by about 30% in 2023. As the amount of DRAM produced decreased, supply only increased by about 10% for the whole year; compared to a 15-20% growth of supply in 2022, the growth in 2023 is expected to be restrained. In particular, Micron resumed production cuts in the fourth quarter of 2022 while clearly expressing its unwillingness to continue lowering prices to sell products. If future market conditions continue to be poor, the industry believes production will remain constrained until the second half of 2023. While SK Hynix's capital expenses in 2023 will decrease by more than 50% compared to 2022, the production decline in the fourth quarter of 2022 was not significant, leading to a continued increase in inventory levels. As a result, the decline increased in the first quarter of 2023.

In terms of demand, DRAM application products can be divided into three categories: the first category is computers and relevant products, such as desktop computers, notebook computers, workstations, servers, printers, scanners, DVD-ROM, tablet computers and mining machines, etc.; the second category is network communication application products, mobile devices, ADSL, router (Switch/Router), Internet of Things, Internet of Vehicles, cloud data center, 5G communication and artificial intelligence (AI), etc.; the third category is consumer applications, such as DVD (Blu-ray) players, digital set-top boxes, digital cameras, iPod music players (MP3 Player), game consoles (PS4, XBOX, Wii), LCD (quantum Point) TV and smart voice assistant. On the demand side, looking forward to 2023, the decline in DRAM prices has not yet come to an end, and some corporations in the market believe that prices may fall by another 30-40% for the entire year. However, a positive impact of falling prices is the growth in the memory capacity of various products, accelerating the growth of the penetration rate for new products that use DDR5 and PCIe SSDs. 5G, cloud computing, and servers will become the main direction for upstream and downstream supply chains to improve their deployments. Recently, there has been an optimistic expectation that economic activities in the second half of 2023 will gradually return to normal. There is confidence in retaliatory growth in demands for consumer products presently in a state of "squat first, jump later."

(4) Competitive niche

A. Core competitiveness of design and R&D

The Company's design and development team has accumulated many years of practical experience, and can effectively control the performance and cycle time of product development, so as to fully access the market opportunities. This is proved by the Company's successful design and development of a variety of market-leading product lines.

B. Long-term procurement of outsourced foundry production capacity

Since the Company's business has grown steadily, it is able to give outsourcing foundries a stable order quantity. At the same time, through product design and technical services, it can still help the fab to use the new generation process to expand the product line and contribute to fab capacity utilization. The establishment of this cooperation model promotes a more stable cooperative relationship between the two parties, which can ensure that the Company's wafers are secured when the OEM production capacity is tight.

C. Competitiveness of cost structure

The Company's operating team, in addition to a strong R&D team, also includes professionals in processing, packaging, and testing. It can assist various professional OEM partners in process improvement and yield improvement, thus establishing an effective reduction of the production cycle and lower product production cost.

D. Good interaction with agency dealers

The R&D capabilities and cost competitiveness cultivated by the Company can launch the products in time as required by the market, and actively integrate with the logic chips represented by the distributors to form a complete turn-key solution to provide to system manufacturers. This will further enhance the value of products/services and establish a long-term and stable mutually beneficial relationship with well-known domestic and international distributors, which will greatly help the sales and promotion of the Company's products.

(5) Advantages, disadvantages and countermeasures of the development prospect:

Favorable factors

A. With the global economic boom gradually recovering, the demand for technology products in emerging markets has become the main growth driver of the global technology industry. It is expected that the demand for technology products in emerging markets will continue to grow in 2023.
B. The rapid development of smartphones, personal computers and workstations in emerging markets, coupled with the rise of multimedia product applications and the rise of the Internet (Internet of Things, Internet of Vehicles, Cloud Data Center, 5G, Artificial Intelligence (AI)). In the long-term, the demand for the memory IC market has shown steady growth.
C. The market demand for products is extensive, including computer peripherals, communications and consumer products. In addition to personal computers/workstations, it is also widely used in multimedia and information appliances, such as digital cameras, high-end graphics cards, DVDs, TVs, mobile phones, printers, set-top-Box, MP3, game consoles, ADSL, routers, and routers, mining machines and smart voice assistants.
D. The domestic semiconductor industry has a good development environment, and the industry's vertical division of labor system is perfect. The main raw material suppliers are located in the Hsinchu Science Park. The industry has a high degree of industry concentration, and it has great advantages in timeliness control and cost control.
E. Strong R&D team, high-quality personnel and extensive experience. Able to lead the design of products with high integration, high speed and cost advantage.

Unfavorable factors and countermeasures

A. Market products change rapidly, and product life cycle is shortened. IC products that meet market and customer needs need to be launched in time.

Countermeasures

Maintain excellent design and R&D capabilities, shorten product development time and production cycle to meet market demand.

B. There are many competitors in memory products and the price fluctuation is fierce.

Countermeasures

a. Actively develop niche products that meet market needs, develop new processes to reduce product costs, and increase the added value of products to enhance the overall competitiveness of products by establishing a good product quality image.
b. Expansion of non-memory product lines such as analog, analog and digital mixed signal integrated circuits, and the development of product diversification to diversify product concentration risks.

C. When the wafer fab's production capacity is insufficient, the increase in wafer prices will affect the profit margin

Countermeasures

Maintain long-term and stable cooperative relations with wafer foundry manufacturers.

D. Professionals are in short supply and high turnover

Countermeasures
Focus on the building professional image and the deep penetration of R&D technical ability in order to retain the required talents, and to further attract more professionals to join. At the same time, provide a good working environment, and to encourage employee's centripetal force towards the Company through dividends, employee stock options and a suitable and effective reward system design,

(II) Major uses and production process of the primary products

1. Usage of the main products

Products	Major products	Usage/functions	Product application
Dynamic Random Access Memory (DRAM)	SDRAM, PSRAM, Mobile SDRAM/DDR, DDR1/DDR2/ DDR3/DDR4/ SDRAM Product line	Main memory components of various high-end personal computers and peripheral devices. The main function is data storage during system operation.	Consumer products: DVD-Player, Set-Top-Box, Digital Still Camera, Scanner, VGA Card, HDD and Printer Network products: Cable Modem, ADSL, 5G Products
		The memory element used in portable commodity equipment a low-power consumption feature.	Portable device such as mobile phone, PDA and HPC.
		The basic components of various high-end computer display memories. The main function is to store the data of each pixel on the fluorescent screen.	Graphics cards and multimedia video cards, flat panel TV (liquid crystal / plasma TV) and high-end Desktop/notebook PC, servers, workstations and computer peripherals, etc.
NOR flash memory		It is a non-volatile memory element that can be read and written at high speed that can be used to write fixed boot programs in computers or electronic devices, called "Code Flash", or it can be used for wireless cell phone control and data access.	Desktop/notebook PC, server, workstation, and storage and use of boot programs for various computer equipment products; or used to write fixed boot programs for consumer electronic devices (such as DVD DVR, etc.), or it can be used for wireless cell phone control and data access.
MCP products		Integrate memory ICs such as NAND Flash and LP DRAM for data access of handheld related product systems.	Used in mobile communication data card and other mobile communication related product systems.
Audio processing IC (including Class D audio amplifier, A/D & D/A converter, Codec IC, etc.)		It is a mixed-signal IC product, which is the basic component of audio processing/output of various computers or electronic equipment, used for analog/digital conversion and signal amplification processing of various audio. Of that, the Class D audio amplifier has the feature of low-power consumption and high-amplification efficiency because it is a digital amplifier.	It is suitable for audio processing of various electronic products, including audio transmission and amplification output of PC/notebook, TV, mobile phone, MP3, car/home audio.
Power management (Power IC)		It is an analog IC product, which is a key component of power management for various electronic equipment systems.	Suitable for various 3C equipment and optical component system power management applications.

Products	Major products	Usage/functions	Product application
Technical service		Technical services for memory, power management and audio IC product design and development.	

2. Production Process

The Company's integrated circuit manufacturing process is mainly divided into the following stages:

Development and design: After determining product specifications, developing design components and selecting design criteria; designing the chip architecture and layout planning of various circuit items on the chip, and then planning circuit design and layout; making this layout file into a photomask .

Wafer manufacturing: Repetitive processes such as photolithography, etching, oxidation, and diffusion are used to design and manufacture the circuit on the photomask layer by layer on a silicon wafer.

Packaging test: The wafer needs to be tested by Probe Card to select the chip with normal function and meet the design requirements, and then to be packaged and shipped.

(III) Supply of primary raw materials

The Company's main raw material is wafers, which are mainly supplied by well-known semiconductor companies at home and abroad. Good cooperative relationships are being maintained currently.

(IV) Names of customers who have accounted for more than 10% of total purchases (sales) in any of the most recent two financial years, their purchases and sales amounts and proportions, and reasons for changes:

1. Main sales customers

Unit: NT$1,000

	2021				2022			
Item	Name	Amount	Ratio to Net Revenue for the FY (%)	Relationship with the Issuer	Name	Amount	Ratio to Net Revenue for the FY (%)	Relationship with the Issuer
1	Company A	7,122,477	30	Nil	Company A	4,896,525	30	Nil
2	Company B	2,014,633	8	Nil	Company B	1,804,403	11	Nil
3	Others	14,707,788	62		Others	9,506,970	59	
	Net Revenue	23,844,898	100		Net Revenue	16,207,898	100	

Reasons for Change:

The Company's products are mainly sold through agents, and Company A and B is the Company's main agent. In 2022, business volume decreased due to sluggish demand in the global consumer market. The revenue of Company A and B has decrease compared with 2021.

2. Main Purchase Suppliers

Unit: NT$1,000

Item	2021				2022			
	Name	Amount	Ratio to Net Revenue for the FY (%)	Relationship with the Issuer	Name	Amount	Ratio to Net Revenue for the FY (%)	Relationship with the Issuer
1	Company A	7,268,035	53	Nil	Company A	8,238,511	53	Nil
2	Company B	1,625,021	12	Nil	Company B	1,747,999	11	Nil
3	Company C	1,406,415	10	Nil	Company C	756,257	5	Nil
4	Others	3,473,274	25		Others	4,784,276	31	
	Net Purchase	13,772,745	100		Net Purchase	15,527,043	100	

Reasons for Change:

The Company is a professional IC design company. The main cost structure in the production process is wafer raw materials and outsourced processing fees, while wafer selling prices and outsourced processing fees are closely linked to the semiconductor business cycle. Due to the winter effect of the rapid decline in demand in the end market, the memory industry was in a gloomy situation in 2022. The average unit price of wafers and outsourcing costs have generally decreased. However, the Company has signed a capacity reservation agreement with the suppliers to purchase wafers at the agreed period and quantity, so the value and proportion of major purchasers in 2022 have changed compared with 2021.

(V) Production Volume Table for the last two FY

Unit:1 ,000; NT$1,000

Item	2021		2022	
	Production	Production	Production	Production
Integrated Circuit (IC)	2,024,633	7,356,106	1,484,397	8,224,660

Note: The Company's products are outsourced to external professional companies for processing, so no capacity is disclosed.

(VI) Sales quantity and value for the last two FY

Unit:1 ,000; NT$1,000

FY / Item	2021				2022			
	Internal sales		External sales		Internal sales		External sales	
	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value
Integrated Circuit (IC)	1,201,729	11,523,346	1,012,446	12,321,552	520,467	7,244,896	642,002	8,963,002
Total	1,201,729	11,523,346	1,012,446	12,321,552	520,467	7,244,896	642,002	8,963,002

III. Employee information for the most recent two financial year up to the date of publication of the Annual Report

Year		2021	2022	Until March 31, 2023
No. of employees	Management Personnel	134	143	143
	R&D Technicians	393	417	427
	Operators	—	—	—
	Total	527	560	570
Average Age		41.46	42.04	42.10
Average Year of Service		9.67	9.83	9.88
Academic Distribution Ratio	PhD	1.7%	1.6%	1.6%
	Master	53.3%	55.3%	56.3%
	University	42.9%	41.1%	40.2%
	High school	2.1%	2.0%	1.9%
	Below high school	—	—	—

IV. Disbursements for Environmental Protection

(I) In the financial year 2022 up to March 31, 2023, there has been no penalty arising from environmental pollution or industrial safety incidents or any disciplinary authority.

(II) Countermeasures for environmental protection and industrial safety in the future:

The Company has always upheld the spirit of the ISO 14001 environmental management system and is committed to complying with international advanced environmental standards. It is committed to providing and maintaining a working environment that is compliant with laws and regulations and at the same time which is an industrial and practical working environment. The Company also continuously improves in its attempt to eliminate the risk of any predictable causes of environmental pollution. Through the preventive measures of process optimization, the Company will continue to improve in the reduction of the emission of hydropower substances and pollutants, and strive to implement the concept of designing for the environment, and become a sustainably developed green enterprise. In order to implement the effectiveness of environmental management, the Company plans to establish the ISO 14001 environmental management system in 2007, and the verification and certificate were obtained in January 2008.

(III) Environmental protection policy and improvement plan

(1) Future quantitative management of energy saving and carbon reduction

After the Company introduced the ISO-14001 environmental management system and continued to implement a number of energy-saving and carbon reduction measures, it has achieved significant performance so far; based on the management principle of continuous improvement, the Company set relevant quantitative management goals for improvement, with a view to making further contributions to protecting the global environment, as explained below:

A. Quantitative management objectives for greenhouse gas reduction, water resources management and waste management:

1. Greenhouse gas reduction

   The Company's quantitative management goals for greenhouse gas reduction are as follows: The per capita greenhouse gas emission decreases by 4% in 2025 compared with 2019.

2. Water resources management

   In response to climate change, stable water supply has become a global issue. To fulfill its social responsibilities and respond to global water shortage issues, the company has set quantitative goals for water resources management as follows: By 2025, the overall per capita water consumption will be reduced by 2% compared with 2019, with a view to taking concrete actions to face the challenges of climate change with global corporates.

3. Waste reduction

   The Company's goal of quantitative management of waste reduction: The personal output of waste in 2025 will be 2% lower than that in 2019.

B. Measures to achieve goals:

1. Greenhouse Gas Reduction
   - Evaluation of public area lighting system to be replaced by LED lights
   - The air-conditioning temperature of the office area is set at 26 ~ 28°C.
   - Turn off non-essential lighting during meals and breaks.
   - Promote a paperless policy and import electronic forms to reduce paper consumption.
   - Use environmentally friendly tableware for dining and encourage employees to bring their own tableware to reduce the use of disposable tableware.
   - Use green products and select equipment and appliances with energy-saving labels.
   - Encourage employees to use stairs instead of elevators.
   - Promote the inventory and update of major energy-consuming equipment.
2. Water Resource Management
   - Display water-saving slogans to develop the habit of saving water.
   - Monitor water consumption and address any abnormalities immediately to avoid wasting water resources.
   - Reduce the amount of environmental cleaning agents and reduce the amount of cleaning water.
3. Waste Management
   - Implement a resource recycling classification mechanism.
   - Promote employee waste reduction.
   - Comply with the relevant provisions of environmental regulations and implement environmental policies.

(2) Climate change assessment and countermeasures

The United Nations Intergovernmental Panel on Climate Change (IPCC) pointed out that global warming will exceed 1.5°C in 2040 at the earliest. Climate change has become an issue that should be ignored.

ESMT is of the view that climate change is becoming more and more serious, and there is a high degree of correlation between product production and the supply chain of related industries. In order to continue to strengthen the Company's ability to respond to and combat climate change, the Company will disclose detailed environmental and climate-related measures in an appropriate manner, and disclose the risks and opportunities brought by the climate to the Company's operations with reference to the Task Force on Climate-related Financial Disclosures (TCFD). From the four major aspects of governance, strategy, risk management, and indicators and objectives, the Company will strengthen its governance of climate change in response to the expectations of external stakeholders about the Company's management of climate change.

	Risk Item	Description	Response measures
Climate related risks	Energy price increase	In response to the greenhouse gas reduction requirements, the pressure to increase energy prices and the efficiency of related equipment used has led to an increase in energy costs.	Promote workplace energy saving and carbon reduction measures
			Set annual power saving goals
	Stricter fuel/energy/environmental regulations	Increase in operating and manufacturing costs, related fines, litigation cases, and policy changes led to asset impairment	Continue to monitor and identify the impact of changes in regulations
			Communicate with industry association and participate in government regulations courses
			Strengthen awareness on laws and regulations and training
	Increase in frequency of extreme climate events	Extreme weather events will cause loss of property and equipment, and may even cause business interruption	Improve the recovery time of the operation-related support system and shorten the recovery time to normal business operation
			Implement a mechanism for handling major abnormal events
			Continuously supervise suppliers to carry out plans and drills for extreme climate events
			Assess and build backup equipment
Climate-related opportunities	Market transformation/ technology development	Develop low-carbon products, encourage suppliers to use low-carbon technology processes, and increase access to relevant markets	Evaluation and development of low-carbon products and markets
			Encourage existing suppliers to use low-carbon technology processes, and prioritize suppliers using low-carbon technology processes

(IV) Information on the implementation of RoHS (Limiting Hazardous Substances in Electronic Motor Equipment) in the EU is as follows:

(1) The Company's management measures

1.Process changes are subject to EU RoHS and customer green production specifications.

2.Notify suppliers of environmentally friendly green production practices and request relevant supporting documentation.

3. Audit suppliers from time to time and coach them to establish a green supply chain.

(2)The Company's products comply with the RoHS specifications related to the restrictions on the use of hazardous substances, so does not affect the company's products market sales.

(V) Annual greenhouse gas emissions, water consumption and the total weight of waste in the past two years

In response to global climate change, the Company reduced and managed greenhouse gas emissions, implemented environmental justice, and fulfilled the responsibility to jointly protect the global environment. In addition, the Company actively responds to the Carbon Disclosure Project (CDP), and voluntarily disclosed its investigation in greenhouse gas emissions according to the World Business Sustainable Development Association (WBCSD) and the GHGProtocol issued by the Resource Research Institute (WRI). The results of the investigation are shown in the table below.

1.Annual greenhouse gas emissions Unit (CO_2 equivalent)

Year	Greenhouse gas emissions (year)	Greenhouse gas emissions per capita	%
2021	3,370.24	7.49	0.99
2022	3,636.05	6.87	7.89

2.Water Consumption Unit (M^3)

Year	Water Consumption	Water consumption per capita (degrees)	%
2021	17,820	39.60	-7.04
2022	20,499	39.81	15.03

3.Total waste Unit (Ton)

Year	Total Waste	Individual output	%
2021	17.13	38.06	-4.84
2022	20.04	38.69	17.01

V. Labor Relations

(I) The systems and implementation status of the Company's employee welfare policies, continuing education, training, and retirement, as well as the agreements between the employees and employer, and employees’ rights and interests:

(1) Employee welfare policy

The Company provides a friendly and supportive working environment, allowing employees to achieve balance and harmony between work, family and life.

Measures and benefits related to work-life balance:

1.Work:

a. Flexible working hours and two days off a week that allow employees to arrange working hours flexibly to take care of their family or health.

b. Provide employees with flexible annual leave and hours better than those stipulated by the Labor Standards Act.

c. Provide employees with festival and birthday giftcard and festival bonuses.

d. Organize the year-end party and give senior colleagues awards and bonuses to encourage them.
e. In addition to labor (retirement) insurance and national health insurance, we also provide group insurance and insurance coverage for travel safety, accidents, and medical emergencies during business trips for our employees.
f. Provide meal subsidies for employees who have meals during work hours.

2.Family:

a. Friendly maternity protection measures including setting up breastfeeding rooms in our health center and providing breastfeeding breaks that exceed the legally required hours.
b. Arrange one-on-one consultation with on-site physicians for employees after pregnancy and childbirth.
c. We provide various subsidies for employees, such as for marriage, funeral, illness, and childbirth subsidies.
d. We provide childcare subsidies for employees with children aged 0 to 6 years old.
e. Assist in the evaluation of special nursery centers, kindergartens and provide health education information related to childcare.
f. Handle parent-child communication and other related courses and lectures.
g. Organize activities such as parent-child travel for employees and their families to provide opportunities for communication and interaction between parents and children.
h. Provide group insurance for employees and their families, and provide professional on-site services and consultation.

3. Health:

a. Staff assistance programs and health promotion activities provide employees with physical and mental health and safety
b. Provide regular labor health checks that are better than that required by regulations.
c. We provide preventive medical checkups for middle-aged and senior employees.
d. Established a health center to provide staff health management, health check-up education and consultation, and care for specific individuals and arrange health consultations with on-site physicians.
e. We have an on-site doctor who provides health consultation and workplace suitability advice.
f. Established fitness centers, basketball courts, badminton courts, music classrooms and other sports fitness and leisure spaces to encourage employees to maintain a healthy body.
g. The Employee Welfare Committee regularly handles various national and international travel, birthday celebrations and afternoon tea activities to adjust the physical and mental health of employees, strengthen employee communication and mutual interaction and connection.
h. Organize self-growth and stress relief related courses and lectures.
i. We have an employee cafeteria that offers a variety of options including buffet, noodles, or light meals and other diverse options, as well as calorie information.

(2) Continuous education, training and the implementation thereof

Depending on the needs of each employee's job capacity, future personal development, and the requirement of the Company's operational expansion, the Company formulates individual refresher training programs, and each department regularly formulates and implements its annual training plans every year. If requirements arise in the financial year, each department may, from time to time, submit an "Education and Training Requirement

Questionnaire" to add the required training items , which should effectively achieve the purpose of enhancing objectives of the employees' work functions.

(3) Retirement System

In December 1998, the Company set up a special account for labor pension preparation in the Central Trust Bureau, which was allocated at 2% of the total monthly salary. The standard and method of payment of the pension application shall be handled in accordance with the provisions of the Labour Standards Act. Since the beginning of the implementation, no employees have applied for retirement. Since 1999 and in accordance with the Pension Bulletin No. 18, a qualified actuary is hired to conduct actuarial pension assessment. In addition, the Company has solicited the wishes of employees, and since July 1, 2005, according to the regulations of the new labor pension regulations, a retirement fund has been allocated to each employee 's pension account. Regarding the handling of employee retirement-related matters, it is understood to be handled in accordance with relevant regulations.

(4) Agreements between the employer and employees

The Company has set up labor management meetings in accordance with relevant laws and regulations to negotiate labor management issues through regular discussions. At the same time, through the operation of the employee welfare committee, the Company and the welfare committee cooperated to promote the improvement of employee welfare. In addition, the Company values humane management and recognizes the coexistence and co-prosperity of labor capital as a whole. Therefore, the two-way coordination and communication are adopted in the communication of labor and management issues, so that both parties can understand each other better to achieve the same goals.

(5) Measures to protect employees' rights and interests:

The Company handles all employee rights and welfare measures in accordance with the relevant laws and regulations to fulfill its maintenance responsibilities, and should be able to reasonably and fully protect employees' rights and interests.

(6) Work environment and protection for the physical safety of workers:

The Company spares no effort in workplace safety and health, and will continue to work on the safety and health prevention in the future, to prevent the injury of the workplace and the personal safety of employees through continuous improvement. The Company's occupational safety and health implementation results are as follows:

Occupational safety and health implementation results

1. Labor Operating Environment Monitoring

To understand the actual condition of the working environment in the labor workplace and assess the worker's exposure to the working environment, for which the Company conducts planning, sampling, measurement and analysis accordingly. To protect workers from harmful substances in the workplace and provide workers with a healthy and comfortable working environment, regular environmental monitoring is carried out every year to gradually understand the actual degree of hazards the workers are exposed to, thereby improving the on-site environment and preventing occupational disasters.

Table - Work Safety Performance

Workplace safety inspection	
Workspace safety inspection	Daily inspection
Management by walking around	First level supervisor once a

	quarter
Work safety inspection in construction site	Conducted from time to time as needed

2. Labor Safety and Health Committee

To prevent occupational disasters and ensure the safety and health of employees, ESMT has an internal occupational safety and health committee. It holds regular meetings every quarter to discuss labor safety and health related matters and promote various labor safety and health related businesses.

3. Personnel Safety and Health Training

Through education and training, ESMT enables employees to understand environmental, safety and health regulations, policies and the Company's environmental, safety and health commitments, enhances the Company's awareness on environmental impact, safety and health risks, and emergency contingency plans to fulfill environmental, safety and health goals and comply with environmental, safety and health.

The Administration Department is responsible for surveying the training needs of various safety, health and environmental protection related courses and organizing training plans. Each department participates in training as needed, and arranges relevant personnel to organize relevant safety and health education and training. In addition, contractors are also required to provide and participate in relevant training in accordance with the "Contractor Management Measures" to ensure the safety and health of the personnel in the Company.

Table - Work Safety Education Training and Promotion

Year	Training participants	Average training man hour
2021	163	363.5
2022	246	554.0

Table - Professional Work Safety Management Personnel

Work safety personnel with professional license	
Type A Occupational Safety and Health Manager	1
Occupational Safety Manager	1
Occupational Safety and Health Manager	1
Operators of Forklift Over 1 Ton	9
Oxygen-Deficient Operations Supervisor	1
High-pressure Gas-specific Equipment Operators	1
High-Pressure Gas Container Operator	1
Radiation Safety Certificate for Operator	5
First Aid Personnel	9
Healthcare Personnel for Labor Health Services	1
Ionizing radiation	3
Other	3

4. Statistics of Disability due to Occupational Disasters

ESMT is committed to providing colleagues with a safe working environment. For accidents, the parties or surrounding personnel will notify the supervisor and the administrative department as soon as possible, and the work safety and nursing staff will provide assistance.

According to the Occupational Accident and Disability Certification of the Occupational Safety and Health Administration of the Ministry of Labor, traffic accidents beyond the Company are excluded. For occasion traffic contingency, ESMT held quarterly to explain the occurrence of the incident and the new personnel occupational safety and health course to conduct case publicity to prevent similar accidents from happening again through the occupational safety and health committee.

Table - Company's Work Safety Performance in the Past Two Years - Statistics of Employee Disability Injury

Year	Fatal accident	Disability accident
2021	Male: 0 Female: 0	Male: 0 Female: 0
2022	Male: 0 Female: 0	Male: 0 Female: 0

5. Measures for the Prevention and Management of Diseases Caused by Abnormal Workload

ESMT is a professional IC design company with a simple office environment. According to the provisions of Article 6 of the Occupational Safety and Health Act, to ensure the work safety of employees and their physical and mental health, employers should avoid overwork diseases caused by shifts, night work, long hours or other workload factors. "Only a safe and healthy workforce can ensure the competitiveness of the Company"; Labor is an important asset of a company. Based on the principle that prevention is better than cure, the provisions of the Occupational Safety and Health Act are implemented, and relevant measures to promote the physical and mental health of the workers are adopted to create a more friendly and healthy workplace environment for workers, and ensure their rights and interests. ESMT has established the “Measures for the Prevention and Management of Diseases Promoted by Abnormal Workloads” and adopted disease prevention measures and related management to ensure the physical and mental health of employees and prevent employees from causing diseases due to abnormal workloads. Nursing staff regularly evaluates and interviews with specialist doctors in the occupational medicine department, and makes follow-up recommendations and measures based on the interview records of physicians.

(II) Specify losses arising from labor disputes in the most recent year up to the publication date of this Annual Report, and disclose potential losses in the current and future periods as well as and countermeasures:

To uphold the belief of perfect care for the employees, the Company has a vacation and retirement system, and also a variety of welfare measures. Therefore, employees have a high degree of centripetal force to the Company. A harmonious relationship between labor and management is maintained, and thus, there was no loss arising from by labor disputes.

VI.Cyber security management

(1)Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Information Security Management Framework

The Information Technology Department is responsible for information security and formulating and implementing information security policies. Every three months, the information security implementation plan and implementation status are reported to the management to ensure the continuous and effective operation of the internal security management mechanism.

The Internal Audit Department is the audit unit of the Information Technology Department. If the audit discovers any discrepancies, the department shall require the audit unit to propose relevant improvement plans and regularly track the improvement results to reduce internal security risks.

The organization's operation mode adopts PDCA (Plan-Do-Check-Act) circular management to build a complete security management system to effectively prevent the occurrence of information security incidents, ensure the achievement of information security goals, and continue to optimize and improve.

2. Information Security Policy

This policy is to protect the security of all information assets of Elite Semiconductor Microelectronics Technology Inc., and to prevent internal or external, intentional or accidental threats and destruction that may result in business failure or information tampering, fetching or damage, so as to fulfill our goal of sustainability operation.

i. Definition of Information Security

Protect the Company's information and information systems from unauthorized entry, use, disclosure, destruction, modification, inspection, recording and destruction, and maintain the availability of existing information systems.

ii. Information Security Objective

a. Ensure the confidentiality of business-related information and protect company confidentiality.

b. Ensure the integrity and availability of business-related information.

c. Improve Information Security Protection Capabilities.

iii. Scope of Information Security

This policy applies to various information systems within the Company, internal colleagues, and vendors and third-party personnel who have access to business information or provide services.

