

**ELITE SEMICONDUCTOR
MICROELECTRONICS TECHNOLOGY INC.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2023 AND 2022**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Elite Semiconductor Microelectronics Technology Inc. and its subsidiaries (the “Group”) as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(6), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent auditors. Total assets of these subsidiaries (including the balance of investments accounted for using equity method) amounted to NT\$866,166 thousand and NT\$1,102,820 thousand, constituting 4.4% and 5.3% of the consolidated total assets as at September 30, 2023 and 2022, respectively, and total liabilities of these subsidiaries amounted to NT\$111,852 thousand and NT\$166,856 thousand, constituting 1.2% and 2.0% of the consolidated total liabilities as at September 30, 2023 and 2022, respectively, and the total comprehensive (loss) income (including share of profit/loss and other comprehensive income/loss of associates and joint ventures accounted for using equity method) amounted to (NT\$77,818) thousand, NT\$112,913 thousand, (NT\$15,906) thousand and NT\$62,021 thousand, constituting (54.0%), 79.1%, (2.6%) and 3.1% of the consolidated total comprehensive (loss) income for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.

Qualified Conclusion

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors as described in the *Basis for Qualified Conclusion* paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023 and 2022, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial

Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Shu-Chien, Pai

Ya-Huei, Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

October 27, 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’ review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
 (THE BALANCE SHEETS AS AT SEPTEMBER 30, 2023 AND 2022 ARE REVIEWED, NOT AUDITED)

Assets	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 4,901,815	25	\$ 4,764,681	24	\$ 5,806,716	28
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		176,050	1	205,510	1	206,403	1
1136	Financial assets at amortised							
	cost - current		33,411	-	-	-	-	-
1150	Notes receivable, net		17	-	9	-	168	-
1170	Accounts receivable, net	6(4)	1,345,298	7	962,383	5	1,241,035	6
1200	Other receivables		174,601	1	84,473	1	110,844	-
1220	Current income tax assets		229,483	1	220,468	1	254,704	1
130X	Inventories	6(5)	7,661,918	39	8,369,225	42	8,435,036	41
1410	Prepayments		353,345	2	444,561	2	742,815	4
1470	Other current assets	6(11)	968,855	5	821	-	827	-
11XX	Total current assets		<u>15,844,793</u>	<u>81</u>	<u>15,052,131</u>	<u>76</u>	<u>16,798,548</u>	<u>81</u>
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		23,488	-	12,990	-	19,308	-
1550	Investments accounted for	6(6)						
	using equity method		133,412	1	103,857	1	101,767	1
1600	Property, plant and equipment	6(7) and 8	2,015,543	10	2,052,992	11	1,282,093	6
1755	Right-of-use assets	6(8)	79,443	1	74,924	-	63,976	-
1760	Investment property, net	6(9)	15,034	-	15,761	-	16,004	-
1780	Intangible assets	6(10)	74,864	-	51,410	-	62,701	-
1840	Deferred income tax assets		237,428	1	213,192	1	4,214	-
1900	Other non-current assets	6(11) and 8	1,147,184	6	2,148,472	11	2,447,451	12
15XX	Total non-current assets		<u>3,726,396</u>	<u>19</u>	<u>4,673,598</u>	<u>24</u>	<u>3,997,514</u>	<u>19</u>
1XXX	Total assets		<u>\$ 19,571,189</u>	<u>100</u>	<u>\$ 19,725,729</u>	<u>100</u>	<u>\$ 20,796,062</u>	<u>100</u>

(Continued)

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
 (THE BALANCE SHEETS AS AT SEPTEMBER 30, 2023 AND 2022 ARE REVIEWED, NOT AUDITED)

Liabilities and Equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 3,720,000	19	\$ 3,175,000	16	\$ 2,750,000	13
2110	Short-term notes and bills payable		149,767	1	-	-	-	-
2130	Contract liabilities - current	6(20)	34,138	-	6,096	-	29,225	-
2150	Notes payable		4,356	-	2,399	-	4,199	-
2170	Accounts payable		2,867,679	14	2,325,661	12	3,007,557	14
2200	Other payables	6(13)	1,111,597	6	1,426,556	7	2,060,268	10
2230	Current income tax liabilities		-	-	3,464	-	3,087	-
2250	Provisions for liabilities – current	6(11)	560,691	3	530,888	3	330,676	2
2280	Lease liabilities - current		14,191	-	12,881	-	6,233	-
2300	Other current liabilities		10,731	-	9,430	-	11,017	-
21XX	Total current liabilities		<u>8,473,150</u>	<u>43</u>	<u>7,492,375</u>	<u>38</u>	<u>8,202,262</u>	<u>39</u>
Non-current liabilities								
2540	Long-term borrowings	6(14)	643,400	3	643,400	3	-	-
2550	Provisions for liabilities - non-current		20,772	