3. Information Security Management Solution

The Company has invested in hardware equipment electronic insurance for business assets, such as information systems, network equipment and other information equipment, and avoids equipment being stolen or malicious damage through security monitoring operations. In view of the fact that information security is an emerging type of insurance, considering the comprehensive effect of topics such as insurance coverage, claims coverage, claims identification, and qualifications of identification institutions, the Company will not purchase information security insurance for the time being after evaluation. However, in response to the challenges faced by information security, such as APT advanced persistent attacks, DDos attacks, ransomware, social engineering, and stolen funds and other security issues, the following strategies have been adopted: Keep track of the changes in the information environment in accordance with the Company 's information security policy, and develop information security protection mechanisms and solutions with reference to technical information. Join ISAC to obtain the latest attack information and take appropriate defensive countermeasures. Conduct regular safety inspections, information security and health consultations, social security and information security drills, strengthen the Company 's colleagues' awareness on security crisis and their responsiveness, in order to prevent in advance and effectively identify and prevent proliferation immediately.

The Company has employed corresponding employees responsible for information security according to the Regulations Governing Establishment of Internal Control Systems by Public Companies stipulated by the Financial Supervisory Commission, including dedicated information security managers and personnel. The information security management project above has been integrated to maximize its synergy and to continue increasing investment in information security. ◦

4. Information Security Management Measures, including:

Information Security Management		
Type	Description	Relevant Operation
Access control	Management measures for personnel account, authority management and system operation behavior	● Personnel account permission management and review ● Periodic check of personnel account permissions
Access control	Control measures for personnel to access internal and external systems and data transmission channels	● Internal/external access control measures ● Confidential information leakage control ● Operation behavior track record
External threat	Potential internal weaknesses, poisoning pipelines and protective measures	● Host/computer weakness protection and update measures ● Virus protection and malware detection ● Network threat monitoring
System availability	System availability and measures to deal with service interruption	● System/network availability monitoring and notification mechanism ● Contingency measures for service interruption ● Information backup measures, local/offsite backup mechanism ● Regular disaster recovery drills

(2) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts

therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided :None.

VII. Important Contracts

Nature of Contract	Counterparty	Term	Salient terms	Restrictions
Lease Contract	Science Park Bureau	January 1, 2021 to December 31, 2040	Land Lease	Nil
Lease Contract	Science Park Bureau	January 1, 2021 to December 31, 2040	Land Lease	Nil
Lease Contract	Science Park Bureau	August 1, 2019 to December 31, 2033	Land Lease	Nil
Long-term Guaranteed Loans	Chang Hwa Commercial Bank Ltd	October 7, 2022 to October 7, 2037	Long-term Loans	Collateral: Land and Plant

Financial Overview

I. Balance Sheet and Profit and Loss Statement Summary for the 5 most recent financial years

(1) Balance Sheet Summary - Adopted International Financial Reporting Standards

1. Consolidated Balance Sheet Summary - Adopted of International Financial Reporting Standards (IFRS)

Unit: NT$ 1,000

Item \ Financial Year		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Current assets		9,206,455	9,497,077	11,832,047	17,811,977	15,021,131
Property, plant, and equipment		799,062	696,328	776,598	1,302,287	2,052,992
Intangible assets		133,975	81,593	111,688	83,825	51,410
Other assets		149,820	205,322	280,015	1,039,290	2,600,196
Total assets		10,289,312	10,480,320	13,000,348	20,237,379	19,725,729
Current liabilities	Before distribution	3,011,680	3,025,945	4,756,158	7,467,705	7,492,375
	After distribution	3,440,318	3,311,704	5,328,472	9,756,961	Undistributed
Non-current liabilities		33,194	113,596	114,907	110,114	795,478
Total liabilities	Before distribution	3,044,874	3,139,541	4,871,065	7,577,819	8,287,853
	After distribution	3,473,512	3,425,300	5,443,379	9,867,075	Undistributed
Equity attributable to parent company		7,355,348	7,461,460	8,264,043	12,721,415	11,514,330
Share capital		2,857,589	2,857,589	2,857,589	2,861,570	2,861,570
Capital reserves	Before distribution	59,072	104,305	109,677	181,329	255,317
	After distribution	59,072	104,305	109,677	181,329	Undistributed
Retained profits	Before distribution	4,576,008	4,645,411	5,436,890	9,839,838	8,591,453
	After distribution	4,147,370	4,359,652	4,864,576	7,550,582	Undistributed
Minority interest		–	(8,524)	5,536	(23,906)	(46,310)
Treasury shares		(137,321)	(137,321)	(145,649)	(137,416)	(147,700)
Non-controlling interest		(110,910)	(120,681)	(134,760)	(61,855)	(76,454)
Total equity	Before distribution	7,244,438	7,340,779	8,129,283	12,659,560	11,437,876
	After distribution	6,815,800	7,055,020	7,556,969	10,370,304	Undistributed

Note 1: The financial information of the Company has been reviewed or audited by the CPAs.
Note 2: No asset revaluation has been processed in the above years.

2. Balance Sheet Summary of the Company - Adopted of International Financial Reporting Standards (IFRS)

Unit: NT$ 1,000

Item \ Financial Year		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Current assets		8,013,401	8,346,065	10,623,102	16,484,075	13,779,567
Property, plant, and equipment		792,823	695,067	776,013	1,237,536	1,991,347
Intangible assets		132,628	81,177	111,688	83,825	51,410
Other assets		1,396,296	1,356,424	1,494,414	2,350,407	3,871,519
Total assets		10,335,148	10,478,733	13,005,217	20,155,843	19,693,843
Current liabilities	Before distribution	2,946,250	2,912,373	4,630,790	7,324,117	7,384,000
	After distribution	3,374,888	3,198,132	5,203,104	9,613,373	Undistributed
Non-current liabilities		33,550	104,900	110,384	110,311	795,513
Total liabilities	Before distribution	2,979,800	3,017,273	4,741,174	7,434,428	8,179,513
	After distribution	3,408,438	3,303,032	5,313,488	9,723,684	Undistributed
Equity attributable to parent company		7,355,348	7,461,460	8,264,043	12,721,415	11,514,330
Share capital		2,857,589	2,857,589	2,857,589	2,861,570	2,861,570
Capital reserves	Before distribution	59,072	104,305	109,677	181,329	255,317
	After distribution	59,072	104,305	109,677	181,329	Undistributed
Retained profits	Before distribution	4,576,008	4,645,411	5,436,890	9,839,838	8,591,453
	After distribution	4,147,370	4,359,652	4,864,576	7,550,582	Undistributed
Other equity interest		–	(8,524)	5,536	(23,906)	(46,310)
Treasury stock		(137,321)	(137,321)	(145,649)	(137,416)	(147,700)
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	7,355,348	7,461,460	8,264,043	12,721,415	11,514,330
	After distribution	6,926,710	7,175,701	7,691,729	10,432,159	Undistributed

Note 1: The financial information of the Company has been reviewed or audited by the CPAs.

Note 2: No asset revaluation has been processed in the above years.

3. Consolidated Comprehensive Profit and Loss Summary - Adopted International Financial Reporting Standards (IFRS)

Unit: NT$1,000

Item \ Year	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenue	11,555,124	11,983,479	15,267,139	23,844,898	16,207,898
Gross profit	2,128,927	1,802,208	2,649,042	8,716,119	2,978,958
Operating profit (loss)	806,415	574,943	1,154,785	5,875,007	792,710
Non-operating income and expenses	41,845	1,237	98,915	105,887	512,506
Net profit before tax	848,260	576,180	1,253,700	5,980,894	1,305,216
Net profit from continuing operations	716,194	505,611	1,084,441	5,040,020	1,103,715
Loss from discontinued operations	-	-	-	-	-
Profit (loss) for the year	716,194	505,611	1,084,441	5,040,020	1,103,715
Other comprehensive income (net, after tax)	337	(7,888)	14,872	(30,391)	(23,726)
Total comprehensive income	716,531	497,723	1,099,313	5,009,629	1,079,989
Net profit attributable to the parent company	706,508	497,405	1,076,426	4,976,211	1,042,193
Net profit attributable to non-controlling interest	9,686	8,206	8,015	63,809	61,522
Total comprehensive profit attributable to parent company	706,845	489,517	1,091,298	4,945,820	1,018,467
Total comprehensive profit attributable to non-controlling interest	9,686	8,206	8,015	63,809	61,522
Earnings per share (NT$)	2.52	1.78	3.85	17.76	3.71

Note 1: The financial information of the Company has been reviewed or audited by the CPAs.

4. Company's Comprehensive Profit and Loss Summary - Adopted International Financial Reporting Standards (IFRS)

Unit: NT$1,000

Item / Year	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenue	11,491,609	11,964,770	15,252,723	23,844,898	16,207,898
Gross profit	2,053,252	1,745,049	2,577,636	8,679,125	2,917,561
Operating profit (loss)	855,921	578,899	1,101,133	5,857,145	725,546
Non-operating income and expenses	(20,130)	(15,466)	141,956	52,038	514,246
Net profit before tax	835,791	563,433	1,243,089	5,909,183	1,239,792
Net profit from continuing operations	706,508	497,405	1,076,426	4,976,211	1,042,193
Loss from discontinued operations	-	-	-	-	-
Profit (loss) for the year	706,508	497,405	1,076,426	4,976,211	1,042,193
Other comprehensive profit (net, after tax)	337	(7,888)	14,872	(30,391)	(23,726)
Total comprehensive profit	706,845	489,517	1,091,298	4,945,820	1,018,467
Earnings per share (NT$)	2.52	1.78	3.85	17.76	3.71

Note 1: The financial information of the Company has been reviewed or audited by the CPAs.

(2) Names of CPAs in the five most recent financial years and audit opinions

Year	Name of the CPA accounting firm	Name of CPAs	Audit opinion	Remarks
FY 2018	PricewaterhouseCoopers Taiwan	Ya-Huei Cheng & Danie Lee	Unqualified opinion	
FY 2019	PricewaterhouseCoopers Taiwan	Ya-Huei Cheng & Danie Lee	Unqualified opinion	
FY 2020	PricewaterhouseCoopers Taiwan	Ya-Huei Cheng & Danie Lee	Unqualified opinion	
FY 2021	PricewaterhouseCoopers Taiwan	Ya-Huei Cheng & Danie Lee	Unqualified opinion	
FY 2022	PricewaterhouseCoopers Taiwan	Shu-Chian Bai & Ya-Huei Cheng	Unqualified opinion	Note

Note:The Company appointed PricewaterhouseCoopers Taiwan to attest the financial statement. Due to the rotation of internal work functions of the CPA accounting firm, the CPA was changed.

II. Financial analysis for the five most recent financial years

(1) Financial analysis - Adopted International Financial Reporting Standards (IFRS)

1. Consolidated Financial Analysis - Adopted International Financial Reporting Standards (IFRS)

Item		Year	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Financial structure	Debts to total assets ratio (%)		29.59	29.96	37.47	37.44	42.02
	Long-term capital to PPE ratio (%)		910.77	1,070.53	1,061.58	980.56	595.88
Debt service ability	Current ratio (%)		305.69	313.85	248.77	238.52	200.90
	Quick ratio (%)		111.39	148.39	122.58	165.61	83.25
	Interest coverage ratio (times)		17,457.48	6,617.87	10,976.20	29,372.19	3,992.68
Operating ability	Accounts receivable turnover rate (times)		10.32	10.06	10.49	13.14	10.98
	Average collection days (days)		35	37	35	28	34
	Inventory turnover rate (times)		1.93	1.82	2.25	2.64	1.81
	Payables turnover rate (times)		5.14	4.94	5.46	5.62	4.98
	Average inventory turnover days (days)		189	201	163	139	202
	Turnover rate for PPE (times)		13.67	16.03	20.73	22.94	9.66
	Total asset turnover rate (times)		1.16	1.15	1.30	1.43	0.81
Profit ability	Return on assets (%)		7.24	4.94	9.32	30.43	5.67
	Return on equity (%)		9.94	6.93	14.02	48.49	9.16
	Ratio to paid-in Capital (%)	Operating profit margin (%)	28.22	20.12	40.41	205.31	27.70
		Net profit before tax margin (%)	29.68	20.16	43.87	209.01	45.61
	Net profit margin (%)		6.20	4.22	7.10	21.14	6.81
	Earnings per share (NT$)		2.52	1.78	3.85	17.76	3.71
Cash flow	Cash flow ratio (%)		-	61.12	9.53	111.01	-
	Cash flow adequacy ratio (%)		17.02	28.20	57.56	144.61	47.70
	Cash reinvestment ratio (%)		-	15.60	1.72	51.08	-
Leverage	Operating leverage		2.58	3.30	2.20	1.29	3.43
	Financial leverage		1.01	1.02	1.01	1.00	1.04

Analysis of financial ratio differences for the last two years:
1. The decrease in the ratio of long-term capital to property, plant, and equipment was mainly due to the purchase of offices in the Chang Yih Science and Industrial Park in Zhubei City during the year.
2. The decrease in quick ratio was mainly due to a significant decrease in sales revenue and profit caused by sluggish demand in the global consumer market in the second half of 2022. The ongoing increase in inventory level resulted in a significant decrease in cash equivalents.
3. The interest coverage multiple decreased, mainly due to a significant decrease in income tax expenses as a result of a decrease in profit during the year.

4. Accounts receivable turnover ratio decreased and the average collection days increased, mainly due to a significant decrease in sales revenue, and the decrease in accounts receivable was not as significant as the decrease in revenue.
5. The inventory turnover decreased and the average sales days increased, mainly due to sluggish demand in the global consumer market in the second half of 2022, which led to a significant decrease in the sales revenue and cost of goods sold. This, in turn, resulted in a significant increase in the inventory level at the end of the period.
6. PPE turnover ratio fell mainly due to sluggish demand in the global consumer market in the second half of 2022, which led to a significant decrease in sales revenue and the purchase of offices in the Chang Yih Science and Industrial Park in Zhubei City.
7. Total asset turnover ratio fell mainly due to sluggish demand in the global consumer market in the second half of 2022, which led to a significant decrease in sales revenue.
8. Return on assets, return on equity, operating profit/net profit before tax to paid-in capital, net profit margin, and earnings per share decreased mainly due to the Russian invasion of Ukraine and the ongoing spread of COVID-19 variants worldwide, which led to sluggish demand in the global consumer market in the second half of 2022. This, in turn, resulted in a significant decrease in the Company's revenue and profit compared with the previous year.
9. The cash flow and cash reinvestment ratios fell, mainly due to sluggish demand in the global consumer market in the second half of 2022, which led to a significant decrease in revenue and profit and an increase in inventory levels. This, in turn, resulted in a significant decrease in the operating cash flow this year compared with the previous year.
10. The cash flow adequacy ratio fell, mainly due to average operating cash flow decreasing significantly from the previous year, the Company purchasing offices in the Chang Yih Science and Industrial Park in Zhubei City during the year, and the increase of inventory levels and distribution of cash dividends.
11. The degree of operating leverage rose, mainly due to the Russian invasion of Ukraine and the ongoin g spread of COVID-19 variants worldwide, which led to sluggish demand in the global consumer ma rket in the second half of 2022. This, in turn, resulted in a significant decrease in the Company's ope rating profit compared to the previous year.

2. Financial Analysis of the Company - Adopted International Financial Reporting Standards (IFRS)

Item	Year	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Financial structure	Debts to total assets (%)	28.83	28.79	36.46	36.88	41.53
	Long-term capital to PPE ratio (%)	931.97	1,088.58	1,079.16	1,036.88	618.17
Debt service ability	Current ratio (%)	271.99	286.57	229.40	225.07	186.61
	Quick ratio (%)	73.71	114.99	99.87	151.01	67.59
	Interest coverage ratio (times)	17,223.36	6,565.09	11,093.00	29,150.60	3,802.20
Operating ability	Accounts receivable turnover rate (times)	10.80	10.69	11.36	13.93	11.58
	Average collection days (days)	34	35	33	27	32
	Inventory turnover rate (times)	1.93	1.83	2.26	2.65	1.82
	Payables turnover rate (times)	5.30	5.12	5.74	5.97	5.23
	Average inventory turnover days (days)	189	200	162	138	201
	Turnover rate for PPE (times)	13.71	16.08	20.74	23.68	10.04

Item \ Year			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	Total asset turnover rate (times)		1.15	1.15	1.30	1.44	0.81
Profit ability	Return on assets (%)		7.12	4.85	9.25	30.12	5.37
	Return on equity (%)		9.66	6.71	13.69	49.74	8.60
	Ratio to paid-in Capital (%)	Operating profit margin (%)	29.95	20.26	38.53	204.68	25.35
		Net profit before tax margin (%)	29.25	19.72	43.50	206.50	43.33
	Net profit margin (%)		6.15	4.16	7.06	20.87	6.43
	Earnings per share (NT$)		2.52	1.78	3.85	17.76	3.71
Cash flow	Cash flow ratio (%)		-	66.94	9.63	110.95	-
	Cash flow adequacy ratio (%)		19.60	34.46	60.02	143.95	47.51
	Cash reinvestment ratio (%)		-	16.49	1.55	49.74	-
Leverage	Operating leverage		2.52	3.26	2.26	1.29	3.66
	Financial leverage		1.01	1.02	1.01	1.00	1.05

Analysis of financial ratio differences for the last two financial years:

1. The decrease in the ratio of long-term capital to property, plant, and equipment was mainly due to the purchase of offices in the Chang Yih Science and Industrial Park in Zhubei City during the year.
2. The decrease in quick ratio was mainly due to a significant decrease in sales revenue and profit caused by sluggish demand in the global consumer market in the second half of 2022. The ongoing increase in inventory level resulted in a significant decrease in cash equivalents.
3. The interest coverage multiple decreased, mainly due to a significant decrease in income tax expenses as a result of a decrease in profit during the year.
4. Accounts receivable turnover ratio decreased and the average collection days increased, mainly due to a significant decrease in sales revenue, and the decrease in accounts receivable was not as significant as the decrease in revenue.
5. The inventory turnover decreased and the average sales days increased, mainly due to sluggish demand in the global consumer market in the second half of 2022, which led to a significant decrease in the sales revenue and cost of goods sold. This, in turn, resulted in a significant increase in the inventory level at the end of the period.
6. PPE turnover ratio fell mainly due to sluggish demand in the global consumer market in the second half of 2022, which led to a significant decrease in sales revenue and the purchase of offices in the Chang Yih Science and Industrial Park in Zhubei City.
7. Total asset turnover ratio fell mainly due to sluggish demand in the global consumer market in the second half of 2022, which led to a significant decrease in sales revenue.
8. Return on assets, return on equity, operating profit/net profit before tax to paid-in capital, net profit margin, and earnings per share decreased mainly due to the Russian invasion of Ukraine and the ongoing spread of COVID-19 variants worldwide, which led to sluggish demand in the global consumer market in the second half of 2022. This, in turn, resulted in a significant decrease in the Company's revenue and profit compared with the previous year.
9. The cash flow and cash reinvestment ratios fell, mainly due to sluggish demand in the global consumer market in the second half of 2022, which led to a significant decrease in revenue and profit and an increase in inventory levels. This, in turn, resulted in a significant decrease in the operating cash flow this year compared with the previous year.
10. The cash flow adequacy ratio fell, mainly due to average operating cash flow decreasing significantly from the previous year, the Company purchasing offices in the Chang Yih Science and Industrial

Park in Zhubei City during the year, and the increase of inventory levels and distribution of cash dividends.

11. The degree of operating leverage rose, mainly due to the Russian invasion of Ukraine and the ongoing spread of COVID-19 variants worldwide, which led to sluggish demand in the global consumer market in the second half of 2022. This, in turn, resulted in a significant decrease in the Company's operating profit compared to the previous year.

The formulas for calculating the financial ratios are as follows:

1. Financial structure
   (1) Liability to asset ratio = total liabilities / total assets.
   (2) Long-term capital PPE = (total equities + non-current liabilities) / net value of PP&E.
2. Debt service ability
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets - inventory - prepaid expenditures) / current liabilities.
   (3) Interest coverage ratio = profit before interest and tax / interest expenditures for this year.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable resulting from operation) turnover = net revenue / balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
   (2) Average collection days = 365 / receivables turnover rate.
   (3) Inventory turnover = cost of goods sold / average inventory value.
   (4) Payable turnover rate (including bills payable resulting from accounts payable and business operations) = cost of goods sold / average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
   (5) Average sales days = 365 / inventory turnover ratio.
   (6) PPE turnover ratio = net sale / average PPE value.
   (7) Total asset turnover ratio = Net revenue / average total PPE value.
4. Profitability
   (1) Return on assets ＝ [net profit after taxes + interest expense (1 – tax rate)] / average total assets.
   (2) Equity remuneration rate = net profit (loss) after tax / average total equity value.
   (3) Net profit margin = net profit (loss) after tax / net revenue.
   (4) Earnings per share (EPS) = (Profit (loss) attributable to the parent company - dividend for preferred shares) / weighted average of issued shares
5. Cash flow
   (1) Cash flow ratio = net cash from business activities / current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow for business activities for the last 5 years / (capital expenses + additional inventory sum + cash dividend) for the past 5 financial years.
   (3) Cash re-investment ratio = (net cash flow from business activities - cash dividend) / (gross amount of PPE + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage＝(net revenue－variable operating cost and expense)／operating income
   (2) Financial Leverage = operating profit / (operating profit - interest expense).

III. Audit Committee's Audit Report for the Most Recent Fiscal Year

Audit Committees' Review Report

The BOD has prepared Business Report, Financial Statements, and proposal for earnings distribution of the Company for the year 2022. The Certified Public Accountant firm of PricewaterhouseCoopers has audited the Financial Statements and issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and proposal for earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee of the Elite Semiconductor Microelectronics Technology Inc. We hereby report to the shareholders as described above in accordance with relevant requirements of the Securities and Exchange Act and the Company Act.

To: 2023 Annual General Shareholders' Meeting of Elite Semiconductor Microelectronics Technology Inc.

Elite Semiconductor Microelectronics Technology Inc.

Convener of the Audit Committee: William W.Shen

February 23, 2023

IV. Audited and Certified Consolidated Financial Statements of Last Financial Year

INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Elite Semiconductor Microelectronics Technology Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Elite Semiconductor Microelectronics Technology Inc. and its subsidiaries (the“ Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Allowance for inventory valuation losses

Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(5) for details of inventories. As of December 31, 2022, the Group's inventories and allowance for inventory valuation losses amounted to NT$9,234,664 thousand and NT$865,439 thousand, respectively.

The Group is primarily engaged in researching, developing, manufacturing, selling of integrated circuits. The Group recognises inventories at the lower of cost and net realisable value. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged. As the estimation of net realisable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter, including assessing the reasonability of the policies and procedures adopted to provide for inventory losses based on the understanding of the Group's operations and industry, including the historical information of depletion of inventories, and the rationality of judging obsolete inventory items. We validated the appropriateness of relevant information in the inventory aging report utilised by the Group to confirm that the information in the report is consistent with its policy. We then evaluated and confirmed the reasonableness of net realisable value for inventories through validating respective supporting documents and information.

Other matter–Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Elite Semiconductor Microelectronics Technology Inc. as at and for the years ended December 31, 2022 and 2021.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Shu-Chien, Pai	Ya-Huei, Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2023

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

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 4,764,681	24	$ 9,790,722	48
1110	Financial assets at fair value through profit or loss - current	6(2)	205,510	1	359,686	2
1136	Financial assets at amortised cost - current		-	-	110,720	-
1150	Notes receivable, net		9	-	-	-
1170	Accounts receivable, net	6(4)	962,383	5	1,989,419	10
1200	Other receivables		84,473	1	116,462	1
1220	Current income tax assets		220,468	1	-	-
130X	Inventories	6(5)	8,369,225	42	5,375,685	27
1410	Prepayments		444,561	2	69,113	-
1470	Other current assets		821	-	170	-
11XX	**Total current assets**		15,052,131	76	17,811,977	88
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	12,990	-	35,394	-
1550	Investments accounted for using equity method	6(6)	103,857	1	51,812	-
1600	Property, plant and equipment	6(7) and 8	2,052,992	11	1,302,287	7
1755	Right-of-use assets	6(8)	74,924	-	73,549	-
1760	Investment property, net	6(9)	15,761	-	16,731	-
1780	Intangible assets	6(10)(11)	51,410	-	83,825	1
1840	Deferred income tax assets	6(28)	213,192	1	3,116	-
1900	Other non-current assets	6(12) and 8	2,148,472	11	858,688	4
15XX	**Total non-current assets**		4,673,598	24	2,425,402	12
1XXX	**Total assets**		$ 19,725,729	100	$ 20,237,379	100

(Continued)

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(13)	$ 3,175,000	16	$ 1,700,000	8
2130	Contract liabilities - current	6(21)	6,096	-	21,399	-
2150	Notes payable		2,399	-	2,205	-
2170	Accounts payable		2,325,661	12	2,980,701	15
2200	Other payables	6(14)	1,426,556	7	1,832,840	9
2230	Current income tax liabilities		3,464	-	911,140	5
2250	Provisions for liabilities - current	6(12)(24)	530,888	3	-	-
2280	Lease liabilities - current		12,881	-	11,501	-
2300	Other current liabilities		9,430	-	7,919	-
21XX	**Total current liabilities**		7,492,375	38	7,467,705	37
	Non-current liabilities					
2540	Long-term borrowings	6(15)	643,400	3	-	-
2550	Provisions for liabilities - non-current		19,850	-	18,040	-
2570	Deferred income tax liabilities	6(28)	55,208	-	15,455	-
2580	Lease liabilities - non-current		62,421	1	63,328	-
2600	Other non-current liabilities	6(16)	14,599	-	13,291	-
25XX	**Total non-current liabilities**		795,478	4	110,114	-
2XXX	**Total Liabilities**		8,287,853	42	7,577,819	37
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(18)				
3110	Common stock		2,861,570	15	2,861,570	14
	Capital surplus	6(19)				
3200	Capital surplus		255,317	1	181,329	1
	Retained earnings	6(20)				
3310	Legal reserve		2,014,288	10	1,516,762	8
3320	Special reserve		23,906	-	-	-
3350	Unappropriated retained earnings		6,553,259	33	8,323,076	41
	Other equity interest					
3400	Other equity interest		(46,310)	-	(23,906)	-
3500	Treasury shares	6(18)	(147,700)	(1)	(137,416)	(1)
31XX	**Total equity attributable to owners of the parent**		11,514,330	58	12,721,415	63
36XX	**Non-controlling interests**		(76,454)	-	(61,855)	-
3XXX	**Total equity**		11,437,876	58	12,659,560	63
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 19,725,729	100	$ 20,237,379	100

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Year ended December 31,			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21)	$ 16,207,898	100	$ 23,844,898	100
5000	Operating costs	6(5)(26)(27)	(13,228,940)	(82)	(15,128,779)	(63)
5950	Gross profit		2,978,958	18	8,716,119	37
	Operating expenses	6(26)(27)				
6100	Selling expenses		(328,630)	(2)	(483,319)	(2)
6200	General and administrative expenses		(325,125)	(2)	(576,825)	(2)
6300	Research and development expenses		(1,532,493)	(9)	(1,786,681)	(8)
6450	Expected credit impairment gain	12(2)	-	-	5,713	-
6000	Total operating expenses		(2,186,248)	(13)	(2,841,112)	(12)
6900	Operating profit		792,710	5	5,875,007	25
	Non-operating income and expenses					
7100	Interest income	6(22)	97,380	1	33,234	-
7010	Other income	6(23)	92,266	-	48,630	-
7020	Other gains and losses	6(24)	332,510	2	26,526	-
7050	Finance costs	6(25)	(33,530)	-	(20,432)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	23,880	-	17,929	-
7000	Total non-operating income and expenses		512,506	3	105,887	-
7900	**Profit before income tax**		1,305,216	8	5,980,894	25
7950	Income tax expense	6(28)	(201,501)	(1)	(940,874)	(4)
8200	**Profit for the period**		$ 1,103,715	7	$ 5,040,020	21
	Other comprehensive income-net					
	Other comprehensive income components that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6(16)	($ 1,322)	-	($ 949)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(22,404)	-	(29,442)	-
8300	**Other comprehensive loss for the period-net**		($ 23,726)	-	($ 30,391)	-
8500	**Total comprehensive income for the period**		$ 1,079,989	7	$ 5,009,629	21
	Profit attributable to:					
8610	Owners of the parent		$ 1,042,193	7	$ 4,976,211	21
8620	Non-controlling interest		$ 61,522	-	$ 63,809	-
	Total comprehensive income attributable to:					
8710	Owners of the parent		$ 1,018,467	7	$ 4,945,820	21
8720	Non-controlling interest		$ 61,522	-	$ 63,809	-
	Earnings per share(in dollars)	6(29)				
9750	Basic earnings per share		$	3.71	$	17.76
9850	Diluted earnings per share		$	3.71	$	17.63

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent									
				Retained Earnings							
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
2021											
Balance at January 1, 2021		$ 2,857,589	$ 109,677	$ 1,409,039	$ 8,524	$ 4,019,327	$ 5,536	($ 145,649)	$ 8,264,043	($ 134,760)	$ 8,129,283
Profit for the period		-	-	-	-	4,976,211	-	-	4,976,211	63,809	5,040,020
Other comprehensive loss for the period		-	-	-	-	(949)	(29,442)	-	(30,391)	-	(30,391)
Total comprehensive income (loss) for the period		-	-	-	-	4,975,262	(29,442)	-	4,945,820	63,809	5,009,629
Distribution of 2020 earnings:	6(20)										
Legal reserve appropriated		-	-	107,723	-	(107,723)	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	(572,314)	-	-	(572,314)	-	(572,314)
Reversal of special reserve		-	-	-	(8,524)	8,524	-	-	-	-	-
Disposal of parent company's share by subsidiary recognised as treasury share	6(19)	-	40,089	-	-	-	-	8,233	48,322	11,435	59,757
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(19)	-	1,146	-	-	-	-	-	1,146	(7,233)	(6,087)
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(19)	-	11,739	-	-	-	-	-	11,739	-	11,739
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(19)(30)	-	(27)	-	-	-	-	-	(27)	(1)	(28)
Difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount	6(19)	-	(311)	-	-	-	-	-	(311)	4,895	4,584
Issuance of new shares due to employee stock options exercised	6(17)(18)(19)	3,981	18,946	-	-	-	-	-	22,927	-	22,927
Expired cash dividends transferred to capital surplus	6(19)	-	70	-	-	-	-	-	70	-	70
Balance at December 31, 2021		$ 2,861,570	$ 181,329	$ 1,516,762	$ -	$ 8,323,076	($ 23,906)	($ 137,416)	$ 12,721,415	($ 61,855)	$ 12,659,560
2022											
Balance at January 1, 2022		$ 2,861,570	$ 181,329	$ 1,516,762	$ -	$ 8,323,076	($ 23,906)	($ 137,416)	$ 12,721,415	($ 61,855)	$ 12,659,560
Profit for the period		-	-	-	-	1,042,193	-	-	1,042,193	61,522	1,103,715
Other comprehensive loss for the period		-	-	-	-	(1,322)	(22,404)	-	(23,726)	-	(23,726)
Total comprehensive income (loss) for the period		-	-	-	-	1,040,871	(22,404)	-	1,018,467	61,522	1,079,989
Distribution of 2021 earnings:	6(20)										
Legal reserve appropriated		-	-	497,526	-	(497,526)	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(2,289,256)	-	-	(2,289,256)	-	(2,289,256)
Special reserve appropriated		-	-	-	23,906	(23,906)	-	-	-	-	-
Acquisition of parent company's share by subsidiary recognised as treasury share		-	-	-	-	-	-	(10,284)	(10,284)	(14,284)	(24,568)
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(19)	-	989	-	-	-	-	-	989	(61,155)	(60,166)
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(19)	-	44,720	-	-	-	-	-	44,720	-	44,720
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(19)(30)	-	(29)	-	-	-	-	-	(29)	(18)	(47)
Change in associates and joint ventures accounted for using equity method	6(19)	-	28,165	-	-	-	-	-	28,165	-	28,165
Expired cash dividends transferred to capital surplus	6(19)	-	143	-	-	-	-	-	143	-	143
Disposal of a subsidiary		-	-	-	-	-	-	-	-	(664)	(664)
Balance at December 31, 2022		$ 2,861,570	$ 255,317	$ 2,014,288	$ 23,906	$ 6,553,259	($ 46,310)	($ 147,700)	$ 11,514,330	($ 76,454)	$ 11,437,876

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,305,216	$ 5,980,894
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(9)(26)	514,396	409,566
Amortisation	6(10)(26)	122,101	116,858
Expected credit impairment gain	12(2)	-	(5,713)
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(24)	87,280	(114,844)
Interest expense	6(25)	33,530	20,432
Interest income	6(22)	(97,380)	(33,234)
Dividend income	6(23)	(68,750)	(22,184)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(23,880)	(17,929)
Loss on disposal of a subsidiary	6(24)	161	-
Gains on disposals of property, plant and equipment	6(24)	-	(10)
Transfer property, plant and equipment to miscellaneous expenses	6(7)	477	-
Impairment loss	6(10)(11)(24)	-	18,302
Onerous contracts losses	6(12)(24)	530,888	-
Gains on lease modifications	6(24)	(1,213)	(37)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit and loss		66,896	120,632
Notes receivable		(9)	-
Accounts receivable		1,028,518	(350,686)
Accounts receivable - related parties		(1,482)	973
Other receivables		36,041	(16,889)
Inventories		(2,993,540)	593,645
Prepayments		(375,495)	(37,468)
Other current assets		(651)	5,027
Other non-current assets		(1,182,950)	-
Changes in operating liabilities			
Notes payable		194	90
Accounts payable		(655,040)	584,543
Contract liabilities		(15,303)	16,053
Other payables		(404,101)	1,190,428
Other current liabilities		1,521	(2,984)
Other non-current liabilities		106	(2,049)
Cash (outflow) inflow generated from operations		(2,092,469)	8,453,416
Interest received		93,328	29,491
Interest paid		(29,432)	(19,336)
Income taxes paid		(1,499,968)	(173,972)
Net cash flows (used in) from operating activities		(3,528,541)	8,289,599

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ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31, 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 114,250)	($ 144,324)
Proceeds from disposal of financial assets at amortised cost		224,970	170,308
Decrease in cash due to disposal of a subsidiary		(793)	-
Acquisition of property, plant and equipment	6(31)	(1,276,718)	(917,073)
Proceeds from disposal of property, plant and equipment		-	10
Dividends received	6(23)	68,750	22,184
Acquisition of intangible assets	6(31)	(89,470)	(106,868)
Increase in refundable deposits		(86,336)	(835,542)
Net cash flows used in investing activities		(1,273,847)	(1,811,305)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(31)	1,475,000	360,000
Increase in long-term borrowings	6(31)	643,400	-
Increase (decrease) in short-term notes and bills payable	6(31)	271	(148,869)
Repayments of lease liabilities	6(31)	(13,030)	(12,386)
Decrease in guarantee deposit received	6(31)	(120)	(298)
Cash dividends paid	6(20)	(2,289,256)	(572,314)
Proceeds from exercise of employee stock options		-	22,927
Subsidiaries paid cash dividends to non-controlling interests		(60,166)	(6,087)
Subsidiaries received cash dividends from parent company	6(19)	44,720	11,739
Purchase of treasury shares		(24,568)	-
Proceeds from disposal of treasury shares	6(19)	-	48,322
Proceeds from disposal of treasury shares – increase of non-controlling interests		-	11,435
Expired cash dividends	6(19)	143	70
Acquisition of additional shares of a subsidiary from non-controlling interests	6(30)	(47)	(28)
Net cash flows used in financing activities		(223,653)	(285,489)
Net (decrease) increase in cash and cash equivalents		(5,026,041)	6,192,805
Cash and cash equivalents at beginning of year	6(1)	9,790,722	3,597,917
Cash and cash equivalents at end of year	6(1)	$ 4,764,681	$ 9,790,722

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. HISTORY AND ORGANISATION

Elite Semiconductor Microelectronics Technology Inc. (the "Company") was incorporated in May 1998 and commenced operations in December 1998. The Company and its subsidiaries (collectively referred herein as "the Group") are engaged in the research, development, production, manufacturing, and sales of dynamic and static random access memory, flash memory, analog integrated circuit, analog and digital mixed integrated circuit. The Group is also engaged in the related design and technical R&D services for the above products.

The Company merged with Ji Xin Technology Co., Ltd. on December 5, 2005, and merged with Eon Silicon Solution Inc. on June 8, 2016, with the Company as the surviving company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on February 23, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

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

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

(3)Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
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 IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17,'Insurance contracts'	January 1, 2023
Amendment to IFRS 17,'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1)Compliance statement

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

(2) Basis of preparation

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

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

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

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

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2022	December 31, 2021	Description
Elite Semiconductor Microelectronics	Elite Semiconductor Memory	Research and development, production,sales and related consulting services of integrated circuit	100	100	Notes 3
Elite Semiconductor Microelectronics	Charng Feng Investment Ltd.	General investment	100	100	
Elite Semiconductor Microelectronics	Jie Yong Investment Ltd.	General investment	41.86	41.86	Notes 1
Elite Semiconductor Microelectronics	Elite Investment Services Ltd.	General investment	100	100	
Elite Semiconductor Microelectronics	Eon Silicon Solutions, Inc. USA	Product design, development and test	100	100	
Charng Feng Investment Ltd.	Elite Memory Technology Inc.	Product design, wholesale and retail of electronic materials, manufacturing of electronic components,information software services and international trade	100	100	
Charng Feng Investment Ltd.	Elite Silicon Technology Inc.	Product design, wholesale and retail of electronic materials, manufacturing of electronic components,information software services and international trade	-	98.10	Notes 3
Charng Feng Investment Ltd.	Elite Innovation Japan Ltd.	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	100	100	
Charng Feng Investment Ltd.	Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	Trading of goods or technical services, development and sales products of networking system ,storage and peripherals, technical consulting services of integrated circuit, and after -sales service	100	100	
Charng Feng Investment Ltd.	Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	Product design, wholesale and retail of electronic materials, software design services and international trade	100	100	
Charng Feng Investment Ltd.	CHI Microelectronics Limited	General trading	100	100	
Charng Feng Investment Ltd.	HHHtech Co., Ltd.	Information software services, product design, management consulting and international trade	-	75	Notes 2

Note 1: Elite Semiconductor Microelectronics Technology Inc. accounts for the majority of voting rights of Jie Yong Investment Ltd. and both have the same management. It is concluded to have substantial control; therefore, it was included in the consolidated financial statements.

Note 2: The subsidiary of the Company-Charng Feng Investment Ltd. participated in HHHtech Co., Ltd. issuance of common stocks for cash in March 2021, and holds 75% of HHHtech Co., common stocks issued. On June 28, 2021, the special meeting of shareholders of HHHtech Co., resolved to liquidate, and the effective date of the liquidation was set on March 3, 2022. The liquidation letter was received from Department of Commerce, MOEA on March 15, 2022.

Note 3: For the purpose of the Group's resource integration, the subsidiary of the Company, Elite Semiconductor Memory Technology Inc. merged with Elite Silicon Technology Inc. Elite Semiconductor Memory Technology Inc. is the surviving company, and Elite Silicon Technology Inc. is the dissolved company. The effective date for the merger was set on June 30, 2022. The liquidation letter was received from Department of Commerce MOEA on August 2, 2022.

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

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

E. Significant restrictions: None.

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

(4)Foreign currency translation

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

Foreign currency transactions and balances

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

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

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

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

(5)Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6)Cash equivalents

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

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

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

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

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

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

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

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

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

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

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

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

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

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

(9)Financial assets at amortised cost

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

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

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

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

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

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

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

(14) Investments accounted for using equity method / associates

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

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

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

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

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

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

(15)Property, plant and equipment

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

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

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

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

Buildings and structures	3~50 years
Machinery and equipment	3~ 8 years
Testing equipment	3~ 8 years
Others	3~10 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term.

Starting from the lease date, the Group assesses whether it can reasonably determine its option to extend the lease or purchase the underlying asset, or not to terminate the lease. The Group considers all relevant facts and circumstances that will generate economic incentives to exercise or not exercise the options. Such circumstances include all expected changes in facts and situations from the start of the lease to the day when the option is exercised. Main factors to consider include contractual terms and conditions within the period of options and the importance of the underlying asset to the lessee's operations, etc. The lease term will be reassessed if a significant change or a major change in circumstances occurs within the Company's control range.

The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(18) Intangible assets

A. Patents, professional technology, and customer relationship

Separately acquired patent is stated at historical cost. Patents, professional technology , and customer relationship acquired in a business combination are recognised at fair value at the acquisition date, and amortised on a straight-line basis over their estimated useful lives of 3 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Other intangible assets, mainly computer software, are stated at cost and amortised on a straight-line basis over their estimated useful lives of 1 ~ 3 years.

(19) Impairment of non-financial assets

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

B. The recoverable amount of goodwill is evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20)Borrowings

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

(21)Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.However, for short-term accounts payable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(22)Derecognition of financial liabilities

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

(23)Provisions

Provisions (including decommissioning liabilities and onerous contracts) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24)Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

I. Net obligation under a defined benefit plan is defined a s the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds at the balance sheet date of a currency and term consistent with the currency and term of the employment benefit obligations.

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

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

C. Employees' compensation and directors' remuneration

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

(25)Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(26)Income tax

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

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

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

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

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(27)Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28)Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29)Revenue recognition

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

B. The Group accepts sales orders from customers. Sales revenue is recognised according to the contract price, and the Group transfers the promised goods or services to customers. Since the customer's payment period does not exceed one year, the Group has not adjusted the monetary time value of the transaction price.

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

(30)Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity’s net assets in the event of liquidation at either fair value or the present ownership instruments’ proportionate share in the recognised amounts of the acquiree’s identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date.

(31) Operating segments

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

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As at December 31, 2022, the carrying amount of inventories was $8,369,225.

B. Evaluation of onerous contract losses

Part of refundable deposits of the Group is a capacity reservation agreement with the supplier. According to the agreement, if the Group's actual purchased quantities do not meet the agreed requirements, the prepaid guaranty fund will be forfeited based on the agreement, and the agreement cannot be terminated. In response to the recent fluctuations in the overall market economic environment affecting market demand, the Group has made onerous contracts losses.

As at December 31, 2022, the carrying amount of the provision for onerous contract liabilities was $530,888.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 137	$ 137
Checking accounts and demand deposits	814,977	897,305
Time deposits	3,949,567	8,893,280
	$ 4,764,681	$ 9,790,722

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

B. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

C. To achieve its goal of sustainable development for the environment, the Group's time deposits include the green deposits amounting to $10,000 as at December 31, 2022.

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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 20,943	$ 20,943
Emerging stocks	38,134	99,804
Unlisted stocks	8,113	8,113
Beneficiary certificates	75,146	72,218
Corporate bonds	31,226	31,226
Subtotal	173,562	232,304
Valuation adjustment	31,948	127,382
Total	$ 205,510	$ 359,686

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	($ 78,535)	$ 115,957
Debit instruments	(6,939)	1,206
Beneficiary certificates	(1,806)	(2,319)
Total	($ 87,280)	$ 114,844

B. The Group has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2)C(b).

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Unlisted stocks	$ 59,300	$ 59,300
Valuation adjustment	(46,310)	(23,906)
	$ 12,990	$ 35,394

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 $12,990 and $35,394 as at December 31, 2022, and 2021, respectively.

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable - general customers	$ 960,901	$ 1,989,419
Accounts receivable - related parties	1,482	-
	962,383	1,989,419
Less: Allowance for uncollectible accounts	-	-
	$ 962,383	$ 1,989,419

A. The aging analysis of accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 953,157	$ 1,989,078
Up to 30 days	9,226	341
31 to 90 days	-	-
91 to 180 days	-	-
Over 181 days	-	-
	$ 962,383	$ 1,989,419

The above aging analysis is based on past due date.

B. As at December 31, 2022, and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s accounts receivable were $962,383 and $1,989,419, respectively.

C. The fair value of the collaterals held by the Group as guarantee for accounts receivable are as follows:

	December 31, 2022	December 31, 2021
Bank guarantee	$ 42,284	$ 55,304
Pledged certificates of deposit	39,923	17,992
Guarantee deposits received (shown as "other non-current liabilities")	5,621	5,106
Letters of credit	812,396	935,013
Company promissory notes/checks	507,813	667,065
	$ 1,408,037	$ 1,680,480

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

E. As at December 31, 2022, and 2021, accounts receivable were all from contracts with customers. As at January 1, 2021, the balance of receivables from contracts with customers amounted to $1,633,993.

F. The Group has no accounts receivable pledged to others.

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 481,935	($ 1,314)	$ 480,621
Work in process	6,467,614	(519,747)	5,947,867
Finished goods	2,280,691	(344,378)	1,936,313
Inventory in transit	4,424	-	4,424
	$ 9,234,664	($ 865,439)	$ 8,369,225

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 70,736	($ 842)	$ 69,894
Work in process	3,688,463	(3,188)	3,685,275
Finished goods	1,622,621	(22,257)	1,600,364
Inventory in transit	20,152	-	20,152
	$ 5,401,972	($ 26,287)	$ 5,375,685

The cost of inventories recognised as expense for the years:

	Years ended December 31,	
	2022	2021
Cost of goods sold	$ 12,389,788	$ 15,201,966
Loss on market value decline and obsolete and slow-moving inventories(gain on reversal of decline)	839,152	(73,187)
	$ 13,228,940	$ 15,128,779

As the Group sold some inventory which were previously provided with allowance for decline in market value, the Group recognised gain on reversal of decline in market value for the years ended December 31, 2021.

(6) Investments accounted for using equity method

	2022	2021
At January 1	$ 51,812	$ 33,883
Share of profit or loss of investments accounted for using equity method	23,880	17,929
Changes in capital surplus	28,165	-
At December 31	$ 103,857	$ 51,812

	December 31, 2022	December 31, 2021
Associates	$ 103,857	$ 51,812

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery equipment	Test equipment	Others	Total
At January 1, 2022						
Cost	$ 168,768	$ 732,851	$ 701,361	$ 333,051	$ 1,918,252	$ 3,854,283
Accumulated depreciation and impairment	-	(436,193)	(413,655)	(197,329)	(1,504,819)	(2,551,996)
	$ 168,768	$ 296,658	$ 287,706	$ 135,722	$ 413,433	$ 1,302,287
2022						
At January 1	$ 168,768	$ 296,658	$ 287,706	$ 135,722	$ 413,433	$ 1,302,287
Additions	394,130	352,939	46,573	42,510	403,025	1,239,177
Reclassifications	-	-	-	-	(477)	(477)
Transfers (Note)	-	-	9,259	2,826	-	12,085
Depreciation charge	-	(40,264)	(56,982)	(31,870)	(370,964)	(500,080)
At December 31	$ 562,898	$ 609,333	$ 286,556	$ 149,188	$ 445,017	$ 2,052,992
At December 31, 2022						
Cost	$ 562,898	$ 1,085,790	$ 757,193	$ 378,316	$ 2,320,503	$ 5,104,700
Accumulated depreciation and impairment	-	(476,457)	(470,637)	(229,128)	(1,875,486)	(3,051,708)
	$ 562,898	$ 609,333	$ 286,556	$ 149,188	$ 445,017	$ 2,052,992

	Land	Buildings and structures	Machinery equipment	Test equipment	Others	Total
At January 1, 2021						
Cost	$ 9,023	$ 636,446	$ 518,018	$ 287,860	$ 1,481,488	$ 2,932,835
Accumulated depreciation and impairment	-	(398,943)	(375,047)	(168,256)	(1,213,991)	(2,156,237)
	$ 9,023	$ 237,503	$ 142,971	$ 119,604	$ 267,497	$ 776,598
2021						
At January 1	$ 9,023	$ 237,503	$ 142,971	$ 119,604	$ 267,497	$ 776,598
Additions	159,745	89,097	158,493	20,498	436,120	863,953
Changes in the consolidated entity	-	-	-	-	627	627
Transfers (Note)	-	7,308	24,850	24,693	-	56,851
Depreciation charge	-	(37,250)	(38,608)	(29,073)	(290,811)	(395,742)
At December 31	$ 168,768	$ 296,658	$ 287,706	$ 135,722	$ 413,433	$ 1,302,287
At December 31, 2021						
Cost	$ 168,768	$ 732,851	$ 701,361	$ 333,051	$ 1,918,252	$ 3,854,283
Accumulated depreciation and impairment	-	(436,193)	(413,655)	(197,329)	(1,504,819)	(2,551,996)
	$ 168,768	$ 296,658	$ 287,706	$ 135,722	$ 413,433	$ 1,302,287

Note: Transferred from prepayments for equipment (shown as “Other non-current assets”).

A. For the years ended December 31, 2022 and 2021, there was no capitalisated of borrowing costs attributable to the property, plant and equipment.

B. Information about the property, plant and equipment pledged to others as collateral is providedes in Note 8.

(8) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and structures, business vehicles, and printers. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Short-term leases with a lease term of 12 months or less comprise of business vehicles and staff dormitory.

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

	December 31, 2022	December 31, 2021
Land	$ 57,912	$ 58,801
Buildings and structures	7,314	9,066
Business vehicles	7,204	2,565
Printers	2,494	3,117
	$ 74,924	$ 73,549

	Depreciation	
	Years ended December 31,	
	2022	2021
Land	$ 3,574	$ 3,420
Buildings and structures	6,211	6,331
Business vehicles	2,938	2,480
Printers	623	623
	$ 13,346	$ 12,854

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $7,576 and $5,702, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 857	$ 1,165
Expense on short-term lease contracts	$ 6,082	$ 5,636

E. For the years ended December 31, 2022 and 2021, the Group’s total cash outflow for leases were $19,969 and $19,187, respectively.

(9) Investment property

	Buildings and structures
At January 1, 2022	
Cost	$ 20,369
Accumulated depreciation and impairment	(3,638)
	$ 16,731
2022	
At January 1	$ 16,731
Depreciation charge	(970)
At December 31	$ 15,761
At December 31, 2022	
Cost	$ 20,369
Accumulated depreciation and impairment	(4,608)
	$ 15,761

	Buildings and structures
At January 1, 2021	
Cost	$ 20,369
Accumulated depreciation and impairment	(2,668)
	$ 17,701
2021	
At January 1	$ 17,701
Depreciation charge	(970)
At December 31	$ 16,731
At December 31, 2021	
Cost	$ 20,369
Accumulated depreciation and impairment	(3,638)
	$ 16,731

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2022	2021
Rental income from investment property	$ 2,562	$ 2,562
Direct operating expenses arising from the investment property that generated rental income during the period	$ 970	$ 970

B. The fair value of the investment property held by the Group as at December 31, 2022 and 2021 was $8,314 and, $8,130, respectively, which was valued by income approach. Key assumptions are as follows:

	December 31, 2022	December 31, 2021
Rate of net return on capital (Note)	17.37%	18.57%

Note: Calculated based on the weighted average capital cost of capital.

C. For the years ended December 31, 2022 and 2021, there was no capitalisation of borrowing costs attributable to the investment property.

D. The Group has no investment property pledged to others.

(10) Intangible assets

	Patents and professional technology	Customer relationship	Goodwill	Others	Total
At January 1, 2022					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 478,152	$ 604,388
Accumulated amortisation and impairment	(34,478)	(11,000)	(80,758)	(394,327)	(520,563)
	$ -	$ -	$ -	$ 83,825	$ 83,825
2022					
At January 1	$ -	$ -	$ -	$ 83,825	$ 83,825
Additions	-	-	-	89,470	89,470
Transfers (Note)	-	-	-	216	216
Amortisation	-	-	-	(122,101)	(122,101)
At December 31	$ -	$ -	$ -	$ 51,410	$ 51,410
At December 31, 2022					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 639,003	$ 765,239
Accumulated amortisation and impairment	(34,478)	(11,000)	(80,758)	(587,593)	(713,829)
	$ -	$ -	$ -	$ 51,410	$ 51,410

	Patents and professional technology	Customer relationship	Goodwill	Others	Total
At January 1, 2021					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 370,855	$ 497,091
Accumulated amortisation and impairment	(30,654)	(11,000)	(62,456)	(281,293)	(385,403)
	$ 3,824	$ -	$ 18,302	$ 89,562	$ 111,688
2021					
At January 1	$ 3,824	$ -	$ 18,302	$ 89,562	$ 111,688
Additions	-	-	-	106,868	106,868
Transfer (Note)	-	-	-	429	429
Amortisation	(3,824)	-	-	(113,034)	(116,858)
Impairment loss	-	-	(18,302)	-	(18,302)
At December 31	$ -	$ -	$ -	$ 83,825	$ 83,825
At December 31, 2021					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 478,152	$ 604,388
Accumulated amortisation and impairment	(34,478)	(11,000)	(80,758)	(394,327)	(520,563)
	$ -	$ -	$ -	$ 83,825	$ 83,825

Note: Transferred from prepayments for equipment (shown as "Other non-current assets").

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

	Years ended December 31,	
	2022	2021
Operating costs	$ -	$ 3,824
Selling expenses	329	364
General and administrative expenses	3,261	1,864
Research and development expenses	118,511	110,806
	$ 122,101	$ 116,858

B. For the years ended December 31, 2022 and 2021, there was no capitalisation of borrowing costs attributable to the intangible assets.

C. Impairment information about the intangible assets is provided in 6(11).

D. The Group has no intangible assets pledged to others.

(11) Impairment of non-financial assets

The Group carried out the impairment assessments on the recoverable amount of goodwill on the balance sheet date. The recoverable amount of cash-generating units is determined based on the value-in-use calculations. These calculations use cash flow projections approved by the management covering a five-year period as the basis for estimation. The discount rate was 18.57% in 2021. The value-in-use used by the Group to calculate cash-generating units is derived from historical information on estimated future revenue growth rates, gross profit margins, and operating expense ratios, with reference to future industrial economic trends.

The recoverable amount calculated based on the above key assumptions is lower than the book value of goodwill. As a result, the Group recognised impairment losses of $18,302 for the year ended December 31, 2021.

For the year ended December 31, 2022 : none.

(12) Other non-current assets

	December 31, 2022	December 31, 2021
Prepayments for purchases	$ 1,182,950	$ -
Refundable deposits (Note 1)	928,753	842,417
Prepayments for equipment	32,800	12,302
Pledged time deposits	3,969	3,969
	$ 2,148,472	$ 858,688

Note 1: A portion of refundable deposits of the Company is a capacity reservation agreement with the supplier. According to the agreement, the Company promises to purchase wafer production capacity within the agreed period and quantities after the Company

has paid the guaranty fund in advance, the supplier will then provide the agreed production capacity to the Company. If the Company's actual purchased quantities does not meet the agreed requirements, the prepaid guaranty fund will be forfeited based on the agreement, and the agreement cannot be terminated. In response to the recent fluctuations in the overall market economic environment affecting market demand, the Company has made provision for onerous contracts liabilities, and recognised them under provisions for liabilities and other losses, respectively.

(13) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 3,175,000	1.56%~2.275%	None

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 1,700,000	0.70%~0.86%	None

Interest expense recognised in profit or loss amounted to $30,588 and $16,829 for the years ended December 31, 2022 and 2021, respectively.

(14) Other payables

	December 31, 2022	December 31, 2021
Accrued salaries and bonuses	$ 1,158,130	$ 1,259,581
Accrued employees' compensation and directors' remuneration	26,405	378,440
Payables on equipment	90,089	94,831
Others	151,932	99,988
	$ 1,426,556	$ 1,832,840

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	Note	1.425%~1.55%	Land, buildings and structures	$ 643,400
				643,400
Less:Current portion				-
				$ 643,400

Note: Borrowing period is from October 7, 2022 to October 7, 2037, interest is repayable monthly, and starting from October, 2025, the same amount of principal is repayable every three mounth.

As at December 31, 2021: None.

(16) Pension

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Labor standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	($ 8,817)	($ 8,474)
Fair value of plan assets	435	117
	(8,382)	(8,357)
Unadjusted amount for the period	-	1,402
Net liability recognised in the balance sheet	($ 8,382)	($ 6,955)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
At January 1	($ 8,474)	$ 117	($ 8,357)
Current servise cost	(176)	-	(176)
Interest (expense) income	(59)	1	(58)
	(8,709)	118	(8,591)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	178	178
Change in financial assumptions	528	-	528
Experience adjustments	(636)	-	(636)
	(108)	178	70
Pension fund contribution	-	139	139
At December 31	($ 8,817)	$ 435	($ 8,382)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
At January 1	($ 14,033)	$ 2,663	($ 11,370)
Current servise cost	(333)	-	(333)
Interest (expense) income	(42)	7	(35)
	(14,408)	2,670	(11,738)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	39	39
Change in demographic assumptions	(9)	-	(9)
Change in financial assumptions	382	-	382
Experience adjustments	537	-	537
	910	39	949
Pension fund contribution	-	2,432	2,432
Paid pension	5,024	(5,024)	-
Unadjusted amount for the period	-	-	1,402
At December 31	($ 8,474)	$ 117	($ 6,955)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company’s and domestic subsidiaries’ defined benefit pension plan in accordance with the Fund ’s annual investment and utilization plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund ” (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, overthe-counter, or private placement equity securiti es, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two -year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as at December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Years ended December 31, 2022	Years ended December 31, 2021
Discount rate	1.30%	0.70%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on the sixth life experience table in Taiwan for the years ended December 31,2022 and 2021.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 209)	$ 215	$ 189	($ 185)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 223)	$ 230	$ 204	($ 199)

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

The methodology and assumptions used in preparing the sensitivity analysis are same as prior year.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to $144.

(g) As at December 31, 2022, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ -
1-2 year	-
2-5 year	896
Over 5 years	9,114
	$ 10,010

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have 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 subsidiaries, Eon Silicon Solutions, Inc. USA has established a 401(K) pension plan in accordance with Section 401(K) of the Internal Revenue Code (IRC) of the U.S. Local employees may raise a certain amount of salary to the employee's individual pension account each month within the upper limit; while the Company's subsidiary may provide a matching contribution to the above account based on its policies of rewarding or comforting employees.

(c) The Company's mainland China subsidiaries, Elite Semiconductor Microelectronics Technology (shenzhen) Inc. and Elite Semiconductor Microelectronics (Shanghai) Technology Inc., have defined contribution plans. 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 Group has no further obligations.

(d) The pension costs under the above pension plans of the Group for the years ended December 31, 2022 and 2021 were $41,408 and $36,241, respectively.

(17) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Succeeding of 2010 Eon Silicon Solution Inc.'s employee stock options	August 10, 2010, October 15, 2010 and January 13, 2011	4,000 thousand shares (Note 2)	10 years	Note 1
Succeeding of 2013 Eon Silicon Solution Inc.'s employee stock options	August 19, 2013	7,500 thousand shares (Note 2)	10 years	Note 1

Note 1: The accumulative proportion of the new shares that can be vested and exercised after fulfilling two years of service, three years of service, and four years of service are 50%, 75% and 100%, respectively.

Note 2: The quantities granted by the Company from the succeeding of Eon Silicon Solution Inc. employee stock option plan was the same quantities granted on the grant date of the original plan. After the merger, the succeeding of Eon Silicon Solution Inc.'s 2010 and 2013 employee stock option plans were 219 thousand shares and 688 thousand shares, respectively.

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

Succeeding of Eon Silicon Solution Inc.'s employee stock options:

	2022		2021	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	14	$ 57.6	518	$ 57.6~217.4
Options exercised	-	-	(398)	57.6
Options expired	-	-	(106)	217.4
Options outstanding at December 31	14	$ 53.3	14	$ 57.6
Option exercisable at December 31	14		14	

C. No stock options were exercised for the year ended December 31, 2022. The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2021 was $85.2 (in dollars).

D. As at December 31, 2022 and 2021, the range of exercise prices of stock options outstanding were $53.3 (in dollars), and $57.6 (in dollars), respectively; the weighted-average remaining contractual period was 0.64 years and 1.64 years, respectively.

E. Expenses incurred on share-based payment transactions for the years ended December 31, 2022 and 2021 were all $0.

(18) Share capital

A. As at December 31, 2022, the Company's authorised capital was $3,500,000, consisting of 350,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,861,570 with a par value of $10 (in dollars) per share.

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

Unit：Thousands of shares

	2022	2021
Outstanding ordinary shares at January 1	272,803	271,605
Employee stock options exercised	-	398
Acquisition of parent company's share by subsidiary recognised as treasury shares	(355)	-
Disposal of parent company's share by subsidiary recognised as treasury shares	-	800
Outstanding ordinary shares at December 31	272,448	272,803
Treasury shares at the end of the year	13,709	13,354
Issued ordinary shares at December 31	286,157	286,157

B. Treasury shares

Due to the Company’s business strategy, the number of the Company’s shares held by the Company’s subsidiary, Jie Young Investment Ltd., as at December 31, 2022 and 2021, were 13,709 thousand shares and 13,354 thousand shares with carrying amounts of $352,845 and $328,276, respectively; the average book value per share was $25.74 and $24.58, and the fair values per share were $65.0 and $165.0, respectively.

(19) Capital surplus

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

	2022					
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1	$ 20,162	$ 41,750	$ 112,786	$ 2,697	$3,934	$181,329
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	-	-	989	-	-	989
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	-	-	44,720	-	-	44,720
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	-	-	(29)	-	-	(29)
Change in associates and joint ventures accounted for using equity mothod	-	-	28,165	-	-	28,165
Expired cash dividends transferred to capital surplus	-	-	-	-	143	143
At December 31	$ 20,162	$ 41,750	$ 186,631	$ 2,697	$4,077	$255,317

	2021					
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1	$ -	$ 1,661	$ 100,239	$ 3,913	$3,864	$109,677
Disposal of company's share by subsidiary recognised as treasury share	-	40,089	-	-	-	40,089
Recognition of change in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	-	-	1,146	-	-	1,146
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	-	-	11,739	-	-	11,739
Recognition of change in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	-	-	(27)	-	-	(27)
Difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount	-	-	(311)	-	-	(311)
Issuance of new shares due to employee stock options exercised	20,162	-	-	(1,216)	-	18,946
Expired cash dividends transferred to capital surplus	-	-	-	-	70	70
At December 31	$ 20,162	$ 41,750	$ 112,786	$ 2,697	$3,934	$181,329

(20) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall be appropriated in the following order:

(a) Payment of all taxes and dues.

(b) Offset previous year’s operating losses, if any.

(c) Setting aside 10% of remaining amount as legal reserve, unless the accumulated amount of the legal reserve has reached the total authorised capital of the Company.

(d) Setting aside or reversing a special reserve according to relevant regulations.

(e) The remainder from this year and prior years may be appropriated as dividends according to a resolution in the shareholders’ meeting.

B. Dividend policy

The Company is in the growth phase. To meet future operation requirements, long-term financial plan and the requirement of cash dividends distributing to the shareholders, the distributable earnings for current year can be entirely distributed to the shareholders, which shall be proposed by the Board of Directors and resolved in the shareholders' meeting every year. Dividends to the shareholders can be distributed in the form of cash or shares, and cash dividends shall account for at least 50% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reserved subsequently, the reversed amount could be included in the distributable earnings.

E. As approved by the Board of Directors on February 26, 2021, the appropriations of 2020 earnings would be legal reserve of $107,724 and cash dividend of $2 (in dollars) per share. The aforementioned appropriations had been resolved in the shareholders' meeting on July 12, 2021, and distributed on July 30, 2021.

F. As approved by the Board of Directors on February 25, 2022, the appropriations of 2021 earnings would be legal reserve of $497,526 and cash dividend of $2,289,256, constituting $8 (in dollars) per share. The aforementioned appropriations had been resolved in the shareholders' meeting on June 15, 2022, and distributed on July 29, 2022.

G. As approved by the Board of Directors on February 23, 2023, the appropriations of 2022 earnings would be legal reserve of $104,087 and cash dividend of $1.8 (in dollars) per share. The aforementioned appropriations has not yet been approved at the shareholders' meeting.

(21) Operating revenue

	Years ended December 31,	
	2022	2021
Revenue from contracts with customers	$ 16,207,898	$ 23,844,898

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major geographical regions:

Year ended December 31, 2022	Domestic area	Asia	Others	Total
Integrated circuits	$ 7,244,896	$ 8,841,579	$121,423	$ 16,207,898

Year ended December 31, 2021	Domestic area	Asia	Others	Total
Integrated circuits	$ 11,523,346	$ 12,196,154	$125,398	$ 23,844,898

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities- advance sales receipts	$ 6,096	$ 21,399	$ 5,346

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Years ended December 31,	
	2022	2021
Contract liabilities – advance sales receipts	$ 23,459	$ 5,276

(22) Interest income

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	$ 96,154	$ 32,668
Interest income from financial assets at amortised cost	253	301
Other interest income	973	265
	$ 97,380	$ 33,234

(23) Other income

	Years ended December 31,	
	2022	2021
Rent income	$ 5,752	$ 5,464
Dividend income	68,750	22,184
Other income, others	17,764	20,982
	$ 92,266	$ 48,630

(24) Other gains and losses

	Years ended December 31,	
	2022	2021
Losses on disposal of subsidiaries	($ 161)	$ -
Gains on disposal of investments	-	55,681
Gains on disposals of property, plant and equipment	-	10
Gains arising from lease modifications	1,213	37
Foreign exchange gains (losses)	999,034	(123,846)
(Losses) gains on financial assets at fair value through profit or loss	(87,280)	114,844
Impairment loss	-	(18,302)
Onerous contracts losses	(530,888)	-
Miscellaneous disbursements	(49,408)	(1,898)
	$ 332,510	$ 26,526

(25) Finance costs

	Years ended December 31,	
	2022	2021
Interest expense:		
Bank borrowings	$ 30,588	$ 16,829
Provisions for liabilities - amortisation of discount	1,810	1,545
Lease liabilities	857	1,165
Total interest expense	33,255	19,539
Others	275	893
	$ 33,530	$ 20,432

(26) Expenses by nature

	Years ended December 31,	
	2022	2021
Employee benefit expenses	$ 1,575,197	$ 2,529,577
Depreciation charges on property, plant and equipment	$ 500,080	$ 395,742
Depreciation charges on right-of-use assets	$ 13,346	$ 12,854
Depreciation charges on investment property	$ 970	$ 970
Amortisation charges on intangible assets	$ 122,101	$ 116,858

(27)Employee benefit expenses

	Years ended December 31,	
	2022	2021
Wages and salaries	$ 1,413,512	$ 2,338,921
Labor and health insurance fees	71,996	58,383
Pension costs	41,642	36,621
Directors' remuneration	21,285	70,264
Other personnel expenses	26,762	25,388
	$ 1,575,197	$ 2,529,577

A. In accordance with the Articles of Incorporation of the Company dated July 12, 2021, the profit before income tax of the current year and before covering employees’ compensation and directors’ remuneration, shall be distributed as employees’ compensation and directors’ remuneration. The ratio shall not be lower than 5% for employees’ compensation and shall not be lower than 1% for directors’ remuneration.

   In accordance with the Articles of Incorporation of the Company dated June 15, 2022, the distributable profit of the current year, shall be distributed as employees’ compensation and directors’ remuneration, the ratio shall not be lower than 1% for employees’ compensation and shall not be higher than 1% for directors’ remuneration.

B. For the years ended December 31, 2022 and 2021, employees’ compensation was accrued at $12,651 and $314,318, respectively; directors’ remuneration was accrued at $12,651 and $62,864, respectively. The aforementioned amounts were recognised in wages and salaries expenses.

   The employees’ compensation and directors’ remuneration were both estimated and accrued based on 1% of distributable profit of current year ended December 31,2022.

   The employees’ compensation and directors’ remuneration were estimated and accrued based on 5% and 1% of distributable profit of current year ended December 31, 2021.

   For the years ended December 31, 2022 and 2021, employees’ compensation of subsidiaries was accrued at $13 and $13, respectively; while directors’ remuneration of subsidiaries was accrued at $1,090 and $1,245, respectively. The aforementioned amounts were recognised in salary expenses.

C. The employees’ compensation and directors’ remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax on profit for the year	$ 311,059	$ 938,922
Tax on undistributed earnings	60,944	-
Prior year income tax overestimation	(179)	(1,758)
Total current tax	371,824	937,164
Deferred tax:		
Origination and reversal of temporary differences	(170,323)	3,710
Income tax expense	$ 201,501	$ 940,874

(b) The income tax charge relating to components of other comprehensive income: None.

(c) The income tax charged to equity during the period: None.

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate (note)	$ 264,589	$ 1,221,503
Tax exempt income by tax regulation	(46,714)	(47,001)
Prior year income tax overestimation	(179)	(1,758)
Temporary differences not recognised as deferred tax assets	85,117	(13,265)
Taxable loss not recognised as deferred tax assets	3,422	(887)
Effect from investment tax credits	(165,646)	(224,157)
Change in assessment of realisation of deferred tax assets	(32)	(13)
Not exceed the starting point of income tax	-	(20)
Effect from alternative minimum tax	-	6,472
Tax on undistributed earnings	60,944	-
Income tax expense	$ 201,501	$ 940,874

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Bad debt expense	$ 48	($ 48)	$ -	$ -
Unrealised exchange loss	516	(400)	-	116
Loss on market value decline and obsolete and slow-moving inventories	249	103,604	-	103,853
Pension liability	81	(10)	-	71
Onerous contract losses	-	106,178	-	106,178
Others	2,222	752	-	2,974
Subtotal	3,116	210,076	-	213,192
-Deferred tax liabilities:				
Unrealised exchange gain	(5,054)	(50,154)	-	(55,208)
Others	(10,401)	10,401	-	-
Subtotal	(15,455)	(39,753)	-	(55,208)
Total	($ 12,339)	$ 170,323	$ -	$ 157,984

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Bad debt expense	$ 48	$ -	$ -	$ 48
Unrealised exchange loss	348	168	-	516
Loss on market value decline and obsolete and slow-moving inventories	988	(739)	-	249
Pension liability	81	-	-	81
Others	2,348	(126)	-	2,222
Subtotal	3,813	(697)	-	3,116
-Deferred tax liabilities:				
Unrealised exchange gain	(7,933)	2,879	-	(5,054)
Others	(4,509)	(5,892)	-	(10,401)
Subtotal	(12,442)	(3,013)	-	(15,455)
Total	($ 8,629)	($ 3,710)	$ -	($ 12,339)

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 721,570	$ 295,986

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2022 and 2021, the amounts of temporary difference unrecognised as deferred tax liabilities were all $0.

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

(29) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent company	$ 1,042,193	280,542	$ 3.71
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options		7	
Employees' compensation		535	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	$ 1,042,193	281,084	$ 3.71

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent company	$ 4,976,211	280,221	$ 17.76
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options		8	
Employees' compensation		2,019	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	$ 4,976,211	282,248	$ 17.63

(30) Transactions with non-controlling interest

A. For the purpose of the Group’s resource integration, the subsidiary of the Company, Elite Semiconductor Memory Technology Inc. merged with Elite Silicon Technology Inc. Elite Semiconductor Memory Technology Inc. is the surviving company, and Elite Silicon Technology Inc. is the dissolved company. The effective date for the merger was set on June

30, 2022. As a result, the Group acquired an additional 1.9% of shares of Elite Silicon Technology Inc., for a total cash consideration of $47 on June 30, 2022. The carrying amount of non-controlling interest in Elite Silicon Technology Inc. was $18 at the acquisition date. This transaction resulted in a decrease in the equity attributable to owners of the parent company by $29.

The effect of changes in interests in Elite Silicon Technology Inc. on the equity attributable to owners of the parent company for the year 2022 is shown below:

	2022
Carrying amount of non-controlling interest acquired	$ 18
Consideration paid to non-controlling interest	(47)
Capital surplus- recognition of changes in ownership interest in subsidiaries	($ 29)

B. On August 25, 2021, the Group acquired an additional shares of its subsidiary-Elite Silicon Technology Inc. for a total cash consideration of $28. The carrying amount of non-controlling interest in Elite Silicon Technology Inc. was $1 at the acquisition date. This transaction resulted in a decrease in the equity attributable to owners of the parent by $27. The effect of changes in interests in Elite Silicon Technology Inc. on the equity attributable to owners of the parent for the year 2021 is shown below:

	2021
Carrying amount of non-controlling interest acquired	$ 1
Consideration paid to non-controlling interest	(28)
Capital surplus- recognition of changes in ownership interest in subsidiaries	($ 27)

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2022	2021
Purchase of property, plant and equipment (including transferred amount)	$ 1,251,262	$ 920,804
Add: Ending balance of prepayment for equipment	32,800	12,302
Add: Opening balance of prepayment for equipment being transferred to intangible assets	216	429
Less: Opening balance of prepayment for equipment	(12,302)	(68,535)
Add: Opening balance of payable on equipment	94,831	146,904
Less: Ending balance of payable on equipment	(90,089)	(94,831)
Cash paid during the year	$ 1,276,718	$ 917,073

	Years ended December 31,	
	2022	2021
Purchase of intangible assets (including transferred amount)	$ 89,686	$ 107,297
Less: Opening balance of prepayment for equipment being transferred to intangible assets	(216)	(429)
Cash paid during the year	$ 89,470	$ 106,868

B. Changes in liabilities from financing activities:

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2022	$ 1,700,000	$ -	$ -	$ 74,829	$ 6,337	$ 1,781,166
Changes in cash flow from financing activities	1,475,000	271	643,400	(13,030)	(120)	2,105,521
Interest paid	-	-	-	(857)	-	(857)
Interest expense	-	-	-	857	-	857
Changes in other non-cash items	-	(271)	-	7,576	-	7,305
Changes from lease modifications	-	-	-	5,927	-	5,927
At December 31, 2022	$ 3,175,000	$ -	$ 643,400	$ 75,302	$ 6,217	$ 3,899,919

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2021	$ 1,340,000	$ 149,756	$ 81,637	$ 6,635	$ 1,578,028
Changes in cash flow from financing activities	360,000	(148,869)	(12,386)	(298)	198,447
Interest paid	-	-	(1,165)	-	(1,165)
Interest expense	-	-	1,165	-	1,165
Changes in other non-cash items	-	(887)	5,702	-	4,815
Changes from lease modifications	-	-	(124)	-	(124)
At December 31, 2021	$ 1,700,000	$ -	$ 74,829	$ 6,337	$ 1,781,166

7. RELATED PARTY TRANSACTIONS

A. Names of related parties and relationship

Names of related parties	Relationship with the Group
Arima Lasers Corporation	The Company's subsidiary is a director of the company
Canyon Semiconductor Inc.	Investments indirectly by the Company accounted for using equity method

B. Key management compensation

	Years ended December 31, 2022	Years ended December 31, 2021
Salaries and other short-term employee benefits	$ 64,544	$ 193,066
Post-employment benefits	522	432
Total	$ 65,066	$ 193,498

8. PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

Assets item	Book value December 31, 2022	Book value December 31, 2021	Purposes
Land, buildings and structures	$ 744,954	$ -	Long-term borrowings
Time deposits (shown as "other non-current assets")	3,969	3,969	Guarantee deposits for land leasing
	$ 748,923	$ 3,969	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

1. The Company entered into capacity reservation agreements with suppliers. According to the agreements, the supplier shall provide agreed production capacity with the Company after prepayment by the Company.
2. Unused letters of credit issued

   Unused letters of credit issued from purchases of inventories by the Company is as follows:

	December 31, 2022	December 31, 2021
Unused letters of credit issued	$ 120,035	$ -

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriations of 2022 earnings had been approved by the Board of Directors on February 23, 2023.Please refer to Note 6(20).

12. OTHERS

(1) Capital management

Considering the current industry environment, future operating development, and changes in the external environment, the Group plans the future requirement of working capital, expenditure of research and development and dividends paid to shareholders to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders, to take care of the benefit of stakeholders, and to maintain an optimal capital structure, so as to promote the shareholders'value in the future.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders, or repurchase the Company's shares.

The equity to assets ratios on December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Total assets	$ 19,725,729	$ 20,237,379
Total liabilities	(8,287,853)	(7,577,819)
Total equity	$ 11,437,876	$ 12,659,560
Equity to assets ratio	58%	63%

(2)Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 205,510	$ 359,686
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 12,990	$ 35,394
Financial assets at amortised cost		
Cash and cash equivalents	$ 4,764,681	$ 9,790,722
Financial assets at amortised cost-current	-	110,720
Notes receivable	9	-
Accounts receivable	962,383	1,989,419
Other receivables	84,473	116,462
Time deposits (shown as "Other non-current assets")	3,969	3,969
Refundable deposits (shown as "Other non-current assets")	928,753	842,417
	$ 6,744,268	$ 12,853,709
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 3,175,000	$ 1,700,000
Notes payable	2,399	2,205
Accounts payable	2,325,661	2,980,701
Other payables	1,426,556	1,832,840
Long-term borrowings(including current portion)	643,400	-
Guarantee deposits received (shown as "Other non-current liabilities")	6,217	6,337
	$ 7,579,233	$ 6,522,083
Lease liabilities	$ 75,302	$ 74,829

B. Financial risk management policies

(a) The Group implements a comprehensive system of risk management and control to identify, measure and monitor a variety of financial risks, including market risk, credit risk, liquidity risk, and risk of cash flow so that management can effectively control and measure market risk, credit risk, liquidity risk, and risk of cash flow.

(b) The Group’s objective in managing the market risk is to reach optimisation, maintain the proper liquidity and manage all market risks collectively by taking into account the economic environment, competitive edge and risk of market value.

C. Significant financial risks and degrees of financial risks

(a) Market risk

<u>Foreign exchange risk</u>

1. The Group operates internationally and is exposed to foreign exchange risk arising from the various currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
2. Management has set up a policy to require companies of the Group to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group finance team. The companies adopt forward foreign exchange contracts through the Group finance team to manage the foreign exchange risk from future commercial transactions and recognised assets and liabilities. The foreign exchange risk will exist when future commercial transactions and recognised assets and liabilities use the currency different from the functional currency of the companies.
3. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group’s foreign operations is managed primarily through deposits denominated in the relevant foreign currencies (see Note 6(1)).

4. The Group's business involves some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate		Book value (NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$ 224,794	30.710	$	6,903,424
RMB:NTD	178,410	4.408		786,431
Financial liabilities				
Monetary items				
USD:NTD	$ 63,733	30.710	$	1,957,240
RMB:NTD	3,088	4.408		13,612

	December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate		Book value (NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$ 390,394	27.680	$	10,806,106
RMB:NTD	196,376	4.344		853,057
Financial liabilities				
Monetary items				
USD:NTD	$ 79,234	27.680	$	2,193,197

5. The total exchange gains (losses), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $999,034 and ($123,846), respectively.

6. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 69,034	$ -
RMB:NTD	1%	7,864	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 19,572)	$ -
RMB:NTD	1%	(136)	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 108,061	$ -
RMB:NTD	1%	8,531	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 21,932)	$ -

Price risk

I. The Group’s equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

II. The Group’s investments in equity securities comprise shares and open-end funds issued by the domestic or foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $17,386 and $32,110, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $1,300 and $3,540, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group’s cash flow interest rate risk arises from long-term borrowings and short-term borrowings with variable rate. During the years ended December 31, 2022 and 2021, the Group’s borrowings at variable rate were denominated in the NTD.

ii. If the borrowing interest rate had increased/decreased by 0.2% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $6,109 and $2,720, 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 clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments stated at amortised cost and debt instruments at fair value through profit or loss.

ii. The Group manages its credit risk taking into consideration the entire group’s concern. For banks and financial institutions, only these with good rating are accepted. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the assumption under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

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.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i)It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii)The disappearance of an active market for that financial asset because of financial difficulties;

(iii)Default or delinquency in interest or principal repayments;

(iv)Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

vii. The financial assets at amortised cost include time deposits and restricted time deposits. The banks have good rating and have no past due before. In addition to the above, the whole economic environment has not changed significantly, so the risk of credit risk is low and the effect to the financial statements is insignificant.

viii. The information about ageing analysis and collaterals of accounts receivable is provided in Note 6(4). The Group requests its significant sales customers to provide collaterals or other rights of guarantee, therefore, the Group classifies customers' accounts receivable in accordance with the nature of collaterals. The Group applies the simplified approach using loss rate methodology to assess expected credit loss. Based on the assessment, the allowance for losses that the Group should recognise is immaterial on December 31, 2022 and 2021.

ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	2022	2021
	Accounts receivable	Accounts receivable
At January 1	$ -	$ 5,713
Reversal of impairment loss	-	(5,713)
At December 31	$ -	$ -

(c) Liquidity risk

I. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance team. Group finance team monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

II. Surplus cash held by the operating entities over and above balance required for working capital management should be invested in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

III. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: December 31, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 3,175,000	$ -	$ -
Notes payable	2,399	-	-
Accounts payable	2,325,661	-	-
Other payables	1,426,556	-	-
Lease liabilities	13,765	23,478	44,894
Long-term borrowings (including current portion)	-	139,102	579,295
Guarantee deposits received	-	-	6,217

Derivative financial liabilities: None.

Non-derivative financial liabilities: December 31, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 1,700,000	$ -	$ -
Notes payable	2,205	-	-
Accounts payable	2,980,701	-	-
Other payables	1,832,840	-	-
Lease liabilities	12,516	22,592	48,666
Long-term borrowings	-	-	-
Guarantee deposits received	-	-	6,337

Derivative financial liabilities: None.

(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. The fair value of the Group's investment in listed stocks and emerging stocks, beneficiary certificates and debt securities are included in Level 1.

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. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value of the Group include cash and cash equivalents, time deposits (over three-month periods), notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, long-term borrowings, notes payable, accounts payable, other payables, lease liabilities (current and non-current) and guarantee deposits received. Their carrying amounts approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Equity securities	$ 85,832	$ -	$ 414	$ 86,246
Beneficiary certificates	87,612	-	-	87,612
Debt securities	31,652	-	-	31,652
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	12,990	12,990
Total	$ 205,096	$ -	$ 13,404	$ 218,500

Financial liabilities: None.

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Equity securities	$ 227,877	$ -	$ 3,800	$ 231,677
Beneficiary certificates	89,418	-	-	89,418
Debt securities	38,591	-	-	38,591
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	35,394	35,394
Total	$ 355,886	$ -	$ 39,194	$ 395,080

Financial liabilities: None.

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

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed and emerging stocks	Open-end fund
Market quoted price	Closing price	Net asset value

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

F. The following table is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Equity instrument	
	2022	2021
At January 1	$ 39,194	$ 69,753
Valuation adjustment	(25,790)	(30,559)
At December 31	$ 13,404	$ 39,194

G. Accounting segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 414	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	12,990	Market comparable companies	Discount for lack of marketability	45%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 3,800	Market comparable companies	Discount for lack of marketability	30%	The higher the discount of lack of marketability, the lower the fair value
Unlisted shares	35,394	Market comparable companies	Discount for lack of marketability	45%	The higher the discount of lack of marketability, the lower the fair value

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 and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	$ 18	($ 18)	$ 1,062	($ 1,062)

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	$ 163	($ 163)	$ 2,896	($ 2,896)

(4) Others

As at the reporting date, the Company has assessed that the Covid-19 pandemic has no adverse impact on the Company's overall operating activities and financial statements for the year ended December 31, 2022. However, the Company will continue to monitor the development of the Covid-19 pandemic and assess its overall impact on the economic environment.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

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 2.

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting period: None.

J. Significant inter-company transactions during the reporting period: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

As at December 31, 2022, the Company had no shareholders who hold over 5% (including 5%) of the Company's shares.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows :

	Years ended December 31,	
	2022	2021
Revenue from external customers	$ 16,207,898	$ 23,844,898
Segment income before income tax	$ 1,305,216	$ 5,980,894

	December 31, 2022	December 31, 2021
Segment assets	$ 19,725,729	$ 20,237,379
Segment liabilities	$ 8,287,853	$ 7,577,819

(3) Reconciliation for segment income (loss): None.

(4) Information on products and services

As at December 31, 2022 and 2021, the net operating revenue of integrated circuit and electronic materials is $16,207,898 and $23,844,898, respectively.

(5)Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Years ended December 31,			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Domestic	$ 7,244,896	$ 2,156,355	$ 11,523,346	$ 1,420,472
Asia	8,841,579	67,655	12,196,154	63,935
Others	121,423	3,876	125,398	4,286
Total	$ 16,207,898	$ 2,227,886	$ 23,844,898	$ 1,488,693

(6)Major customer information

	Years ended December 31,	
	2022	2021
	Revenue	Revenue
A Company	$ 4,896,525	$ 7,122,477
B Company	1,804,403	Note

Note: Less than 10% of the Group's revenue.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Holding of marketable securities at the end of the period

December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

				As at December 31, 2022				
Securities held by	Name and category of marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value (Note 1)	Ownership (%)	Fair value (Note 1)	Footnote
Elite Semiconductor Microelectronics Technology Inc.	Arima Lasers Corporation stock	Note 2	Financial assets at fair value through profit or loss	256,700	$ 6,790	0.83	$ 6,790	
Elite Semiconductor Microelectronics Technology Inc.	King Yuan Electronics Corporation stock	None	Financial assets at fair value through profit or loss	10,000	362	0.00	362	
Elite Semiconductor Microelectronics Technology Inc.	HSBC FRN PERPETUAL bond	None	Financial assets at fair value through profit or loss	1,000,000	21,307	Not applicable	21,307	
Elite Semiconductor Microelectronics Technology Inc.	ANZ FRN PERPETUAL bond	None	Financial assets at fair value through profit or loss	500,000	10,345	Not applicable	10,345	
Elite Semiconductor Microelectronics Technology Inc.	BGF RENMINBI BOND FUND	None	Financial assets at fair value through profit or loss	127,986	56,009	Not applicable	56,009	
Elite Semiconductor Microelectronics Technology Inc.	Turning Point Lasers Ltd, preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	6,495	8.06	6,495	
Elite Investment Services Ltd.	HSBC ALL CHINA BOND FUND - AC (2802)	None	Financial assets at fair value through profit or loss	600,000	31,603	Not applicable	31,603	
Charng Feng Investment Ltd.	Arima Lasers Corporation stock	Note 3	Financial assets at fair value through profit or loss	997,700	26,389	3.22	26,389	
Charng Feng Investment Ltd.	King Yuan Electronics Corporation stock	None	Financial assets at fair value through profit or loss	10,000	362	0.00	362	
Charng Feng Investment Ltd.	M2 Communication Inc. stock	None	Financial assets at fair value through profit or loss	201,084	414	1.61	414	
Charng Feng Investment Ltd.	Powership Semiconductor Manufacturing Corporation	None	Financial assets at fair value through profit or loss	1,630,426	51,929	0.04	51,929	
Charng Feng Investment Ltd.	Turning Point Lasers Ltd, preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	6,495	8.06	6,495	
Jie Yong Investment Ltd.	Elite Semiconductor Microelectronics Technology Inc. stock	Parent Company	Financial assets at fair value through other comprehensive income	13,709,000	891,085	4.79	891,085	

Note 1: Valuation adjustment of financial assets and cumulative translation differences are included.

Note 2: The Company's subsidiary is a director of the company.

Note 3: Charng Feng Investment Ltd. is a director of the company.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 2

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						
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
Elite Semiconductor Microelectronics Technology Inc.	Land and buildings	May 31, 2022	$756,950	Paid in cash	Madison Asset Management Corporation	None	-	-	-	$ -	The appraised amount is $771,715 based on the appraisal report issued by the appraisers.	Self-used office	None

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable(payable)		
Purchase/seller	Counterparty	Relationship with the counterparty	Purchase (sales)	Amount	Percentage of total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
CHI Microelectronics Limited	Elite Semiconductor Microelectronics Technology Inc.	Ultimate parent company	Sales	$ 1,081,732	6.67%	monthly payment in 15 days	$ -	-	$ 88,172	9.16%	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover (times)	Overdue receivables		Amount collected subsequent to the balance date	Allowance for doubtful accounts
					Amount	Action taken		
CHI Microelectronics Limitd	Elite Semiconductor Microeletronics Technology Inc.	Ultimate parent company	$ 88,172	15.37	$ -	-	$ 88,172	$ -

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(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 (Note 3)
1	CHI Microelectronics Limited	Elite Semiconductor Microelectronics Technology Inc.	(2)	Sales	$	1,081,732	Note 4	6.67%

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

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The transaction terms are decided by the two parties through negotiation.

Note 5: The disclosure requirement for the above disclosed amount is 1% of the consolidated total assets for balance sheet accounts and 1% of the consolidated total revenue for income statement accounts.

Note 6: The transaction between parent company to subsidiary and subsidiaries were eliminated when preparing consolidated financial statements.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Information on investees (exclude investees in Mainland China)

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2022					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Elite Semiconductor Microelectronics Technology Inc.	Elite Semiconductor Memory Technology Inc.	Taiwan	Research and development, production, sales and related consulting services of integrated circuit	$ 272	$ 272	100,000	100	$ 29,725	$ 15,279	$ 15,279	Note 3
Elite Semiconductor Microelectronics Technology Inc.	Charng Feng Investment Ltd.	Taiwan	General investment	500,000	500,000	50,000,000	100	549,356	(35,161)	(35,161)	
Elite Semiconductor Microelectronics Technology Inc.	Elite Investment Services Ltd.	British Virgin Islands	General investment	460,650	460,650	15	100	667,546	55,447	55,447	
Elite Semiconductor Microelectronics Technology Inc.	Jie Yong Investment Ltd.	Taiwan	General investment	270,000	270,000	3,600,000	41.86	178,955	105,923	(381)	
Elite Semiconductor Microelectronics Technology Inc.	Eon Silicon Solutions, Inc. USA	U.S.A.	Product design, development and test	13,304	13,304	200,000	100	(1,650)	32	32	
Charng Feng Investment Ltd.	Elite Memory Technology Inc.	Taiwan	Product design, wholesale and retail of electronic materials, manufacturing of electronic compenents, information software services and international trade	69,407	69,407	10,000,000	100	21,448	(164)	(164)	
Charng Feng Investment Ltd.	Elite Silicon Technology Inc.	Taiwan	Product design, wholesale and retail of electronic materials, manufacturing of electronic compenents, information software services and international trade	-	61,229	-	-	-	1,046	1,027	Note 3
Charng Feng Investment Ltd.	Canyon Semiconductor Inc.	Taiwan	International trade, manufacturing of electronic components, product design and information software services	80,337	80,337	8,350,000	37.28	103,857	60,412	23,880	
Charng Feng Investment Ltd.	Elite Innovation Japan Ltd.	Japan	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	2,276	2,276	200	100	821	90	90	
Charng Feng Investment Ltd.	CHI Microelectronics Limited	Hong Kong	General trading	394	394	10,000	100	439	(271)	(271)	
Charng Feng Investment Ltd.	HHHtech Co., Ltd.	Taiwan	Information software services, product design, management consultant and international trade	-	15,000	-	-	-	(324)	(243)	Note 2

Note 1: The foreign investment amount was translated at the exchange rate as at December 31, 2022

Note 2: The subsidiary of the Company-Charng Feng Investment Ltd. participated in HHHtech Co., Ltd. issuance of common stocks for cash in March 2021, and holds 75% of HHHtech Co., common stocks issued. On June 28, 2021, the special meeting of shareholders of HHHtech Co., resolved to liquidate, and the effective date of the liquidation was set on March 3, 2022. The liquidation letter was received from Department of Commence, MOEA on March 15, 2022.

Note 3: For the purpose of the Group’s resource integration, the subsidiary of the Company, Elite Semiconductor Memory Technology Inc. merged with Elite Silicon Technology Inc. Elite Semiconductor Memory Technology Inc. is the surviving company, and Elite Silicon Technology Inc. is the dissolved company. The effective date for the merger was set on June 30, 2022.The liquidation letter was received from Department of Commerce, MOEA on August 2, 2022.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in Capital (Note 4)	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2022	Net income (loss) of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investment in Mainland China as at December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as at December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	Trading of goods or technical services, develop and sale products of networking system, storage, and peripherals, technical consulting services of integrated circuit, and after - sales services	$ 93,343	(1)	$ 93,343	$ -	$ -	$ 93,343	$ 4,083	100	$ 4,083	$ 92,034	$ -	Note 5
Elite Semiconductor Microelectronics Technology (Shanghai) Inc.	Product design, wholesale and retail of electronic materials, software design services and international trade	6,142	(1)	6,142	-	-	6,142	1,573	100	1,573	8,584	-	Note 6

Company name	Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA
Charng Feng Investment Ltd.	$ 99,485	$ 99,485	$ 329,614

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(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: Investment income (loss) was recognised based on financial statements prepared by each company which were audited by independent auditors.

Note 3: The amount of the statement should show as New Taiwan dollars.

Note 4: Paid-in capital and investment amount translated at the exchange rate as at December 31, 2022.

Note 5: The Company's subsidiary, Charng Feng Investment Ltd., obtained the revised investment amount of USD 39,485.42, USD 2,500,000, and USD 500,000 approved by the Investment Commission, MOEA on February 6, 2020, July 10, 2020 and November 30, 2021, respectively.

Note 6: The Company's subsidiary, Charng Feng Investment Ltd., obtained the investment amount of USD 200,000 approved by the Investment Commission of MOEA in May 20, 2020.

V. Financial Report of the Parent Company audited and attested by CPAs for the most recent financial year.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Elite Semiconductor Microelectronics Technology Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Elite Semiconductor Microelectronics Technology Inc. as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Elite Semiconductor Microelectronics Technology Inc. as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Parent Company Only Financial Statements section of our report. We are independent of Elite Semiconductor Microelectronics Technology Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of Elite Semiconductor Microelectronics Technology Inc.'s 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for Elite Semiconductor Microelectronics Technology Inc.'s 2022 parent company only financial statements are stated as follows:

Allowance for inventory valuation losses

Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(5) for details of inventories. As of December 31, 2022, the Company’s inventories and allowance for inventory valuation losses amounted to NT$9,212,355 thousand and NT$865,439 thousand, respectively.

Elite Semiconductor Microelectronics Technology Inc. is primarily engaged in researching, developing, manufacturing, selling integrated circuits. Elite Semiconductor Microelectronics Technology Inc. recognises inventories at the lower of cost and net realisable value. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged. As the estimation of net realisable value for individually obsolete or damaged inventories is subject to management’s judgment, we considered the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter, including assessing the reasonability of the policies and procedures adopted to provide for inventory losses based on the understanding of Elite Semiconductor Microelectronics Technology Inc. operations and industry, including the historical information of depletion of inventories, and the rationality of judging obsolete inventory items. We validated the appropriateness of relevant information in the inventory aging report utilised by Elite Semiconductor Microelectronics Technology Inc. to confirm that the information in the report is consistent with its policy. We then evaluated and confirmed the reasonableness of net realisable value for inventories through validating respective supporting documents and information.

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

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

In preparing the parent company only financial statements, management is responsible for assessing Elite Semiconductor Microelectronics Technology Inc.’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Elite Semiconductor Microelectronics

Technology Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing Elite Semiconductor Microelectronics Technology Inc.’s financial reporting process.

Auditor’s responsibilities for the audit of the parent company only financial statements

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

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

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

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Elite Semiconductor Microelectronics Technology Inc.’s internal control.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Elite Semiconductor Microelectronics Technology Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Elite Semiconductor Microelectronics Technology Inc. to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Elite Semiconductor Microelectronics Technology Inc. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of parent company only audit. We remain solely responsible for our audit opinion.

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

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

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

Shu-Chien, Pai	Ya-Huei, Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2023

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

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 3,705,997	19	$ 8,749,239	43
1110	Financial assets at fair value through profit or loss - current	6(2)	94,813	1	173,513	1
1136	Financial assets at amortised cost - current		-	-	110,720	1
1150	Notes receivable, net		9	-	-	-
1170	Accounts receivable, net	6(4)	886,551	5	1,910,845	9
1180	Accounts receivable due from related parties, net	6(4) and 7(2)	1,482	-	-	-
1200	Other receivables		81,556	-	115,503	1
1210	Other receivables due from related parties	7(2)	100	-	-	-
1220	Current income tax assets		220,468	1	-	-
130X	Inventories	6(5)	8,346,916	42	5,363,309	27
1410	Prepayments		440,854	2	60,776	-
1470	Other current assets		821	-	170	-
11XX	**Total current assets**		13,779,567	70	16,484,075	82
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	6,495	-	17,697	-
1550	Investments accounted for using equity method	6(6)	1,423,932	7	1,385,929	7
1600	Property, plant and equipment	6(7) and 8	1,991,347	10	1,237,536	6
1755	Right-of-use assets	6(8)	71,272	1	69,562	-
1760	Investment property, net	6(9)	15,761	-	16,731	-
1780	Intangible assets	6(10)(11)	51,410	-	83,825	1
1840	Deferred income tax assets	6(28)	213,192	1	3,116	-
1900	Other non-current assets	6(12) and 8	2,140,867	11	857,372	4
15XX	**Total non-current assets**		5,914,276	30	3,671,768	18
1XXX	**Total assets**		$ 19,693,843	100	$ 20,155,843	100

(Continued)

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(13)	$ 3,175,000	16	$ 1,700,000	8
2130	Contract liabilities - current	6(21)	6,096	-	21,399	-
2150	Notes payable		2,399	-	2,205	-
2170	Accounts payable		2,132,751	11	2,799,845	14
2180	Accounts payable - related parties	7(2)	88,172	1	52,939	-
2200	Other payables	6(14) and 7(2)	1,432,504	7	1,830,027	9
2230	Current income tax liabilities		-	-	904,582	5
2250	Provisions for liabilities - current	6(12)(24)	530,888	3	-	-
2280	Lease liabilities - current		9,224	-	7,509	-
2300	Other current liabilities		6,966	-	5,611	-
21XX	**Total current liabilities**		7,384,000	38	7,324,117	36
	Non-current liabilities					
2540	Long-term borrowings	6(15)	643,400	3	-	-
2550	Provisions for liabilities - non-current		19,850	-	18,040	-
2570	Deferred income tax liabilities	6(28)	55,208	-	15,455	-
2580	Lease liabilities - non-current		62,421	1	63,328	1
2600	Other non-current liabilities	6(16)	14,634	-	13,488	-
25XX	**Total non-current liabilities**		795,513	4	110,311	1
2XXX	**Total Liabilities**		8,179,513	42	7,434,428	37
	Equity					
	Share capital	6(18)				
3110	Common stock		2,861,570	15	2,861,570	14
	Capital surplus	6(19)				
3200	Capital surplus		255,317	1	181,329	1
	Retained earnings	6(20)				
3310	Legal reserve		2,014,288	10	1,516,762	8
3320	Special reserve		23,906	-	-	-
3350	Unappropriated retained earnings		6,553,259	33	8,323,076	41
	Other equity interest					
3400	Other equity interest		(46,310)	-	(23,906)	-
3500	Treasury shares	6(18)	(147,700)	(1)	(137,416)	(1)
3XXX	**Total equity**		11,514,330	58	12,721,415	63
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 19,693,843	100	$ 20,155,843	100

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Year ended December 31,			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7(2)	$ 16,207,898	100	$ 23,844,898	100
5000	Operating costs	6(5)(26)(27) and 7(2)	(13,290,337)	(82)	(15,165,773)	(63)
5950	Gross profit		2,917,561	18	8,679,125	37
	Operating expenses	6(26)(27)				
6100	Selling expenses	7(2)	(337,139)	(2)	(486,325)	(2)
6200	General and administrative expenses		(321,690)	(2)	(563,666)	(2)
6300	Research and development expenses	7(2)	(1,533,186)	(10)	(1,777,702)	(8)
6450	Expected credit impairment gain	12(2)	-	-	5,713	-
6000	Total operating expenses		(2,192,015)	(14)	(2,821,980)	(12)
6900	Operating profit		725,546	4	5,857,145	25
	Non-operating income and expenses					
7100	Interest income	6(22)	83,306	1	27,254	-
7010	Other income	6(23) and 7(2)	69,068	-	56,853	-
7020	Other gains and losses	6(24)	360,144	2	(75,268)	-
7050	Finance costs	6(25)	(33,488)	-	(20,341)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(6)	35,216	-	63,540	-
7000	Total non-operating income and expenses		514,246	3	52,038	-
7900	**Profit before income tax**		1,239,792	7	5,909,183	25
7950	Income tax expense	6(28)	(197,599)	(1)	(932,972)	(4)
8200	**Profit for the period**		$ 1,042,193	6	$ 4,976,211	21
	Other comprehensive income-net					
	Other comprehensive income components that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6(16)	($ 1,322)	-	($ 949)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(11,202)	-	(14,721)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(11,202)	-	(14,721)	-
8300	**Other comprehensive loss for the period-net**		($ 23,726)	-	($ 30,391)	-
8500	**Total comprehensive income for the period**		$ 1,018,467	6	$ 4,945,820	21
	Profit attributable to:					
	Earnings per share (in dollars)	6(29)				
9750	Basic earnings per share		$	3.71	$	17.76
9850	Diluted earnings per share		$	3.71	$	17.63

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

				Retained Earnings					
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
2021									
Balance at January 1, 2021		$ 2,857,589	$ 109,677	$ 1,409,039	$ 8,524	$ 4,019,327	$ 5,536	($ 145,649)	$ 8,264,043
Profit for the year		-	-	-	-	4,976,211	-	-	4,976,211
Other comprehensive loss for the year		-	-	-	-	(949)	(29,442)	-	(30,391)
Total comprehensive income (loss) for the period		-	-	-	-	4,975,262	(29,442)	-	4,945,820
Distribution of 2020 earnings:	6(20)								
Legal reserve appropriated		-	-	107,723	-	(107,723)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(572,314)	-	-	(572,314)
Reversal of special reserve		-	-	-	(8,524)	8,524	-	-	-
Disposal of parent company's share by subsidiary recognised as treasury share	6(19)	-	40,089	-	-	-	-	8,233	48,322
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(19)	-	1,146	-	-	-	-	-	1,146
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(19)	-	11,739	-	-	-	-	-	11,739
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(19)	-	(27)	-	-	-	-	-	(27)
Difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount	6(19)	-	(311)	-	-	-	-	-	(311)
Issuance of new shares due to employee stock options exercised	6(17)(18)(19)	3,981	18,946	-	-	-	-	-	22,927
Expired cash dividends transferred to capital surplus	6(19)	-	70	-	-	-	-	-	70
Balance at December 31, 2021		$ 2,861,570	$ 181,329	$ 1,516,762	$ -	$ 8,323,076	($ 23,906)	($ 137,416)	$ 12,721,415
2022									
Balance at January 1, 2022		$ 2,861,570	$ 181,329	$ 1,516,762	$ -	$ 8,323,076	($ 23,906)	($ 137,416)	$ 12,721,415
Profit for the year		-	-	-	-	1,042,193	-	-	1,042,193
Other comprehensive loss for the year		-	-	-	-	(1,322)	(22,404)	-	(23,726)
Total comprehensive income (loss) for the period		-	-	-	-	1,040,871	(22,404)	-	1,018,467
Distribution of 2021 earnings:	6(20)								
Legal reserve appropriated		-	-	497,526	-	(497,526)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(2,289,256)	-	-	(2,289,256)
Special reserve appropiated		-	-	-	23,906	(23,906)	-	-	-
Acquisition of the Company's share by subsidiary recognised as treasury share		-	-	-	-	-	-	(10,284)	(10,284)
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(19)	-	989	-	-	-	-	-	989
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(19)	-	44,720	-	-	-	-	-	44,720
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(19)	-	(29)	-	-	-	-	-	(29)
Change in associates and joint ventures accounted for using equity method	6(19)	-	28,165	-	-	-	-	-	28,165
Expired cash dividends transferred to capital surplus	6(19)	-	143	-	-	-	-	-	143
Balance at December 31, 2022		$ 2,861,570	$ 255,317	$ 2,014,288	$ 23,906	$ 6,553,259	($ 46,310)	($ 147,700)	$ 11,514,330

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,239,792	$ 5,909,183
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(9)(26)	505,867	401,657
Amortisation	6(10)(26)	122,085	116,866
Expected credit impairment gain	12(2)	-	(5,713)
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(24)	11,804	(52,007)
Interest expenses	6(25)	33,488	20,341
Interest income	6(22)	(83,306)	(27,254)
Dividend income	6(23)	(771)	(3,155)
Impairment loss	6(10)(11)(24)	-	18,302
Share of profit of associates and joint ventures accounted for using equity method		(35,216)	(63,540)
Onerous contracts losses	6(12)(24)	530,888	-
Gains on lease modifications	6(24)	(1,213)	(4)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit and loss		66,896	47,042
Notes receivable		(9)	-
Accounts receivable		1,024,294	(400,325)
Accounts receivable - related parties		(1,482)	973
Other receivables		35,879	(17,200)
Other receivables - related parties		100	-
Inventories		(2,983,607)	606,335
Prepayments		(380,078)	(37,299)
Other current assets		(651)	5,013
Other non-current assets		(1,182,950)	-
Changes in operating liabilities			
Notes payable		194	90
Accounts payable		(667,094)	518,187
Accounts payable-related parties		35,233	52,939
Contract liabilities		(15,303)	16,063
Other payables		(395,340)	1,193,033
Other current liabilities		1,355	(3,639)
Other non-current liabilities		104	(2,049)
Cash (outflow) inflow generated from operations		(2,139,041)	8,293,839
Interest received		81,174	23,562
Interest paid		(29,390)	(19,246)
Income taxes paid		(1,492,972)	(172,357)
Net cash flows (used in) from operating activities		(3,580,229)	8,125,798

(Continued)

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 83,540)	($ 144,324)
Disposal of financial assets at amortised cost		194,260	170,308
Acquisition of property, plant and equipment	6(30)	(1,269,380)	(850,539)
Acquisition of intangible assets	6(30)	(89,454)	(106,876)
Increase in refundable deposits		(86,279)	(836,550)
Dividends received		50,343	18,250
Net cash flows used in investing activities		(1,284,050)	(1,749,731)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(30)	1,475,000	360,000
Increase in long-term borrowings	6(30)	643,400	-
Increase (decrease) short-term notes and bills payable	6(30)	271	(148,869)
Repayment of lease liabilities	6(30)	(8,241)	(7,499)
Decrease in guarantee deposit received	6(30)	(280)	(298)
Proceeds from exercise of employee stock options		-	22,927
Cash dividends paid	6(20)	(2,289,256)	(572,314)
Expired cash dividends	6(19)	143	70
Net cash flows used in financing activities		(178,963)	(345,983)
Net (decrease) increase in cash and cash equivalents		(5,043,242)	6,030,084
Cash and cash equivalents at beginning of year	6(1)	8,749,239	2,719,155
Cash and cash equivalents at end of year	6(1)	$ 3,705,997	$ 8,749,239

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORYAND ORGANISATION

Elite Semiconductor Microelectronics Technology Inc. (the "Company") was incorporated in May 1998 and commenced operations in December 1998. The Company is engaged in the research, development, production, manufacturing, and sales of dynamic and static random access memory, flash memory, analog integrated circuit, analog and digital mixed integrated circuit. The Company is also engaged in the related design and technical R&D services for the above products.

The Company merged with Ji Xin Technology Co., Ltd. on December 5, 2005, and merged with Eon Silicon Solution Inc. on June 8, 2016, with the Company as the surviving company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 23, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

(2) Effect of new issuances of or amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Company

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

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

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

(3) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
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 IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17,'Insurance contracts'	January 1, 2023
Amendment to IFRS 17,'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets (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 the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs"), requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

Foreign currency transactions and balances

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

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

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

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses.

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

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5)<u>Cash equivalents</u>

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

(6)<u>Financial assets at fair value through profit or loss</u>

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

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

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

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

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

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

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

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

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

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

(8)Financial assets at amortised cost

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

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

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

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

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

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9)Accounts and notes receivable

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

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

(10)Impairment of financial assets

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

(11)Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12)Operating leases(lessor)

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

(13)Inventories

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

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

A. Subsidiaries are entities controlled by the Company (including structured entities). The Company controls the entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. All unrealised profit or loss resulting from transactions between the Company and its subsidiaries have been eliminated in full. Accounting policies of subsidiaries have been adjusted when necessary in order to be consistent with those of the Company.

C. The Company’s share of profit or loss in subsidiaries after acquisition is recognised in profit or loss, whereas its share of other comprehensive income in subsidiaries after acquisition is recognised in other comprehensive income. If the Company’s share of loss in a subsidiary exceeds its share of equity in such a subsidiary, the Company continues to recognise losses in its shareholding percentage.

D. If a change in shareholding in a subsidiary does not result in a loss o f control (i.e. transactions with non-controlling interests), such a change is accounted for as an equity transaction, that is, a transaction with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

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

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

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

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

I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

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

L. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(15)Property, plant and equipment

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

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

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

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

Buildings and structures	3~50 years
Machinery and equipment	3~8 years
Testing equipment	3~8 years
Others	3~10 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term.

Starting from the lease date, the Company assesses whether it can reasonably determine its option to extend the lease or purchase the underlying asset, or not to terminate the lease. The Company considers all relevant facts and circumstances that will generate economic incentives to exercise or not exercise the options. Such circumstances include all expected changes in facts and situations from the start of the lease to the day when the option is exercised. Main factors to consider include contractual terms and conditions within the period of options and the importance of the underlying asset to the lessee’s operations, etc. The lease term will be reassessed if a significant change or a major change in circumstances occurs within the Company's control range.

The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(18) Intangible assets

A. Patents, professional technology, and customer relationship

Separately acquired patent is stated at historical cost. Patents, professional technology, and customer relationship acquired in a business combination are recognised at fair value at the acquisition date, and amortised on a straight-line basis over their estimated useful lives of 3 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Other intangible assets, mainly computer software, are stated at cost and amortised on a straight-line basis over their estimated useful lives of 1 ~ 3 years.

(19)Impairment of non-financial assets

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

B. The recoverable amount of goodwill is evaluated periodically. An impairment loss is recognised for the amount by which the asset ’s carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or Company of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or Company of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20)Borrowings

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

(21)Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, for short-term accounts payable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(22)Derecognition of financial liabilities

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

(23) Provisions

Provisions (including decommissioning liabilities and onerous contracts) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

I. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds at the balance sheet date of a currency and term consistent with the currency and term of the employment benefit obligations.

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

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

C. Employees' compensation and directors' remuneration

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

(25)Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(26)Income tax

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

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

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

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

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(27)Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

(28)Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29)Revenue recognition

A. The Company manufactures and sells integrated circuit. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers’ acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. The Company accepts sales orders from customers. Sales revenue is recognised according to the contract price, and the Company transfers the promised goods or services to customers. Since the customer's payment period does not exceed one year, the Company has not adjusted the monetary time value of the transaction price.

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

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As at December 31, 2022, the carrying amount of inventories was $8,346,916.

B. Evaluation of onerous contract losses

A portion of refundable deposits of the Company is a capacity reservation agreement with the supplier. According to the agreement, if the Company's actual purchased quantities does not meet the agreed requirements, the prepaid guaranty fund will be forfeited based on the agreement, and the agreement cannot be terminated. In response to the recent fluctuations in the overall market economic environment affecting market demand, the Company has made onerous contracts losses.

As at December 31, 2022, the carrying amount of the provision for onerous contract was $530,888.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 115	$ 115
Checking accounts and demand deposits	711,798	747,543
Time deposits	2,994,084	8,001,581
	$ 3,705,997	$ 8,749,239

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

B. Details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8.

C. To achieve its goal of sustainable development for the environment, the Company's time deposits include the green deposits amounting to $10,000 as at December 31, 2022.

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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 286	$ 286
Emerging stocks	7,767	69,438
Beneficiary certificates	45,465	45,465
Corporate bonds	31,226	31,226
Subtotal	84,744	146,415
Valuation adjustment	10,069	27,098
Total	$ 94,813	$ 173,513

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	($ 3,554)	$ 52,087
Debit instruments	(6,939)	1,504
Beneficiary certificates	(1,311)	(1,584)
Total	($ 11,804)	$ 52,007

B. The Company has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2)C(b).

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Unlisted stocks	$ 29,650	$ 29,650
Valuation adjustment	(23,155)	(11,953)
	$ 6,495	$ 17,697

The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $6,495 and $17,697 as at December 31, 2022, and 2021, respectively.

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable - general customers	$ 886,551	$ 1,910,845
Accounts receivable - related parties	1,482	-
	888,033	1,910,845
Less: Allowance for uncollectible accounts	-	-
	$ 888,033	$ 1,910,845

A. The aging analysis of accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 878,807	$ 1,910,504
Up to 30 days	9,226	341
31 to 90 days	-	-
91 to 180 days	-	-
Over 181 days	-	-
	$ 888,033	$ 1,910,845

The above aging analysis is based on past due date.

B. As at December 31, 2022, and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were $888,033 and $1,910,845, respectively.

C. The fair value of the collaterals held by the Company as guarantee for accounts receivable are as follows:

	December 31, 2022	December 31, 2021
Bank guarantee	$ 42,284	$ 55,304
Pledged certificates of deposit	39,923	17,992
Guarantee deposits received (shown as "other non-current liabilities")	5,621	5,106
Letters of credit	812,396	935,013
Company promissory notes/checks	507,813	667,065
	$ 1,408,037	$ 1,680,480

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

E. As at December 31, 2022, and 2021, accounts receivable were all from contracts with customers. As at January 1, 2021, the balance of receivables from contracts with customers amounted to $1,505,780.

F. The Company has no accounts receivable pledged to others.

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 459,626	($ 1,314)	$ 458,312
Work in process	6,467,614	(519,747)	5,947,867
Finished goods	2,280,691	(344,378)	1,936,313
Inventory in transit	4,424	-	4,424
	$ 9,212,355	($ 865,439)	$ 8,346,916

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 58,400	($ 842)	$ 57,558
Work in process	3,688,463	(3,188)	3,685,275
Finished goods	1,621,180	(20,856)	1,600,324
Inventory in transit	20,152	-	20,152
	$ 5,388,195	($ 24,886)	$ 5,363,309

The cost of inventories recognised as expense for the years:

	Years ended December 31,	
	2022	2021
Cost of goods sold	$ 12,449,784	$ 15,239,658
Loss on market value decline and obsolete and slow-moving inventories (gain on reversal of decline)	840,553	(73,885)
	$ 13,290,337	$ 15,165,773

As the Company sold some inventory which were previously provided with allowance for decline in market value, the Company recognised gain on reversal of decline in market value for the years ended December 31, 2021.

(6) Investments accounted for using equity method

	Years ended December 31,	
	2022	2021
Subsidiaries:		
Elite Investment Services Ltd.	$ 667,546	$ 612,100
Charng Feng Investment Ltd.	549,356	566,029
Jie Yong Investment Ltd.	178,955	188,931
Elite Semiconductor Memory Technology Inc.	29,725	20,551
Eon Silicon Solution Inc. USA	(1,650)	(1,682)
	$ 1,423,932	$ 1,385,929

Information about the subsidiaries is provided in Note 4(3) in the 2022 consolidated financial statements.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery equipment	Test equipment	Others	Total
At January 1, 2022						
Cost	$ 168,768	$ 667,335	$ 700,438	$ 329,940	$ 1,916,684	$ 3,783,165
Accumulated depreciation and impairment	-	(433,861)	(413,484)	(194,253)	(1,504,031)	(2,545,629)
	$ 168,768	$ 233,474	$ 286,954	$ 135,687	$ 412,653	$ 1,237,536
2022						
At January 1	$ 168,768	$ 233,474	$ 286,954	$ 135,687	$ 412,653	$ 1,237,536
Additions	394,130	351,974	46,559	42,442	402,966	1,238,071
Transfers (Note)	-	-	9,259	2,826	-	12,085
Depreciation charge	-	(37,071)	(56,683)	(31,779)	(370,812)	(496,345)
At December 31	$ 562,898	$ 548,377	$ 286,089	$ 149,176	$ 444,807	$ 1,991,347
At December 31, 2022						
Cost	$ 562,898	$ 1,019,309	$ 756,256	$ 375,208	$ 2,319,650	$ 5,033,321
Accumulated depreciation and impairment	-	(470,932)	(470,167)	(226,032)	(1,874,843)	(3,041,974)
	$ 562,898	$ 548,377	$ 286,089	$ 149,176	$ 444,807	$ 1,991,347

	Land	Buildings and structures	Machinery equipment	Test equipment	Others	Total
At January 1, 2021						
Cost	$ 9,023	$ 636,446	$ 518,018	$ 284,731	$ 1,480,677	$ 2,928,895
Accumulated depreciation and impairment	-	(398,943)	(375,047)	(165,365)	(1,213,527)	(2,152,882)
	$ 9,023	$ 237,503	$ 142,971	$ 119,366	$ 267,150	$ 776,013
2021						
At January 1	$ 9,023	$ 237,503	$ 142,971	$ 119,366	$ 267,150	$ 776,013
Additions	159,745	23,581	157,570	20,516	436,007	797,419
Transfers (Note)	-	7,308	24,850	24,693	-	56,851
Depreciation charge	-	(34,918)	(38,437)	(28,888)	(290,504)	(392,747)
At December 31	$ 168,768	$ 233,474	$ 286,954	$ 135,687	$ 412,653	$ 1,237,536
At December 31, 2021						
Cost	$ 168,768	$ 667,335	$ 700,438	$ 329,940	$ 1,916,684	$ 3,783,165
Accumulated depreciation and impairment	-	(433,861)	(413,484)	(194,253)	(1,504,031)	(2,545,629)
	$ 168,768	$ 233,474	$ 286,954	$ 135,687	$ 412,653	$ 1,237,536

Note: Transferred from prepayments for equipment (shown as "Other non-current assets").

A. For the years ended December 31, 2022 and 2021, there was no capitalisation of borrowing costs attributable to the intangible assets.

B. The Company has no property, plant and equipment pledged to others.

(8) Leasing arrangements－lessee

A. The Company leases various assets including land, buildings and structures, business vehicles, and printers. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Short-term leases with a lease term of 12 months or less comprise of business vehicles and staff dormitory.

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

	December 31, 2022	December 31, 2021
	Book value	
Land	$ 57,912	$ 58,801
Buildings and structures	3,662	5,079
Business vehicles	7,204	2,565
Printers	2,494	3,117
	$ 71,272	$ 69,562

	Years ended December 31,	
	2022	2021
	Depreciation charge	
Land	$ 3,574	$ 3,420
Buildings and structures	1,417	1,417
Business vehicles	2,938	2,480
Printers	623	623
	$ 8,552	$ 7,940

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $7,576 and $5,702, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 815	$ 1,074
Expense on short-term lease contracts	$ 558	$ 533

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $9,614 and $9,106, respectively.

(9) Investment property

	Buildings and structures
At January 1, 2022	
Cost	$ 20,369
Accumulated depreciation and impairment	(3,638)
	$ 16,731
2022	
At January 1	$ 16,731
Depreciation charge	(970)
At December 31	$ 15,761
At December 31, 2022	
Cost	$ 20,369
Accumulated depreciation and impairment	(4,608)
	$ 15,761

	Buildings and structures
At January 1, 2021	
Cost	$ 20,369
Accumulated depreciation and impairment	(2,668)
	$ 17,701
2021	
At January 1	$ 17,701
Depreciation charge	(970)
At December 31	$ 16,731
At December 31, 2021	
Cost	$ 20,369
Accumulated depreciation and impairment	(3,638)
	$ 16,731

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2022	2021
Rental income from investment property	$ 2,562	$ 2,562
Direct operating expenses arising from the investment property that generated rental income during the period	$ 970	$ 970

B. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 was $8,314 and, $8,130, respectively, which was valued by income approach. Key assumptions are as follows:

	December 31, 2022	December 31, 2021
Rate of net return on capital (Note)	17.37%	18.57%

Note: Calculated based on the weighted average capital cost of capital.

C. For the years ended December 31, 2022 and 2021, there was no capitalisation of borrowing costs attributable to the investment property.

D. The Company has no investment property pledged to others.

(10)Intangible assets

	Patents and professional technology	Customer relationship	Goodwill	Others	Total
At January 1, 2022					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 642,413	$ 768,649
Accumulated amortisation and impairment	(34,478)	(11,000)	(80,758)	(558,588)	(684,824)
	$ -	$ -	$ -	$ 83,825	$ 83,825
2022					
At January 1	$ -	$ -	$ -	$ 83,825	$ 83,825
Additions	-	-	-	89,454	89,454
Transfers (Note)	-	-	-	216	216
Amortisation	-	-	-	(122,085)	(122,085)
At December 31	$ -	$ -	$ -	$ 51,410	$ 51,410
At December 31, 2022					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 637,902	$ 764,138
Accumulated amortisation and impairment	(34,478)	(11,000)	(80,758)	(586,492)	(712,728)
	$ -	$ -	$ -	$ 51,410	$ 51,410

	Patents and professional technology	Customer relationship	Goodwill	Others	Total
At January 1, 2021					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 535,108	$ 661,344
Accumulated amortisation and impairment	(30,654)	(11,000)	(62,456)	(445,546)	(549,656)
	$ 3,824	$ -	$ 18,302	$ 89,562	$ 111,688
2021					
At January 1	$ 3,824	$ -	$ 18,302	$ 89,562	$ 111,688
Additions	-	-	-	106,876	106,876
Transfer (Note)	-	-	-	429	429
Amortisation	(3,824)	-	-	(113,042)	(116,866)
Impairment loss	-	-	(18,302)	-	(18,302)
At December 31	$ -	$ -	$ -	$ 83,825	$ 83,825
At December 31, 2021					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 642,413	$ 768,649
Accumulated amortisation and impairment	(34,478)	(11,000)	(80,758)	(558,588)	(684,824)
	$ -	$ -	$ -	$ 83,825	$ 83,825

Note: Transferred from prepayments for equipment (shown as "Other non-current assets").

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

	Years ended December 31,			
	2022		2021	
Operating costs	$	-	$	3,824
Selling expenses		313		372
General and administrative expenses		3,261		1,864
Research and development expenses		118,511		110,806
	$	122,085	$	116,866

B. For the years ended December 31, 2022 and 2021, there was no capitalisation of borrowing costs attributable to the intangible assets.

C. Impairment information about the intangible assets is provided in 6(11).

D. The Company has no intangible assets pledged to others.

(11) Impairment of non-financial assets

The Company carried out the impairment assessments on the recoverable amount of goodwill on the balance sheet date. The recoverable amount of cash-generating units is determined based on the value-in-use calculations. These calculations use cash flow projections approved by the management covering a five-year period as the basis for estimation. The discount rate was 18.57% in 2021. The value-in-use used by the Company to calculate cash-generating units is derived from historical information on estimated future revenue growth rates, gross profit margins, and operating expense ratios, with reference to future industrial economic trends.

The recoverable amount calculated based on the above key assumptions is lower than the book value of goodwill. As a result, the Company recognised impairment losses of $18,302 for the year ended December 31, 2021.

For the year ended December 31, 2022 : none.

(12) Other non-current assets

	December 31, 2022		December 31, 2021	
Prepayments for purchases	$	1,182,950	$	-
Refundable deposits (Note 1)		927,380		841,101
Prepayments for equipment		26,568		12,302
Pledged time deposits		3,969		3,969
	$	2,140,867	$	857,372

Note 1: A portion of refundable deposits of the Company is a capacity reservation agreement with the supplier. According to the agreement, the Company promises to purchase wafer production capacity within the agreed period and quantities after the Company has paid the guaranty fund in advance, the supplier will then provide the agreed production capacity to the Company. If the Company's actual purchased quantities does not meet the agreed requirements, the prepaid guaranty

fund will be forfeited based on the agreement, and the agreement cannot be terminated. In response to the recent fluctuations in the overall market economic environment affecting market demand, the Company has made provision for onerous contracts liabilities, and recognised them under provisions for liabilities and other losses, respectively.

(13) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 3,175,000	1.56%~2.275%	None

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 1,700,000	0.70%~0.86%	None

Interest expense recognised in profit or loss amounted to $30,588 and $16,829 for the years ended December 31, 2022 and 2021, respectively.

(14) Other payables

	December 31, 2022	December 31, 2021
Accrued salaries and bonuses	$ 1,153,979	$ 1,255,968
Accrued employees' compensation and directors' remuneration	25,302	377,182
Payables on equipment	90,089	94,831
Others	163,134	102,046
	$ 1,432,504	$ 1,830,027

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	Note	1.425%~1.55%	Land, buildings and structures	$ 643,400
Less:Current portion				-
				$ 643,400

Note: Borrowing period is from October 7, 2022 to October 7, 2037, interest is repayable monthly, and starting from October, 2025, the same amount of principal is repayable every three mounth.

As at December 31, 2021: None.

(16) Pension

A. (a) The Company has a defined benefit pension plan in accordance with the Labor

Standards Act, 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 Labor standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	($ 8,817)	($ 8,474)
Fair value of plan assets	435	117
	(8,382)	(8,357)
Unadjusted amount for the period	-	1,402
Net liability recognised in the balance sheet	($ 8,382)	($ 6,955)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
At January 1	($ 8,474)	$ 117	($ 8,357)
Current servise cost	(176)	-	(176)
Interest (expense) income	(59)	1	(58)
	(8,709)	118	(8,591)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	178	178
Change in financial assumptions	528	-	528
Experience adjustments	(636)	-	(636)
	(108)	178	70
Pension fund contribution	-	139	139
At December 31	($ 8,817)	$ 435	($ 8,382)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
At January 1	($ 14,033)	$ 2,663	($ 11,370)
Current servise cost	(333)	-	(333)
Interest (expense) income	(42)	7	(35)
	(14,408)	2,670	(11,738)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	39	39
Change in demographic assumptions	(9)	-	(9)
Change in financial assumptions	382	-	382
Experience adjustments	537	-	537
	910	39	949
Pension fund contribution	-	2,432	2,432
Paid pension	5,024	(5,024)	-
Unadjusted amount for the period	-	-	1,402
At December 31	($ 8,474)	$ 117	($ 6,955)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund 's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two -year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company have no right to participate in managing and operating that fund and hence the Company are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as at December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Years ended December 31,	
	2022	2021
Discount rate	1.30%	0.70%
Future salary increase	3.00%	3.00%

Assumptions regarding future mortality experience are set based on the sixth life experience table in Taiwan for the years ended December 31, 2022 and 2021.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 209)	$ 215	$ 189	($ 185)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 223)	$ 230	$ 204	($ 199)

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

The methodology and assumptions used in preparing the sensitivity analysis are same as prior year.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to $144.

(g) As at December 31, 2022, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	-
1-2 year		-
2-5 year		896
Over 5 years		9,114
	$	10,010

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

(b) The pension costs under the above pension plans of the Company for the years ended December 31, 2022 and 2021 were $37,013 and $32,440, respectively.

(17)Share-based payment

A. For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Succeeding of 2010 Eon Silicon Solution Inc.'s employee stock options	August 10, 2010, October 15, 2010 and January 13, 2011	4,000 thousand shares (Note 2)	10 years	Note 1
Succeeding of 2013 Eon Silicon Solution Inc.'s employee stock options	August 19, 2013	7,500 thousand shares (Note 2)	10 years	Note 1

Note 1: The accumulative proportion of the new shares that can be vested and exercised after fulfilling two years of service, three years of service, and four years of service are 50%, 75% and 100%, respectively.

Note 2: The quantities granted by the Company from the succeeding of Eon Silicon Solution Inc. employee stock option plan was the same quantities granted on the grant date of the original plan. After the merger, the succeeding of Eon Silicon Solution Inc.'s 2010 and 2013 employee stock option plans were 219 thousand shares and 688 thousand shares, respectively.

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

Succeeding of Eon Silicon Solution Inc.'s employee stock options:

	2022			2021		
	No. of options		Weighted-average exercise price (in dollars)	No. of options		Weighted-average exercise price (in dollars)
Options outstanding at January 1	14	$	57.6	518	$	57.6~217.4
Options exercised	-		-	(398)		57.6
Options expired	-		-	(106)		217.4
Options outstanding at December 31	14	$	53.3	14	$	57.6
Option exercisable at December 31	14			14		

C. No stock options were exercised for the year ended December 31, 2022. The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2021 was $85.2 (in dollars).

D. As at December 31, 2022 and 2021, the range of exercise prices of stock options outstanding were $53.3 (in dollars), and $57.6 (in dollars), respectively; the weighted-average remaining contractual period was 0.64 years, and 1.64 years, respectively.

E. Expenses incurred on share-based payment transactions for the years ended December 31, 2022 and 2021 were all $0.

(18)Share capital

A. As at December 31, 2022, the Company's authorised capital was $3,500,000, consisting of 350,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,861,570 with a par value of $10 (in dollars) per share.

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

Unit：Thousands of shares

	2022	2021
Outstanding ordinary shares at January 1	272,803	271,605
Employee stock options exercised	-	398
Acquisition of parent company's share by subsidiary recognised as treasury shares	(355)	-
Disposal of parent company's share by subsidiary recognised as treasury shares	-	800
Outstanding ordinary shares at December 31	272,448	272,803
Treasury shares at the end of the year	13,709	13,354
Issued ordinary shares at December 31	286,157	286,157

B. Treasury shares

Due to the Company’s business strategy, the number of the Company’s shares held by the Company’s subsidiary, Jie Young Investment Ltd., as at December 31, 2022 and 2021, were 13,709 thousand shares and 13,354 thousand shares with carrying amounts of $352,845 and $328,276, respectively; the average book value per share was $25.74 and $24.58, and the fair values per share were $65.0 and $165.0, respectively.

(19)Capital surplus

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

	2022					
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1	$ 20,162	$ 41,750	$ 112,786	$ 2,697	$3,934	$181,329
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	-	-	989	-	-	989
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	-	-	44,720	-	-	44,720
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	-	-	(29)	-	-	(29)
Change in associates and joint ventures accounted for using equity mothod	-	-	28,165	-	-	28,165
Expired cash dividends transferred to capital surplus	-	-	-	-	143	143
At December 31	$ 20,162	$ 41,750	$ 186,631	$ 2,697	$4,077	$255,317

	2021					
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1	$ -	$ 1,661	$ 100,239	$ 3,913	$3,864	$109,677
Disposal of company's share by subsidiary recognised as treasury share	-	40,089	-	-	-	40,089
Recognition of change in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	-	-	1,146	-	-	1,146
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	-	-	11,739	-	-	11,739
Recognition of change in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	-	-	(27)	-	-	(27)
Difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount	-	-	(311)	-	-	(311)
Issuance of new shares due to employee stock options exercised	20,162	-	-	(1,216)	-	18,946
Expired cash dividends transferred to capital surplus	-	-	-	-	70	70
At December 31	$ 20,162	$ 41,750	$ 112,786	$ 2,697	$3,934	$181,329

(20) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall be appropriated in the following order:

(a) Payment of all taxes and dues.

(b) Offset previous years, operating losses, if any

(c) Setting aside 10% of remaining amount as legal reserve, unless the accumulated amount of the legal reserve has reached the total authorised capital of the Company

(d) Setting aside or reversing a special reserve according to relevant regulations.

(e) The remainder from this year and prior years may be appropriated as dividends according to a resolution in the shareholders’ meeting.

B. Dividend policy

The Company is in the growth phase. To meet future operation requirements, long-term financial plan and the requirement of cash dividends distributing to the shareholders, the distributable earnings for current year can be entirely distributed to the shareholders, which shall be proposed by the Board of Directors and resolved in the shareholders' meeting every year. Dividends to the shareholders can be distributed in the form of cash or shares, and cash dividends shall account for at least 50% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reserved subsequently, the reversed amount could be included in the distributable earnings.

E. As approved by the Board of Directors on February 26, 2021, the appropriations of 2020 earnings would be legal reserve of $107,724 and cash dividend of $2 (in dollars) per share. The aforementioned appropriations had been resolved in the shareholders' meeting on July 12, 2021, and distributed on July 30, 2021.

F. As approved by the Board of Directors on February 25, 2022, the appropriations of 2021 earnings would be legal reserve of $497,526 and cash dividend of $2,289,256, constituting $8 (in dollars) per share. The aforementioned appropriations had been resolved in the shareholders' meeting on June 15, 2022, and distributed on July 29, 2022.

G. As approved by the Board of Directors on February 23, 2023, the appropriations of 2022 earnings would be legal reserve of $104,087 and cash dividend of $1.8(in dollars) per share. The aforementioned appropriations had not yet been approved at the shareholders' meeting.

(21)Operating revenue

	Years ended December 31, 2022	Years ended December 31, 2021
Revenue from contracts with customers	$ 16,207,898	$ 23,844,898

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major geographical regions:

Year ended December 31, 2022	Domestic area	Asia	Others	Total
Integrated circuits	$ 7,244,896	$ 8,841,579	$121,423	$ 16,207,898

Year ended December 31, 2021	Domestic area	Asia	Others	Total
Integrated circuits	$ 11,523,346	$ 12,196,154	$125,398	$ 23,844,898

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities-advance sales receipts	$ 6,096	$ 21,399	$ 5,336

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Years ended December 31,	
	2022	2021
Contract liabilities – advance sales receipts	$ 23,459	$ 5,276

(22)Interest income

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	$ 82,128	$ 26,740
Interest income from financial assets at amortised cost	205	249
Other interest income	973	265
	$ 83,306	$ 27,254

(23)Other income

	Years ended December 31,	
	2022	2021
Rent income	$ 5,926	$ 5,669
Dividend income	771	3,155
Other income, others	62,371	48,029
	$ 69,068	$ 56,853

(24)Other gains and losses

	Years ended December 31, 2022	Years ended December 31, 2021
Gains arising from lease modifications	$ 1,213	$ 4
Foreign exchange gains (losses)	949,763	(108,007)
(Losses) gains on financial assets at fair value through profit or loss	(11,804)	52,007
Impairment loss	-	(18,302)
Onerous contracts losses	(530,888)	-
Miscellaneous disbursements	(48,140)	(970)
	$ 360,144	($ 75,268)

(25)Finance costs

	Years ended December 31, 2022	Years ended December 31, 2021
Interest expense:		
Bank borrowings	$ 30,588	$ 16,829
Provisions for liabilities - amortisation of discount	1,810	1,545
Lease liabilities	815	1,074
Total interest expense	33,213	19,448
Others	275	893
	$ 33,488	$ 20,341

(26)Expenses by nature

	Years ended December 31, 2022	Years ended December 31, 2021
Employee benefit expenses	$ 1,466,873	$ 2,424,794
Depreciation charges on property, plant and equipment	$ 496,345	$ 392,747
Depreciation charges on right-of-use assets	$ 8,552	$ 7,940
Depreciation charges on investment property	$ 970	$ 970
Amortisation charges on intangible assets	$ 122,085	$ 116,866

(27)Employee benefit expenses

	Years ended December 31,	
	2022	2021
Wages and salaries	$ 1,320,781	$ 2,247,037
Labor and health insurance fees	71,598	57,726
Pension costs	37,247	32,820
Directors' remuneration	20,195	70,264
Other personnel expenses	17,052	16,947
	$ 1,466,873	$ 2,424,794

A. In accordance with the Articles of Incorporation of the Company dated July 12, 2021, the profit before income tax of the current year and before covering employees' compensation and directors' remuneration, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be lower than 1% for directors' remuneration.

   In accordance with the Articles of Incorporation of the Company dated June 15, 2022, the distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration, the ratio shall not be lower than 1% for employees' compensation and shall not be higher than 1% for directors' remuneration.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $12,651 and $314,318, respectively; directors remuneration was accrued at $12,651 and $62,864, respectively. The aforementioned amounts were recognised in wages and salaries expenses.

   The employees' compensation and directors' remuneration were estimated and accrued based on 5% and 1% of distributable profit of current year ended December 31, 2022.

   The employees' compensation and directors' remuneration were estimated and accrued based on 5% and 1% of distributable profit of current year ended December 31, 2021.

C. The employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax on profit for the year	$ 306,915	$ 931,043
Tax on undistributed earnings	60,944	-
Prior year income tax (over) underestimation	63	(1,781)
Total current tax	367,922	929,262
Deferred tax:		
Origination and reversal of temporary differences	(170,323)	3,710
Income tax expense	$ 197,599	$ 932,972

(b) The income tax charge relating to components of other comprehensive income: None.

(c) The income tax charged to equity during the period: None.

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 247,958	$ 1,181,837
Tax exempt income by tax regulation	(15,841)	(9,680)
Prior year income tax (over) underestimation	63	(1,781)
Temporary differences not recognised as deferred tax assets	70,121	(13,247)
Effect from investment tax credits	(165,646)	(224,157)
Tax on undistributed earnings	60,944	-
Income tax expense	$ 197,599	$ 932,972

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Bad debt expense	$ 48	($ 48)	$ -	$ -
Unrealised exchange loss	516	(400)	-	116
Loss on market value decline and obsolete and slow-moving inventories	249	103,604	-	103,853
Pension liability	81	(10)	-	71
Onerous contract losses	-	106,178	-	106,178
Others	2,222	752	-	2,974
Subtotal	3,116	210,076	-	213,192
-Deferred tax liabilities:				
Unrealised exchange gain	(5,054)	(50,154)	-	(55,208)
Others	(10,401)	10,401	-	-
Subtotal	(15,455)	(39,753)	-	(55,208)
Total	($ 12,339)	$ 170,323	$ -	$ 157,984

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Bad debt expense	$ 48	$ -	$ -	$ 48
Unrealised exchange loss	348	168	-	516
Loss on market value decline and obsolete and slow-moving inventories	988	(739)	-	249
Pension liability	81	-	-	81
Others	2,348	(126)	-	2,222
Subtotal	3,813	(697)	-	3,116
-Deferred tax liabilities:				
Unrealised exchange gain	(7,933)	2,879	-	(5,054)
Others	(4,509)	(5,892)	-	(10,401)
Subtotal	(12,442)	(3,013)	-	(15,455)
Total	($ 8,629)	($ 3,710)	$ -	($ 12,339)

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 646,589	$ 295,986

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

(29)Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent company	$ 1,042,193	280,542	$ 3.71
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options		7	
Employees' compensation		535	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	$ 1,042,193	281,084	$ 3.71

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent company	$ 4,976,211	280,221	$ 17.76
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options		8	
Employees' compensation		2,019	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	$ 4,976,211	282,248	$ 17.63

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31, 2022	Years ended December 31, 2021
Purchase of property, plant and equipment (including transferred amount)	$ 1,250,156	$ 854,270
Add: Ending balance of prepayment for equipment	26,568	12,302
Add: Opening balance of prepayment for equipment being transferred to intangible assets	216	429
Less: Opening balance of prepayment for equipment	(12,302)	(68,535)
Add: Opening balance of payable on equipment	94,831	146,904
Less: Ending balance of payable on equipment	(90,089)	(94,831)
Cash paid during the year	$ 1,269,380	$ 850,539

	Years ended December 31, 2022	Years ended December 31, 2021
Purchase of intangible assets (including transferred amount)	$ 89,670	$ 107,305
Less: Opening balance of prepayment for equipment being transferred to intangible assets	(216)	(429)
Cash paid during the year	$ 89,454	$ 106,876

B. Changes in liabilities from financing activities:

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2022	$ 1,700,000	$ -	$ -	$ 70,837	$ 6,533	$ 1,777,370
Changes in cash flow from financing activities	1,475,000	271	643,400	(8,241)	(280)	2,110,150
Interest paid	-	-	-	(815)	-	(815)
Interest expense	-	-	-	815	-	815
Changes in other non-cash items	-	(271)	-	7,576	-	7,305
Change from lease modifications	-	-	-	1,473	-	1,473
At December 31, 2022	$ 3,175,000	$ -	$ 643,400	$ 71,645	$ 6,253	$ 3,896,298

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2021	$ 1,340,000	$ 149,756	$ 72,929	$ 6,831	$ 1,569,516
Changes in cash flow from financing activities	360,000	(148,869)	(7,499)	(298)	203,334
Interest paid	-	-	(1,074)	-	(1,074)
Interest expense	-	-	1,074	-	1,074
Changes in other non-cash items	-	(887)	5,702	-	4,815
Changes from lease modifications	-	-	(295)	-	(295)
At December 31, 2021	$ 1,700,000	$ -	$ 70,837	$ 6,533	$ 1,777,370

7. RELATED PARTY TRANSACTIONS

A. Names of related parties and relationship

Names of related parties	Relationship with the Company
Elite Semiconductor Memory Technology Inc.	Subsidiary
Charng Feng Investment Ltd.	"
Jie Yong Investment Ltd.	"
Elite Investment Services Ltd.	"
Elite Semiconductor (B.V.I.) Ltd. (Note 1)	"
Eon Silicon Solutions Inc. USA	"
Elite Memory Technology Inc.	Sub-subsidiary
Elite Silicon Technology Inc. (Note 2)	"
Elite Innovation Japan Ltd.	"
Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	"
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	"
CHI Microelectronics Limited	"
HHHtech Co., Ltd. (Note 3)	"
Arima Lasers Corporation	The Company's subsidiary is the director of Arima Lasers corporation
Canyon Semiconductor Inc.	Investee indirectly accounted for using equity method

Note 1:Elite Semiconductor (B.V.I.) Ltd. was liquidated in February 2021.

Note 2: Elite Silicon Technology Inc. merged with Elite Semiconductor Memory Technology Inc. in June 2022 ,Elite Silicon Technology Inc. was the dissolved company.

Note 3:HHHtech Co., Ltd. was liquidated in March 2022.

B. Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31,	
	2022	2021
Sales of goods:		
Associates	$ 7,442	$ 6,556

The transaction price and terms of sale of goods with related parties have no significant difference with external parties.

B. Purchases

	Years ended December 31,	
	2022	2021
Purchases of goods:		
Subsidiaries	$ 1,071,031	$ 129,842

Goods are purchased from subsidiaries on normal commercial terms and conditions.

C. Receivables from related parties:

	December 31, 2022	December 31, 2021
Accounts receivable:		
Other related parties	$ 1,482	$ -
Other receivable-supporting services:		
Subsidiaries	100	-
Total	$ 1,582	$ -

D. Payables to related parties:

	December 31, 2022	December 31, 2021
Accounts payable:		
Subsidiaries	$ 88,172	$ 52,939
Other payables-supporting services:		
Subsidiaries	$ 12,138	$ 3,467

E. Others:

	Years ended December 31,	
	2022	2021
Other income-supporting services:		
Subsidiaries	$ 45,000	$ 30,000
Research and development expenses:		
Subsidiaries	$ 60,988	$ 54,314
Selling expenses:		
Subsidiaries	$ 81,530	$ 57,263

C. Key management compensation

	Years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	$ 63,473	$ 193,066
Post-employment benefits	522	432
	$ 63,995	$ 193,498

8.PLEDGED ASSETS

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

	Book value		
Assets item	December 31, 2022	December 31, 2021	Purposes
Land, buildings and structures	$ 744,954	$ -	Long-term borrowings
Time deposits (shown as "other non-current assets")	3,969	3,969	Guarantee deposits for land leasing
	$ 748,923	$ 3,969	

9.SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

1. The Company entered into capacity reservation agreements with suppliers. According to the agreements, the supplier shall provide agreed production capacity with the Company after prepayment by the Company.
2. Unused letters of credit issued

   Unused letters of credit issued from purchases by the Company is as follows:

	December 31, 2022	December 31, 2021
Unused letters of credit issued	$ 120,035	$ -

10.SIGNIFICANT DISASTER LOSS

None.

11.SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriations of 2022 earnings had been approved by the Board of Directors on February 23, 2023.Please refer to Note 6(20).

12.OTHERS

(1)Capital management

Considering the current industry environment, future operating development, and changes in the external environment, the Company plans the future requirement of working capital, expenditure of research and development and dividends paid to shareholders to safeguard the Company's ability to continue as a going concern, to provide returns for shareholders, to take care of the benefit of stakeholders, and to maintain an optimal capital structure, so as to promote the shareholders'value in the future.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders, or repurchase the Company's shares.

The equity to assets ratios on December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Total assets	$ 19,693,843	$ 20,155,843
Total liabilities	(8,179,513)	(7,434,428)
Total equity	$ 11,514,330	$ 12,721,415
Equity to assets ratio	58%	63%

(2)Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 94,813	$ 173,513
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 6,495	$ 17,697
Financial assets at amortised cost		
Cash and cash equivalents	$ 3,705,997	$ 8,749,239
Financial assets at amortised cost-current	-	110,720
Notes receivable	9	-
Accounts receivable	886,551	1,910,845
Accounts receivable - related parties	1,482	-
Other receivables	81,556	115,503
Other receivables - related parties	100	-
Time deposits (shown as "Other non-current assets")	3,969	3,969
Refundable deposits (shown as "Other non-current assets")	927,380	841,101
	$ 5,607,044	$ 11,731,377
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 3,175,000	$ 1,700,000
Notes payable	2,399	2,205
Accounts payable	2,132,751	2,799,845
Accounts payable - related parties	88,172	52,939
Other payables	1,432,504	1,830,027
Long-term borrowings(including current portion)	643,400	-
Guarantee deposits received (shown as "Other non-current liabilities")	6,253	6,533
	$ 7,480,479	$ 6,391,549
Lease liabilities	$ 71,645	$ 70,837

B. Financial risk management policies

(a) The Company implements comprehensive system of risk management and control to identify, measure and control all categories of risk, including market risk, credit risk, liquidity risk, and risk of cash flow so that management can effectively control and measure market risk, credit risk, liquidity risk, and risk of cash flow.

(b) The Company's objective in managing the market risk is to reach optimisation, maintain the proper liquidity and manage all market risks collectively by taking into account the economic environment, competitive edge and risk of market value.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

1. The Company operates internationally and is exposed to foreign exchange risk arising from the various currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
2. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. The Company is required to hedge its entire foreign exchange risk exposure with the Company's finance team. The Company adopts forward foreign exchange contracts through the Company's finance team to manage the foreign exchange risk from future commercial transactions and recognised assets and liabilities. The foreign exchange risk will exist when currencies of future commercial transactions and recognised assets and liabilities different from the functional currency of the Company.
3. The Company's business involves some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 203,218	30.710	$ 6,240,825
RMB:NTD	117,452	4.408	517,728
Financial liabilities			
Monetary items			
USD:NTD	$ 57,575	30.710	$ 1,768,128

	December 31, 2021				
	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	368,999	27.680	$	10,213,892
RMB:NTD		139,387	4.344		605,497
Financial liabilities					
Monetary items					
USD:NTD	$	73,314	27.680	$	2,029,332

4. The total exchange gains (losses), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to $949,763 and ($108,007), respectively.
5. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022				
	Sensitivity analysis				
	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	1%	$	62,408	$	-
RMB:NTD	1%		5,177		-
Financial liabilities					
Monetary items					
USD:NTD	1%	($	17,681)	$	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 102,139	$ -
RMB:NTD	1%	6,055	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 20,293)	$ -

Price risk

I. The Company's equity securities, which are exposed to price risk, are the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

II. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic or foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $6,316 and $13,492, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $650 and $1,770, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's cash flow interest rate risk arises from long-term borrowings and short-term borrowings with variable rate. During the years ended December 31, 2022 and 2021, the Company's borrowings at variable rate were denominated in the NTD.

ii. If the borrowing interest rate had increased/decreased by 0.2% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $6,109 and $2,720, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments stated at amortised cost and debt instruments at fair value through profit or loss.

ii. The Company manages its credit risk taking into consideration the entire Company’s concern. For banks and financial institutions, only these with good rating are accepted. According to the Company’s credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the assumption under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

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.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i)It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii)The disappearance of an active market for that financial asset because of financial difficulties;

(iii)Default or delinquency in interest or principal repayments;

(iv)Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

vii. The financial assets at amortised cost include time deposits and restricted time deposits.　The banks have good rating and have no past due before. In addition to the above, the whole economic environment has not changed significantly, so the risk of credit risk is low and the effect to the financial statements is insignificant.

viii. The information about ageing analysis and collaterals of accounts receivable is provided in Note 6(4). The Company requests its significant sales customers to provide collaterals or other rights of guarantee, therefore, the Company classifies customers' accounts receivable in accordance with the nature of collaterals. The Company applies the simplified approach using loss rate methodology to assess expected credit loss. Based on the assessment, the allowance for losses that the Company should recognise is immaterial on December 31, 2022 and 2021.

IX. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	2022	2021
	Accounts receivable	Accounts receivable
At January 1	$ -	$ 5,713
Reversal of impairment loss	-	(5,713)
At December 31	$ -	$ -

(c) Liquidity risk

I. Cash flow forecasting is performed in the operating entities of the Company and aggregated by the Company's finance team. The Company's finance team monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

II. Surplus cash held by the operating entities over and above balance required for working capital management should be invested in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

III. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for nonderivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:	Less than 1	Between 1	
December 31, 2022	year	and 5 years	Over 5 years
Short-term borrowings	$ 3,175,000	$ -	$ -
Notes payable	2,399	-	-
Accounts payable	2,132,751	-	-
Accounts payable - related parties	88,172	-	-
Other payables	1,432,504	-	-
Lease liabilities	10,090	23,478	44,894
Long-term borrowings (including current portion)	-	139,102	579,295
Guarantee deposits received	-	-	6,253

Derivative financial liabilities: None.

Non-derivative financial liabilities:	Less than 1	Between 1	
December 31, 2021	year	and 5 years	Over 5 years
Short-term borrowings	$ 1,700,000	$ -	$ -
Notes payable	2,205	-	-
Accounts payable	2,799,845	-	-
Accounts payable - related parties	52,939	-	-
Other payables	1,830,027	-	-
Lease liabilities	8,496	22,592	48,666
Guarantee deposits received	-	-	6,533

Derivative financial liabilities: None.

(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. The fair value of the Company’s investment in listed stocks and emerging stocks, beneficiary certificates and debt securities are included in Level 1.

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. The fair value of the Company’s investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value of the Company include cash and cash equivalents, time deposits (over three-month periods), notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, long-term borrowings, notes payable, accounts payable, other payables, lease liabilities (current and non-current) and guarantee deposits received. Their carrying amounts approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Equity securities	$ 7,152	$ -	$ -	$ 7,152
Beneficiary certificates	56,009	-	-	56,009
Debt securities	31,652	-	-	31,652
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	6,495	6,495
Total	$ 94,813	$ -	$ 6,495	$ 101,308

Financial liabilities: None.

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Equity securities	$ 77,602	$ -	$ -	$ 77,602
Beneficiary certificates	57,320	-	-	57,320
Debt securities	38,591	-	-	38,591
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	17,697	17,697
Total	$ 173,513	$ -	$ 17,697	$ 191,210

Financial liabilities: None.

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

i. The instruments that the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed and emerging stocks	Open-end fund
Market quoted price	Closing price	Net asset value

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

F. The following table is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Equity instrument	
	2022	2021
At January 1	$ 17,697	$ 32,418
Valuation adjustment	(11,202)	(14,721)
At December 31	$ 6,495	$ 17,697

G. Accounting segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	$ 6,495	Market - comparable companies	Discount for lack of marketability	45%	The higher the discount of lack of marketability, the lower the fair value

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	$ 17,679	Market - comparable companies	Discount for lack of marketability	45%	The higher the discount of lack of marketability, the lower the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	$ -	$ -	$ 531	($ 531)

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	$ -	$ -	$ 1,448	($ 1,448)

(4) Others

As at the reporting date, the Company has assessed that the Covid-19 pandemic has no adverse impact on the Company’s overall operating activities and financial statements for the year ended December 31, 2022. However, the Company will continue to monitor the development of the Covid-19 pandemic and assess its overall impact on the economic environment.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
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 2.
F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.
G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.
H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.
I. Trading in derivative instruments undertaken during the reporting period: None.
J. Significant inter-company transactions during the reporting period: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.
B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

As at December 31, 2022, the Company had no shareholders who hold over 5% (including 5%) of the Company's shares.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Holding of marketable securities at the end of the period

December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Name and category of marketable securities	Relationship with the securities issuer	General ledger account	As at December 31, 2022 Number of shares	Book value (Note 1)	Ownership (%)	Fair value (Note 1)	Footnote
Elite Semiconductor Microelectronics Technology Inc.	Arima Lasers Corporation stock	Note 2	Financial assets at fair value through profit or loss	256,700	$ 6,790	0.83	$ 6,790	
Elite Semiconductor Microelectronics Technology Inc.	King Yuan Electronics Corporation stock	None	Financial assets at fair value through profit or loss	10,000	362	0.00	362	
Elite Semiconductor Microelectronics Technology Inc.	HSBC FRN PERPETUAL bond	None	Financial assets at fair value through profit or loss	1,000,000	21,307	Not applicable	21,307	
Elite Semiconductor Microelectronics Technology Inc.	ANZ FRN PERPETUAL bond	None	Financial assets at fair value through profit or loss	500,000	10,345	Not applicable	10,345	
Elite Semiconductor Microelectronics Technology Inc.	BGF RENMINBI BOND FUND	None	Financial assets at fair value through profit or loss	127,986	56,009	Not applicable	56,009	
Elite Semiconductor Microelectronics Technology Inc.	Turning Point Lasers Ltd, preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	6,495	8.06	6,495	
Elite Investment Services Ltd.	HSBC ALL CHINA BOND FUND - AC (2802)	None	Financial assets at fair value through profit or loss	600,000	31,603	Not applicable	31,603	
Charng Feng Investment Ltd.	Arima Lasers Corporation stock	Note 3	Financial assets at fair value through profit or loss	997,700	26,389	3.22	26,389	
Charng Feng Investment Ltd.	King Yuan Electronics Corporation stock	None	Financial assets at fair value through profit or loss	10,000	362	0.00	362	
Charng Feng Investment Ltd.	M2 Communication Inc. stock	None	Financial assets at fair value through profit or loss	201,084	414	1.61	414	
Charng Feng Investment Ltd.	Powership Semiconductor Manufacturing Corporation	None	Financial assets at fair value through profit or loss	1,630,426	51,929	0.04	51,929	
Charng Feng Investment Ltd.	Turning Point Lasers Ltd, preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	6,495	8.06	6,495	
Jie Yong Investment Ltd.	Elite Semiconductor Microelectronics Technology Inc. stock	Parent Company	Financial assets at fair value through other comprehensive income	13,709,000	891,085	4.79	891,085	

Note 1: Valuation adjustment of financial assets and cumulative translation differences are included.

Note 2: The Company's subsidiary is a director of the company.

Note 3: Charng Feng Investment Ltd. is a director of the company.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate: 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
Elite Semiconductor Microelectronics Technology Inc.	Land and buildings	May 31, 2022	$756,950	Paid in cash	Madison Asset Management Corporation	None	-	-	-	$ -	The appraised amount is $771,715 based on the appraisal report issued by the appraisers.	Self-used office	None

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable(payable)		
Purchase/seller	Counterparty	Relationship with the counterparty	Purchase (sales)	Amount	Percentage of total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
CHI Microelectronics Limited	Elite Semiconductor Microelectronics Technology Inc.	Ultimate parent company	Sales	$ 1,081,732	6.67%	monthly payment in 15 days	$ -	-	$ 88,172	9.16%	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover (times)	Overdue receivables		Amount collected subsequent to the balance date	Allowance for doubtful accounts
					Amount	Action taken		
CHI Microelectronics Limitd	Elite Semiconductor Microeletronics Technology Inc.	Ultimate parent company	$ 88,172	15.37	$ -	-	$ 88,172	$ -

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(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 (Note 3)
1	CHI Microelectronics Limited	Elite Semiconductor Microelectronics Technology Inc.	(2)	Sales	$ 1,081,732	Note 4	6.67%

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:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The transaction terms are decided by the two parties through negotiation.

Note 5: The disclosure requirement for the above disclosed amount is 1% of the consolidated total assets for balance sheet accounts and 1% of the consolidated total revenue for income statement accounts.

Note 6: The transaction between parent company to subsidiary and subsidiaries were eliminated when preparing consolidated financial statements.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Information on investees (exclude investees in Mainland China)

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Elite Semiconductor Microelectronics Technology Inc.	Elite Semiconductor Memory Technology Inc.	Taiwan	Research and development, production, sales and related consulting services of integrated circuit	$ 272	$ 272	100,000	100	$ 29,725	$ 15,279	$ 15,279	Note 3
Elite Semiconductor Microelectronics Technology Inc.	Charng Feng Investment Ltd.	Taiwan	General investment	500,000	500,000	50,000,000	100	549,356	(35,161)	(35,161)	
Elite Semiconductor Microelectronics Technology Inc.	Elite Investment Services Ltd.	British Virgin Islands	General investment	460,650	460,650	15	100	667,546	55,447	55,447	
Elite Semiconductor Microelectronics Technology Inc.	Jie Yong Investment Ltd.	Taiwan	General investment	270,000	270,000	3,600,000	41.86	178,955	105,923	(381)	
Elite Semiconductor Microelectronics Technology Inc.	Eon Silicon Solutions, Inc. USA	U.S.A.	Product design, development and test	13,304	13,304	200,000	100	(1,650)	32	32	
Charng Feng Investment Ltd.	Elite Memory Technology Inc.	Taiwan	Product design, wholesale and retail of electronic materials, manufacturing of electronic compenents, information software services and international trade	69,407	69,407	10,000,000	100	21,448	(164)	(164)	
Charng Feng Investment Ltd.	Elite Silicon Technology Inc.	Taiwan	Product design, wholesale and retail of electronic materials, manufacturing of electronic compenents, information software services and international trade	-	61,229	-	-	-	1,046	1,027	Note 3
Charng Feng Investment Ltd.	Canyon Semiconductor Inc.	Taiwan	International trade, manufacturing of electronic components, product design and information software services	80,337	80,337	8,350,000	37.28	103,857	60,412	23,880	
Charng Feng Investment Ltd.	Elite Innovation Japan Ltd.	Japan	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	2,276	2,276	200	100	821	90	90	
Charng Feng Investment Ltd.	CHI Microelectronics Limited	Hong Kong	General trading	394	394	10,000	100	439	(271)	(271)	
Charng Feng Investment Ltd.	HHHtech Co., Ltd.	Taiwan	Information software services, product design, management consultant and international trade	-	15,000	-	-	-	(324)	(243)	Note 2

Note 1: The foreign investment amount was translated at the exchange rate as at December 31, 2022

Note 2: The subsidiary of the Company-Charng Feng Investment Ltd. participated in HHHtech Co., Ltd. issuance of common stocks for cash in March 2021, and holds 75% of HHHtech Co., common stocks issued. On June 28, 2021, the special meeting of shareholders of HHHtech Co., resolved to liquidate, and the effective date of the liquidation was set on March 3, 2022. The liquidation letter was received from Department of Commence, MOEA on March 15, 2022.

Note 3: For the purpose of the Group's resource integration, the subsidiary of the Company, Elite Semiconductor Memory Technology Inc. merged with Elite Silicon Technology Inc. Elite Semiconductor Memory Technology Inc. is the surviving company, and Elite Silicon Technology Inc. is the dissolved company. The effective date for the merger was set on June 30, 2022.The liquidation letter was received from Department of Commerce, MOEA on August 2, 2022.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.

Information on investments in Mainland China

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in Capital (Note 4)	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2022	Net income (loss) of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investment in Mainland China as at December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as at December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	Trading of goods or technical services, develop and sale products of networking system, storage, and peripherals, technical consulting services of integrated circuit, and after - sales services	$ 93,343	(1)	$ 93,343	$ -	$ -	$ 93,343	$ 4,083	100	$ 4,083	$ 92,034	$ -	Note 5
Elite Semiconductor Microelectronics Technology (Shanghai) Inc.	Product design, wholesale and retail of electronic materials, software design services and international trade	6,142	(1)	6,142	-	-	6,142	1,573	100	1,573	8,584	-	Note 6

Company name	Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA
Charng Feng Investment Ltd.	$ 99,485	$ 99,485	$ 329,614

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(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: Investment income (loss) was recognised based on financial statements prepared by each company which were audited by independent auditors.

Note 3: The amount of the statement should show as New Taiwan dollars.

Note 4: Paid-in capital and investment amount translated at the exchange rate as at December 31, 2022.

Note 5: The Company's subsidiary, Charng Feng Investment Ltd., obtained the revised investment amount of USD 39,485.42, USD 2,500,000, and USD 500,000 approved by the Investment Commission, MOEA on February 6, 2020, July 10, 2020 and November 30, 2021, respectively.

Note 6: The Company's subsidiary, Charng Feng Investment Ltd., obtained the investment amount of USD 200,000 approved by the Investment Commission of MOEA in May 20, 2020.

VI. If the Company or its affiliates have experienced financial difficulties in the most recent financial year or during the current financial year up to the date of publication of the Annual Report, the manner in which the difficulties will affe the Company's financial situation shall be explained: None.

Review of Financial Position, Operating Results, and Risk Management

I. Financial Status

Major reasons for changes in assets, liabilities, and shareholders' equity, as well as related effects in the most recent two financial years. If such effects are material, response measures should be elaborated:

Comparative Analysis of Financial Position

Unit: NT$1,000

Item \ Year	FY 2022	FY 2021	Difference	
			Amount	%
Current assets	15,052,131	17,811,977	(2,759,846)	(15.49)
Financial assets at fair value through comprehensive profit or loss - non-current	12,990	35,394	(22,404)	(63.30)
Investment accounted for using equity method	103,857	51,812	52,045	100.45
Property, plant and equipment	2,052,992	1,302,287	750,705	57.65
Right-of-use assets	74,924	73,549	1,375	1.87
Net investment assets	15,761	16,731	(970)	(5.80)
Intangible assets	51,410	83,825	(32,415)	(38.67)
Other assets	2,361,664	861,804	1,499,860	174.04
Total assets	19,725,729	20,237,379	(511,650)	(2.53)
Current liabilities	7,492,375	7,467,705	24,670	0.33
Non-current liabilities	795,478	110,114	685,364	622.41
Total liabilities	8,287,853	7,577,819	710,034	9.37
Equity attributable to the parent company	11,514,330	12,721,415	(1,207,085)	(9.49)
Share capital	2,861,570	2,861,570	-	-
Capital reserves	255,317	181,329	73,988	40.80
Retained profits	8,591,453	9,839,838	(1,248,385)	(12.69)
Minority interest	(46,310)	(23,906)	(22,404)	(93.72)
Treasury shares	(147,700)	(137,416)	(10,284)	(7.48)
Non-controlling interest	(76,454)	(61,855)	(14,599)	(23.60)
Total equity	11,437,876	12,659,560	(1,221,684)	(9.65)

Descriptions:

1. Financial assets at fair value through other comprehensive income—non-current: Mainly due to a significant increase in the end-term valuation gain on financial assets at fair value through other comprehensive income during the year.
2. Investment accounted for using equity method: Mainly due to the increase in profits from investees.

3. Property, plant, and equipment: Mainly due to the purchase of offices in the Chang Yih Science and Industrial Park in Zhubei City during the year.
4. Intangible assets: Mainly due to the amortization of expenses.
5. Other assets: Mainly due to the increase in prepayments of goods and deferred tax assets during the year.
6. Non-current liabilities: Mainly due to the increase in long-term loans during the year.
7. Capital reserve: Mainly due to the transfer of cash dividends received by subsidiaries from parent companies and the difference in net equity value arising from capital increase by affiliated companies.
8. Other equity: Mainly due to a significant increase in the end-term valuation gain on financial assets at fair value through other comprehensive income.
9. Non-controlling interests: Mainly due to the cash dividends distributed by the subsidiaries and the increase of subsidiaries' shares deemed as treasury shares obtained from parent companies during the year.
10. Future plans for significant impact: As mentioned in 1. to 9. above, the reasons for the differences are not significant to the Company.

II. Financial Performance

The main reasons for the significant changes in operating revenue, operating profit and net profit before tax for the most recent two financial years, and the expected sales volume and its basis, and the possible impact on the Company's financial operations, and the response plans thereof:

Comparative Analysis of Financial Performance

Unit: NT$1,000

Item	FY 2022	FY 2021	Increased (Decreased) Amount	Percentage Change
Operating Revenue	16,207,898	23,844,898	(7 ,637,000)	(32.03)
Gross profit	2,978,958	8,716,119	(5 ,737,161)	(65.82)
Operating Profit (Loss)	792,710	5,875,007	(5 ,082,297)	(86.51)
Non-operating income and expenses	512,506	105,887	406,619	384.01
Net profit before tax	1,305,216	5,980,894	(4 ,675,678)	(78.18)
Net gain (loss) from continuing operations in the current period	1,103,715	5,040,020	(3 ,936,305)	(78.10)
Loss from discontinued operations	-	-	-	-
Net Profit (Loss)	1,103,715	5,040,020	(3 ,936,305)	(78.10)
Other comprehensive income (net, after tax)	(23,726)	(30,391)	6,665	21.93
Total comprehensive income	1,079,989	5,009,629	(3 ,929,640)	(78.44)
Net income attributable to parent company	1,042,193	4,976,211	(3 ,934,018)	(79.06)
Total comprehensive income attributable to parent company	1,018,467	4,945,820	(3 ,927,353)	(79.41)

Descriptions:

1. Operating income and gross profit: The following table provides an analysis of the changes in gross profit.
2. Profit (Loss) from Operations: The main reason for the significant decline in the revenue and operating profit of the Company compared to the previous year is due to sluggish demand in the global consumer market in the second half of 2022 caused by Russia's invasion of Ukraine and the ongoing spread of COVID-19 variants worldwide.
3. Non-operating income and expenses: The main reasons for the significant increase in foreign exchange gains and bank interest and dividend income are the appreciation of the USD and the depreciation of the TWD caused by the interest rate hikes in the US this year.
4. Net income before tax: The combined effect of 1. and 3. above resulted in a decrease of approximately 78.18% in net income before tax.
5. Other comprehensive income: Mainly due to a significant increase in the end-term valuation

gain on financial assets at fair value through other comprehensive losses during the year.

6. Total comprehensive income and loss, net income attributable to owners of the parent company, and total comprehensive income and loss attributable to owners of the parent company: Mainly due to the Russian invasion of Ukraine and the continuous spreading of COVID-19 variants worldwide, which led to sluggish demands in the global consumer market in the second half of 2022. This, in turn, resulted in the continuous increase of the Company's inventory levels, and a signification decrease in the Company's revenue and profit compared to the previous year.
7. The possible impact of expected sales volume and its basis on the Company's future financial operations and the Company's response plans: Please refer to "Sales Volume Forecast and Its Basis" on #page 4# for the expected sales volume and its basis. Please refer to "Future Company Development Strategy" on #page 4# for the possible impact on the Company's future financial operations and the response plans.

Analysis table of operating margin changes

Unit: NT$1,000

Product Type	The number of changes in the previous and late periods	Price difference	Cost price difference	Sales mix difference	Quantity difference
Integrated circuit	(5,737,161)	4,060,977	7,416,245	1,145,277	(3,527,170)
Total	(5,737,161)	4,060,977	7,416,245	1,145,277	(3,527,170)
Description: Mainly due to the Russian invasion of Ukraine and the ongoing spread of COVID-19 variants worldwide, which led to sluggish demand in the global consumer market in the second half of 2022. This, in turn, resulted in the continuous increase of the Company's inventory levels, a signification decrease in the Company's revenue, and lower revenue and profits compared to 2021.					

III. Cash flow

(I) Analysis of changes in cash flow in the most recent financial year

Unit: NT$1,000

Initial cash balance	Net cash flow from operating activities of the year	Cash outflow of the year	Cash Balance (Deficit)	Remedial measures for cash deficit	
				Investment plan	Financial plan
9,790,722	(3,528,541)	(1,497,500)	4,764,681	－	－

(II) Liquidity analysis for the most recent financial year

Item \ Year	2022	2021	Percentage Increase (Decrease)
Cash Flow Ratio (%)	-	111.01	(100.00%)
Cash flow Sufficiency Ratio (%)	47.70	144.61	(203.00%)
Cash Reinvestment Ratio (%)	-	51.08	(100.00%)

Description:

1.The cash flow and cash reinvestment ratios fell, mainly due to sluggish demand in the global consumer market in the second half of 2022, which led to a significant decrease in revenue and profit and an increase in inventory levels. This, in turn, resulted in a significant decrease in the operating cash flow this year compared with the previous year.

2.The cash flow adequacy ratio fell, mainly due to average operating cash flow decreasing significantly from the previous year, the Company purchasing offices in the Chang Yih Science and Industrial Park in Zhubei City during the year, and the increase of inventory levels and distribution of cash dividends.

(III) Analysis of the cash liquidity of the coming year:

Unit: NT$1,000

Initial cash balance	Net cash flow from operating activities of the year	Cash outflow of the year	Cash Balance (deficit)	Remedial measures for	
				Investment plan	Financial plan
4,764,681	152,954	(715,083)	4,202,552	－	－

1: Analysis of cash flow change in 2022:

(1) Operating activities: This year, due to the expected downturn in business conditions, net cash flow from operating activities is a net outflow.

(2) Investment activities: Mainly due to the increase in new investment and increased photomask required to purchase R&D equipment and new products.

(3) Financing activities: Mainly, cash outflow caused by the issuance of cash dividends.

2. Remedial measures for cash deficit and liquidity analysis: None.

IV. Major capital expenditures in the most recent financial year and their impact on the Company's finances: none

V. Investment policy in the most recent financial year, main causes for profit or loss, improvement plans and the investment plans for the coming year: None.

VI. Risk Analysis and Assessment

(I) The impact of interest rate, exchange rate fluctuations and inflation on corporate profits and losses and future countermeasures:

(1) Impact on the Company's profit/loss:

Unit: NT$1,000

Item	2022	2021
Net interest income or expense	63,850	12,802
Exchange Gain (Loss)	999,034	(123,846)

In terms of inflation, with the increase in oil prices and the recovery of natural resource prices, the global economy is facing high inflation, which will inevitably affect the cost of purchasing raw materials needed for production. However, the production of the Company is outsourced, and the cost of raw materials and processing costs are mainly determined by the capacity allocation of outsourced processing plants based on the business cycle and market supply and demand. Therefore, it is expected that inflation will have a limited impact on the Company's profit and loss.

(2) Future response measures:

1. Fluctuation of interest rates

The Company maintains close contact with banks and pays attention to changes in the market in order to obtain more favorable borrowing rates from banks. Another major capital expenditure will be to raise funds by issuing corporate bonds to obtain lower capital costs.

2. Fluctuation of exchange rates

The Company's products are mainly priced in US dollars. Recently, the exchange rate of the New Taiwan dollar against the US dollar has fluctuated volatilely, resulting in gain on exchange. In view of this, the Company will strengthen its ability to manage foreign exchange risks. In addition to continuously collecting exchange rate information and fully grasping the exchange rate trends, the bank will be invited to provide professional advice and suggestions to decide when to convert the New Taiwan dollar or keep it in the foreign exchange account. In addition, in terms of the management of foreign exchange positions, funds are dispatched and used to meet foreign exchange expenditures with their own foreign exchange income to effectively reduce exchange risk.

3. Inflation

The Company established a good cooperative relationship with the wafer foundry and back-end packaging and testing plants to ensure that the production capacity can be obtained and obtain stable processing prices, and through the provision of technical services for product design, actively develop cooperation with other domestic and foreign foundries Besides, the Company obtained more diversified resources of wafer foundry manufacturers, thereby reducing the impact of inflation.

(II) Policies of engaging in high-risk, high-leverage investments, loans to others, providing endorsements/guarantees and derivatives transactions, main reasons for the profits and losses generated thereby and future response measures to be undertaken:

The Company has not engaged in high-risk, high-leveraged investment and derivative financial commodity transactions in the most financial recent year and up to the date of publication of the prospectus. The object of loan and endorsement guarantee of funds is limited to the subsidiaries, and it is handled in accordance with the provisions of the "Operational Procedures for Loaning Funds to Others" and "Procedures of Provision of Endorsements/Guarantees". As of the date of publication of the public statement in 2020 and 2021 of the Company, there was no loan to others.

(III) Future R&D plans and expected investments in R&D:

(1) The products operated by the Company are highly changing industries. Therefore, it is necessary to leverage on market opportunities, launch new products, and develop new processes to reduce costs.

(2) The competitiveness of the Company is sustained by its research and development capabilities. The Company will continue to invest in research and development expenditures, and continue to recruit and train outstanding talents to achieve this goal and create a good business performance for the Company.

(3) Expected R&D investments

Main R&D projects / new products	Key success factors for R&D projects
xMB SDRAM 2Xnm product development project	Existing experience in SDRAM technology
xMB DDR2 SDRAM 2Xnm product development project	Existing experience in DDR SDRAM technology
xGB DDR3 SDRAM 2Xnm product development project	Existing experience in DDR2 SDRAM technology
xGB DDR4 SDRAM 2Xnm product development project	Existing experience in DDR3 SDRAM technology
xMB FLASH 5Xnm product development project	Existing experience in Flash technology
Power IC, analog IC product development project	Existing experience in IC, analog IC technology
Development of new products	Strong R&D performance and experience

The estimated R&D expenditure for 2023 is approximately NT$ 800 million.

(IV) The impact of changes in important domestic and foreign policies and laws adopted on the Company's financial operations, and the countermeasures thereof:

(1) The Company's management team has been paying close attention to any policies and laws that may affect the Company's finances and business. In addition, the Company has also cooperated with professional institutions to continue to pay close attention to the development of relevant laws and regulations and to adjust immediately to meet the needs of operations.

(2) Countermeasures

The Company's current operations are in compliance with the relevant existing laws and regulations of domestic and foreign reinvestment countries. The management team will also continue to pay close attention to any changes in policies and laws that may affect the Company's finances and business, as a reference for operations. In addition, the Company also cooperates with professional organizations to pays close attention to the development of relevant laws and regulations, and immediately adjusts its strategy to meet the needs of operations. Therefore, the Company can timely manage and respond to important domestic and foreign policy and legal changes.

(V) Impact of technological (Including information security risks)and market changes on the Company’s finances and business, and the countermeasures thereof:

(1) Impact on the Company's finance and business due to technological and industrial changes, and the countermeasures thereof

The company is one of the leading manufacturers in its industry. Technology R&D and innovation are the indispensable elements of the Company's operations, and it is also the Company's main competitive niche. Therefore, technological changes have a positive effect on the Company's financials. In response to the increasingly severe internal and external cybersecurity threats and protect the confidentiality, integrity, availability, and resilience of the Company’s information, as well as to achieve continuous operation and ensure information security activities and services.

(2) Countermeasures

The Company will continue to strengthen its research and development capabilities, pay attention to domestic and foreign technology and market development directions at all times, and strengthen cash flow management and maintain a stable financial structure in order to diversify operating risks in response to the Company's operational needs. In order to enhance the information system, the Company will invest in various aspects of information and communication security products to avoid any impact or influence on the Company.

(VI) The impacts of the change of corporate image on the enterprise crisis management, and the countermeasures thereof:

The Company focuses on its business operation and has achieved outstanding performance, and it is committed to distributing the business results back to the shareholders. The corporate image has always been good, and the Company publishes all messages through a spokesperson or agent spokesperson, who can provide timely explanations in regards to reports and news that could affect the Company's image, so there is no threat to the corporate image. In the future, while pursuing the maximization of shareholders’ interests, the Company will continue to fulfill its corporate social responsibilities and improve the corporate image.

(VII) The expected benefits and possible risks to engage in mergers and acquisitions (M&A), and the countermeasures thereof: None.

(VIII) Expected benefits, possible risks and countermeasures for the expansion of plants: The Company currently has no plans to expand the plants.

(IX) Risks associated with over-concentration in procurement and sales, and the countermeasures thereof:

(1) Risk of concentrated procurement

The Company is a professional IC design company. The main raw materials in the production process are wafers and lead frames. The wafers are produced by wafer foundries. Since China is the world's largest wafer foundry production area, meanwhiles there are only few wafer foundries in domestic industry. Therefore, domestic IC design companies generally in the industry tends to have their purchasing concentrated in a certain wafer foundry. In addition to continuing to establish good cooperative relations with wafer foundries to ensure production capacity, the Company actively develops cooperative relations with other domestic and foreign wafer foundries by providing technical services for product design to diversify the concentration of incoming purchases.

(2) Risk of concentrated sales

Based on the consideration of professional division of labor and emphasis on efficiency, most products are mainly sold through agents. In recent years, sales of goods have gradually deviated from focusing on the few particular customers. In response to the growing trend of the company and industry in the future, the Company will further diversify appropriately and diversify its future sales targets to maintain a more balanced and stable operating result, which is the goal of the Company's continuous efforts.

(X) Impact and risks resulted from major equity transfer or replacement from the Directors, Supervisors, or major shareholders holding more than 10% of the Company's shares, and the countermeasures thereof:

(XI) The effect upon and risk to the Company associated with any change in governance personnel or top management and response measures being or to be taken: None.

(XII) If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that was finalized or remained pending, the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case up to the publication date of this Annual Report shall be disclosed: None.

(XIII) Other material risks and countermeasures:

The outbreak of COVID-19 in 2020 caused dramatic changes in the global economy and society. The huge increase in the number of new confirmed cases and deaths in the world every day was a cause for concern. For enterprises, it was also the best time to show the resilience of the organization. The pandemic has restricted people's movement and changed the way people live and work, in the battle against the pandemic, the Company has taken complete and strict measures in epidemic prevention, and all of our personnel are united in the fight against the virus!

When the COVID-19 outbreak occurred in March 2020, our Administration Department immediately set up an epidemic prevention team under the direction of our Chief Executive Officer. The Company adjusted the epidemic level according to the development of the epidemic and informed all employees of the Company's epidemic prevention measures through the announcement system.

The control measures of the Company during the epidemic prevention period are as follows:

1. Employees: Daily temperature measurement, regular health reports, no entry into the factory if their temperatures exceed 37.5°C, etc.
2. Visitors and manufacturers: Fill in the health report, temperature measurement, and no entry into the factory if their temperatures exceed 37.5℃.
3. Restaurant: Add partitions, checkerboard seating, keep a safe distance, etc.
4. Closed space: Reduce unnecessary meetings or switch to video conference, etc.
5. Environment: Increase the frequency of disinfection.
6. Others: Split operation and work in shifts, provision of medical masks for employees, occasional announcements of the latest company initiatives, control of the frequency of business travels, etc.

VII. Other important matters:

(1)Intelligent Property Management Plan

With the continuous advancement of technology, the Company has been increasing its investment in R&D costs year by year. To strengthen the competitiveness of the Company's business operations and maintain the state-of-the-art technologies obtained through the hard work of the R&D staff, the Company's intellectual property management combines the Company's operational objectives and R&D resources to establish an operation model that creates corporate value and intangible assets through intellectual property rights. The business management model that combines corporate product strategy, R&D strategy and intellectual property strategy bolsters the utilization of the Company's intellectual property, not only to protect the Company's freedom of operation and strengthen its competitiveness, but also to help the Company make profits.

1. Patent Protection Measures

To enhance the competitiveness of intellectual property, the Company's patent application strategy includes not only patent placement for existing and future products, but also patent placement for specific technologies in a strategic or walled mode. The Company has dedicated staff for intellectual property management, from relevant literature search, technical discussion and patent map preparation for specific technologies before product development to the maintenance of the patent after application, to keep the quality of patent technologies under strict control. In the meantime, the Company monitors the patent application profiles of its competitors to learn the development trend of their products and technologies and whether there are any concerns about patent infringement.

The Company also pays attention to the patent transfer and patent trading market. Whenever various trading platforms (such as ITRI, AS, TWTM, etc.) hold patent transfer or matchmaking activities, the Company will select and evaluate whether there are opportunities for such technologies to be transferred or matched, so as to revitalize the value of the Company's patents. The Company has a patent evaluation committee consisting of senior executives, experienced technical executives who are familiar with the technology field, and expert consultants to enhance the quality of patents through a graded review process. The Company has also established an appropriate patent incentive system to encourage employees to actively file patent applications, and through unscheduled education and training related to patent technology to raise employees' awareness of professional technology and patent protection.

2. Protection of Trade Secrets

The protection of trade secrets is crucial to the Company's competitive advantages, such as technological leadership, manufacturing excellence and customer trust, and is even more crucial to the Company as an IC design company with its own product development and design.

The Company has formulated internal rules and regulations for the management of trade secrets. The Company regularly conducts training courses for new recruits on the protection of trade secrets, and from time to time, makes internal announcements to inform employees of its policy on trade secrets protection. All employees are required to sign a written non-disclosure agreement upon their arrival at and departure from the Company, which is to ensure that they fulfill their duties and obligations of confidentiality to the Company's confidential information. The Company has established a document control system and has set up a Document Control Center (DCC) dedicated to managing and maintaining important technical information of the Company. The Company also attaches great importance to information security, and has established information security management regulations and implemented relevant measures to prevent improper leakage of company information that could harm the interests of the Company. The Company also organizes training on trade secrets from time to time to raise employees' professional awareness of the protection of company secrets and related laws and regulations.

3. Management of Trademark Rights

Since its establishment, the Company has been actively engaged in trademark placement in countries where the Company's products are mainly sold to obtain protection of trademark rights. The Company has designated personnel to handle pre-application trademark searches, management of trademark cases and trademark databases, as well as trademark rights enforcement matters, so that the Company can market its products worldwide under its own brand name.

4. Copyright Management

To protect the Company's confidential information and patent technology rights, if the Company's product technology needs to be published or made public through journals, papers, seminars, etc., the Company will first review and manage it, and establish control and review methods to ensure the implementation of internal review mechanisms to prevent the improper disclosure of important technical information.

Implementation Status

The Company submitted a report on matters related to intellectual property to the Board of Directors at the tenth meeting of the eighth Board (Dec. 23, 2020) and proposed improvement measures in response to the Directors' recommendations.

Since its establishment, the Company has been committed to building a sound intellectual property management system step by step. In the recent years, the Company has implemented the following:

1. Since 2006, the Company has invited renowned scholars and the head of the Legal and Intellectual Property Division of the Company to give lectures to our employees on the protection of trade secrets and the basic concepts related to the acquisition of patent technologies and patent rights.
2. Since 2011, the Company has participated in the Intellectual Property Office's corporate intellectual property promotion activities and invited renowned lawyers and scholars to the Company to provide education and training for its employees on topics and practical discussions related to patents, trademarks, copyrights and trade secrets.

3. In 2013, the Company updated its patent application procedures and implemented a tiered patent examination system.

4. In 2014, the Company established a mechanism for request for and review of public disclosure of the Company's information.

5. In 2015, the Company established and implemented patent technology placement and analysis strategy for new products to match the technology areas in which the development of new products is involved.

6. In 2017, the Company updated and established a complete intellectual property information management system to enhance the management of various applications and rights protection information, and further updated the intellectual property protection strategy and patent evaluation system to support new business development and operation.

7. In 2018, the Company invited Professor of the Law Department of Soochow University and Director of the Intellectual Property Law Research Center to give lectures on copyright protection and fair use. In addition, the head of the Company's patent department organized special educational training for the R&D staff to analyze patent technical issues.

8. In 2019, the Company investigated the classification standards for important information and evaluated patent licensing companies and patent insurance.

9. In 2020, the Company evaluated the feasibility of introducing the Taiwan Intellectual Property Management System (TIPS).

10. In 2021, ESMT invited the professor of the School of Law, Soochow University, who is also the director of the Technology and Intellectual Property Right Law Research Center, to talk about the protection of business secrets, copyright protection, and computer program.

    To enhance the efficiency of data management, and reinforce the maintenance and protection of legal documents and confidential information that is in the review process, ESMT built an online review system to ensure the material information is only accessed by the relevant staff, creating higher protection for confidential documents.

    In response to the new product lines, ESMT adjusted the composition of the Patent Assessment Committee for the new technology attributes, improving the patented technology of the new products.

11. In 2022, to effectively improve the recall ratio and precision ratio of patent searches, a comparative analysis was conducted on the search results of the currently used patent database and other patent databases.

    Re-evaluate the feasibility of adopting the Taiwan Intellectual Property Management System (TIPS) by organizing and analyzing information on the current status of the

Company's R&D and intellectual property management. Conduct a self-assessment of inspection items and corresponding article numbers/categories of topics as required by TIPS first.

Comply with the Company's pandemic prevention policies and assist in designing an online review process for the Company's Patent Evaluation Committee. Additionally, in response to courses taught online for new employees on trade secrets, revise relevant course materials and adjust the online interactive teaching model.

Assist the Company's new product business unit in developing new products, devising each product's future application scope, and evaluating trademark placement around the world.

12. The current list of intellectual property acquisition are as follows.

(1) Patents: By December 2022, the total number of patents granted worldwide had accumulated over 491, of which 36 domestic and foreign patents were granted in 2022 alone.

(2) Trademarks: By December 2022, the Company had obtained a total of 37 registered trademarks in major target countries for its presence and operation.

(2)Prevention of Insider Trading

1. ESMT is a listed company. The disclosure of any material information that would impact shareholders' rights and share prices is strictly limited by law.
2. Material information is defined in Article 4 of Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.
3. Any disclosure of the Company's material internal information, except as otherwise provided by law or regulation, shall be made by this Corporation's spokesperson, or by a deputy spokesperson. Any personnel of the Company, unless otherwise authorized, is not allowed to disclose material information.
4. Personnel of the Company who have actual knowledge of material information are prohibited from dealing in the Company's securities/shares on their own or in the name of others, either before or within 18 hours after the information is not officially public or officially public. Persons who, not because of their position, are indirectly informed of material information that is not yet disclosed are also bound by relevant regulations.
5. Personnel is not allowed to inquire about or collect the Company's material information that is not related to individual duties.
6. The personnel of the Company are obligated to keep confidential the business secrets and material undisclosed information of the Company. They shall perform their duties under the principles of honesty and integrity with the care of a good administrator, and shall not disclose to irrelevant personnel any material information concerning the business secrets

and undisclosed information of the Company that is known to them due to their duties.

7. Any organization or person outside of the Company that is involved in any corporate action of the Company relating to an investment, merger or acquisition, procurement, strategic alliance, other business partnership plans, or the signing of a major contract shall be required to sign a confidentiality agreement, and may not disclose to another party any business secret and undisclosed material information of the Company.
8. Any personnel of the Company shall not discuss any topic involving the Company in the investment or share related social media or online platforms.
9. If there is any doubt as to whether certain conduct has breached laws related to insider trading, or whether any business secrets or undisclosed material information is disclosed, please ask the Legal Affairs and Compliance Department or the Audit Department for assistance.
10. The Company's director shall be prohibited from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.

In the 18th meeting of the 8th term of the Board of Directors on February 25, 2022, the Company promoted the prevention of insider trading regulations and provided explanations of relevant issues regarding the aforementioned item 10 "The Company's director shall be prohibited from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports." Before the closed periods for the announcement of the various 2022 financial reports (including 30 days prior to the publication of the 2021 financial reports and 15 days prior to the publication of various 2022 quarterly financial reports), the Company shall notify the directors in advance the announcement dates of the financial reports to strengthen the promotion and remind the directors of the relevant regulations prohibiting them from trading stocks during the closed periods. There were no situations where directors traded their stocks during the closed period before the announcement of the financial statements in 2022.

According to the Regulations Governing Establishment of Internal Control Systems by Public Companies, the Company has formulated Prevention of Insider Trading Management Rules under the internal control system. Educational training is conducted every year as required. The Company completed the educational training featuring the prevention of insider trading through online learning in December 2021. A total of 457 people completed the training, with the achievement rate reaching 91.77%. For employees who haven't completed the training, they will be tracked closely in the education program in the following year.

(3) Report of Unethical/Inappropriate Conduct

I. According to Ethical Corporate Management Principles, if the personnel of the Company has unethical or inappropriate conduct, a report can be made internally or externally. The reporting email is audit@esmt.com.tw.

II. The following information must be provided by the whistleblower:

1. The whistleblower's name, I.D. number, address, telephone number and e-mail address where he/she can be reached.
2. The informed party's name or other information sufficient to distinguish his/her identifying features.
3. Specific facts available for investigation.

III. A written statement shall be provided by the handling personnel to keep the whistleblower's information as well as the reporting event confidential. The Company shall promise that the whistleblower will not be mistreated due to the whistle-blowing.

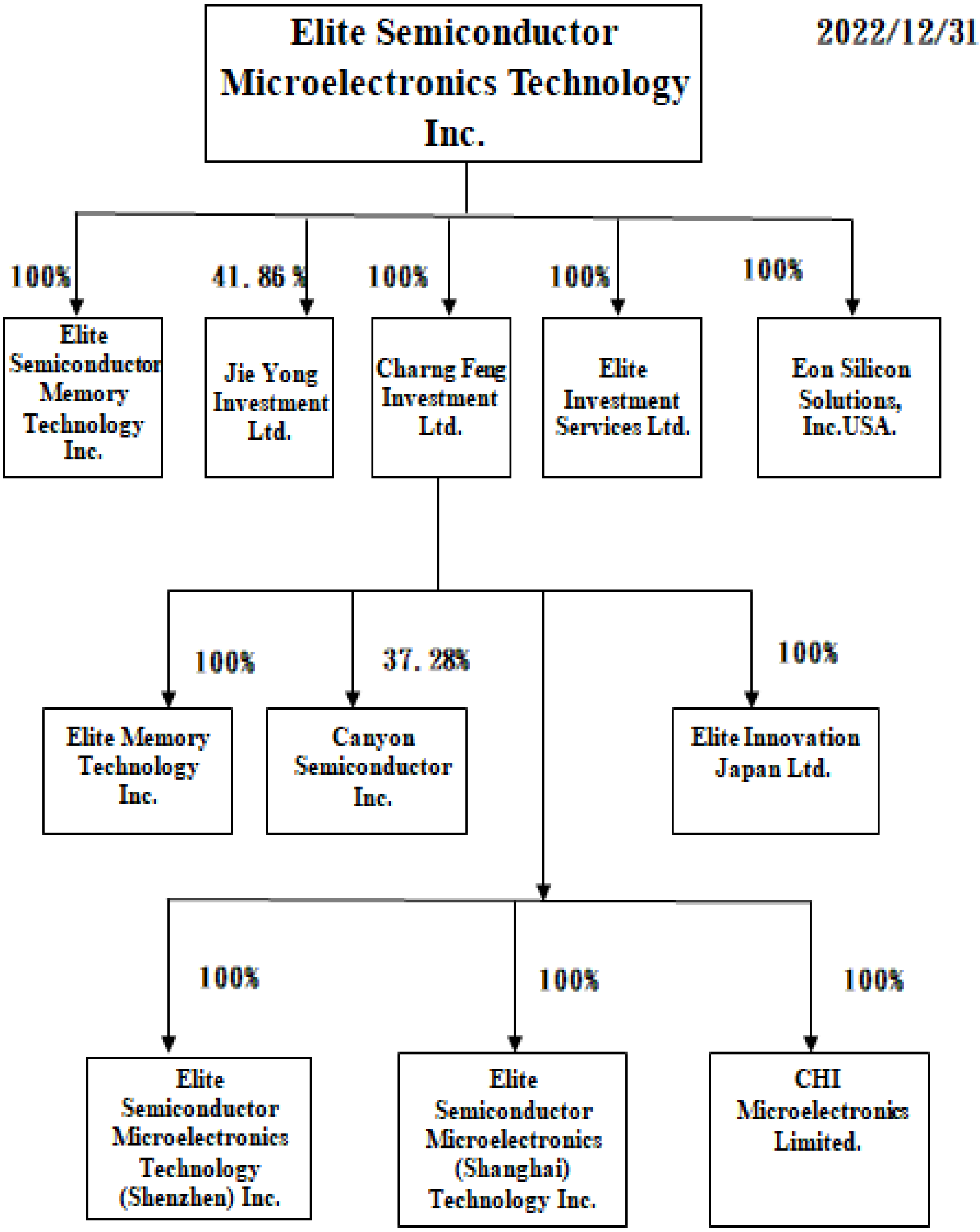
IV. The responsible unit of the Company shall observe the following procedure:

1. Reporting matters involving general employees should be reported to the direct supervisor. Reporting matters involving Directors or senior managers should be reported to Independent Directors.
2. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related departments.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for 5 years and may be retained electronically. Before the expiration of the retention period, in the event of a lawsuit related to the whistleblowing content, the relevant information shall be retained until the conclusion of the litigation.
5. With respect to a confirmed information, relevant units shall be charged with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent a recurrence.
6. The responsible unit shall collate all complaints made, the countermeasures, and any subsequent proposed improvements, and report to the Board of Directors.

Special Disclosures

I. Information about the Company's Affiliated Companies

1. Organization Structure of Affiliated Companies



2. Basic Information of Affiliated Companies

Unit: NT$

Name	Date of Incorporation	Address	Actual Paid-in Capital(Note1)	Primary Business
Elite Semiconductor Memory Technology Inc.	1992.11.05	1/F, No. 13, Lane 24, Minxiang 1st Street, East District, Hsinchu City	NT$ 1,000,000	Research and development, production, sales and related consulting services of integrated circuit
Charng Feng Investment Ltd.	2000.05.22	1/F, No. 13, Lane 24, Minxiang 1st Street, East District, Hsinchu City	NT$ 500,000,000	General investment
Elite Investment Services Ltd.	2006.07.04	Citio Building P.O.Box 662,Road Town Tortola, British Virgin Islands	US$ 15,000,000	General investment
Jie Yong Investment Ltd.	2009.01.16	2/F, No. 13, Lane 24, Minxiang 1st Street, East District, Hsinchu City	NT$ 86,000,000	General investment
Elite Memory Technology Inc.	2004.11.22	1/F, No. 13, Lane 24, Minxiang 1st Street, East District, Hsinchu City	NT$ 100,000,000	Electronic component manufacturing, information software services, product design, other business services, other consulting services and international trade
Canyon Semiconductor Inc.	2013.06.26	3/F, No. 19-1, Gongye East 4th Road, East District, Hsinchu City	NT$ 224,000,000	Integrated circuit design and manufacturing of electronic components
Elite Innovation Japan Ltd.	2011.12.16	4-8-11 Takanawa, Minato-ku, Tokyo	JPY 10,000,000	Electronic component manufacturing, information software services, product design, other business services, other consulting services and international trade
Eon Silicon Solutions, Inc. USA	2003.02.01	4699 Old Ironsides Drive, Suite 300 Santa Clara, CA95054 USA	US$ 100,000	FLASH product design, development and testing
Elite Semiconductor Microelectronics Technology (Shenzhen) Inc.	2011.08.09	Unit A, Tian'an Digital City I, Futian District, Shenzhen	US$ 3,200,000	Technical consultation and service, after-sales service
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	2019.11.27	Room 2515, No. 18 Xinjinqiao Road, China (Shanghai) Pilot Free Trade Zone	US$ 200,000	Product design, wholesale and retail of electronic materials, information software services and international trade
CHI Microelectronics Limited.	2020.08.31	15/F Boc Grouplife Assurance Tower 136 Des Voeux RD Central HK	HKD$ 100,000	Trading

Note 1: The foreign currency investment amount is converted based on the exchange rate on December 31, 2022.

3. Information on the same shareholders of companies that are considered to have a controlling and subordinate relation: None.

4. The affiliated companies' business and operations, the industries they cover, and their correspondence and division of labor:

Name	Division of Labor in Interaction
Elite Semiconductor Memory Technology Inc.	IC production, sales and related consulting services
Charng Feng Investment Ltd.	General investment industry: Not applicable
Elite Investment Services Ltd.	General investment industry: Not applicable
Jie Yong Investment Ltd.	General investment industry: Not applicable
Elite Memory Technology Inc.	R&D, production, sales and related consulting services of MEMS
Canyon Semiconductor Inc.	Power IC R&D, production, sales and related consulting services
Elite Innovation Japan Ltd.	IC sales and related consulting services
Eon Silicon Solutions, Inc. USA	FLASH product design, development and testing
Elite Semiconductor Microelectronics Technology (Shenzhen) Inc.	Technical consultation and service, after-sales service
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	Technical consultation and service, after-sales service
CHI Microelectronics Limited.	Trading

5. Information of Directors, Supervisors and Presidents in all affiliated companies:

December 31, 2022

Name	Title	Name or Representative	Shareholding		Remarks
			Number of Shares	Percentage of Shareholding	
Elite Semiconductor Memory Technology Inc.	Chairman of the Board	Hsing-Hai Chen	100,000	100.00%	Representative of ESMT
Charng Feng Investment Ltd.	Chairman of the Board	Ming-Chien Chang	50,000,000	100.00%	Representative of ESMT
Elite Investment Services Ltd.	Director	Hsing-Hai Chen	15	100.00%	Representative of ESMT
	Director	Ming-Chien Chang	15	100.00%	Representative of ESMT
Jie Yong Investment Ltd.	Chairman of the Board	Hsing-Hai Chen	800,000	9.30%	
	Director	Ming-Chien Chang	400,000	4.65%	
	Director	Kuan-Chun Chang	500,000	5.81%	
	Director	Yeong-Wen Daih	200,000	2.33%	
	Supervisor	Hsin-Jung Peng	200,000	2.33%	
Elite Memory Technology Inc.	Chairman of the Board	Hsing-Hai Chen	10,000,000	100.00%	Representative of Charng Feng Investment
Canyon Semiconductor Inc.	Chairman of the Board	Kuan-hsi Chen	8,350,000	37.28%	Representative of Charng Feng Investment
	Director	Shiang-Ming Miaw	8,350,000	37.28%	Representative of Charng Feng Investment
	Director	Xin-Huang Lin	12,395,500	55.34%	Representative of Diodes Holding UK

Name	Title	Name or Representative	Shareholding		Remarks
			Number of Shares	Percentage of Shareholding	
					Limited
	Director	LIN,ERNEST SHYH-YUH	12,395,500	55.34%	Representative of Diodes Holding UK Limited
	Director	KUO-TING TSONG	12,395,500	55.34%	Representative of Diodes Holding UK Limited
	Supervisor	Patricia Huang	0	0%	
	Supervisor	Hong-Gee Wu	0	0%	
Elite Innovation Japan Ltd.	Director	Yajima Masaharu	200	100.00%	Representative of Charng Feng Investment
	Director	Chih-Hong Ho	200	100.00%	Representative of Charng Feng Investment
	Director	Hong-Gee Wu	200	100.00%	Representative of Charng Feng Investment
	Supervisor	Candy Chu	200	100.00%	Representative of Charng Feng Investment
Eon Silicon Solutions, Inc. USA	Director& CEO	Ming-Chien Chang	200,000	100.00%	Representative of ESMT
	Director	Shu-Hui Feng	200,000	100.00%	Representative of ESMT
	Director	Pauling Chen	200,000	100.00%	Representative of ESMT
	Director	Kun-Ren Chang	200,000	100.00%	Representative of ESMT
Elite Semiconductor Microelectronics Technology (Shenzhen) Inc.	Legal Representative & Executive Director	Chih-Hong Ho	-	100.00%	Representative of Charng Feng Investment
	Supervisor	Shu-Hui Feng	-	100.00%	Representative of Charng Feng Investment
	President	Ming-Chou Liu	-	-	
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	Legal Representative & Executive Director	Chih-Hong Ho	-	100.00%	Representative of Charng Feng Investment
	Supervisor	Shu-Hui Feng	-	100.00%	Representative of Charng Feng Investment
	President	Shuyu Zheng	-	-	
CHI Microelectronics Limited.	Legal Representative	Kun-Ren Chang	10,000	100.00%	Representative of Charng Feng Investment

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6. Operations Overview of Affiliated Companies

December 31, 2022 Unit: NT$1,000

Name	Capital	Total Asset	Total liabilities	Net Value	Revenue	Operating Profit (Loss)	Profit (Loss) of the FY	Earnings Per Share (NT$)
Elite Semiconductor Memory Technology Inc.	1,000	109,919	80,194	29,725	323,198	15,723	15,279	152.79
Charng Feng Investment Ltd.	500,000	549,458	101	549,357	—	(162)	(35,161)	(0.70)
Elite Investment Services Ltd.	460,650	667,546	—	667,546	—	(67)	55,447	3,696,441.73
Jie Yong Investment Ltd.	86,000	994,858	1,273	993,585	—	(1,526)	105,923	12.32
Elite Memory Technology Inc.	100,000	21,474	26	21,448	—	(289)	(164)	(0.02)
Canyon Semiconductor Inc.	224,000	317,523	38,937	278,586	211,120	43,512	60,412	2.70
Elite Innovation Japan Ltd.	2,276	2,207	1,386	821	8,509	267	90	450.00
Eon Silicon Solutions, Inc. USA	13,304	8,327	9,977	(1,650)	61,452	275	32	0.16
Elite Semiconductor Microelectronics Technology (Shenzhen) Inc.	93,343	93,133	1,099	92,034	37,973	2,150	4,083	—
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	6,142	10,028	1,444	8,584	30,628	1,731	1,573	—
CHI Microelectronics Limited.	394	116,575	116,136	439	1,081,732	(31)	(271)	(27.10)

Consolidated financial statements of affiliated companies: Please refer to #page 119#.

Elite Semiconductor Microelectronics Technology Inc

Declaration of Consolidated Financial Statements of Affiliated Companies

The entities that are required to be included in the consolidated financial statements of Elite Semiconductor Microelectronics Technology Inc. as of and for the year ended December 31, 2022, under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements of affiliated enterprises is included in the consolidated financial statements. Consequently, Elite Semiconductor Microelectronics Technology Inc. and its subsidiaries do not prepare a separate set of consolidated financial statements of affiliated enterprises.

Very truly yours,
Elite Semiconductor Microelectronics Technology Inc.

By
Chairman
Hsing-Hai Chen
February 23, 2023

II. Private placement of securities for the most recent financial year until the date of the publication of the Annual Report: None.

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent financial year or during the current financial year up to the date of the publication of the annual report:

Unit: NT$1,000; share; %

<table>
<tr><th>Name of Subsidiaries</th><th>Actual Paid-in Capital</th><th>Source of Funding</th><th>Shareholding Percentage of the Company</th><th>Date of Acquisition or Disposal</th><th>Number and Value of Shares Acquired</th><th>Number and Value of Shares Disposed</th><th>Gain (Loss) from Investment</th><th>Number and Value of Shares Held until the publication of the Annual Report</th><th>Condition of Setting the Pledges</th><th>Amount of Endorsement Made for the Subsidiaries</th><th>Amount Loaned to the Subsidiaries</th></tr>
<tr><td rowspan="4">Jie Yong Investment Ltd.</td><td rowspan="4">86,000</td><td rowspan="4">Internally Generated Funds</td><td rowspan="2">41.86%</td><td rowspan="2">Oct.4, 2022~ Oct.7, 2022</td><td>355</td><td>-</td><td rowspan="2">-</td><td>13,709</td><td rowspan="2">-</td><td rowspan="2">-</td><td rowspan="2">-</td></tr>
<tr><td>24,568</td><td>-</td><td>352,845</td></tr>
<tr><td rowspan="2">Current financial year up to the publication date of the Annual Report</td><td rowspan="2"></td><td>-</td><td>-</td><td rowspan="2">-</td><td>-</td><td rowspan="2">-</td><td rowspan="2">-</td><td rowspan="2">-</td></tr>
<tr><td>-</td><td>-</td><td>-</td></tr>
</table>

IV. Other Necessary Supplements: None.

V. In the most recent financial year up the date of publication of the Annual Report, if there an issue of significant impact on shareholders' equity or securities prices as stipulated in Article 36, paragraph 2, subparagraph 2 of the securities exchange Act: None.

Elite Semiconductor Microelectronics Technology Inc.

Chairman of the Board: Hsing-Hai Chen

President: Ming-Chien Chang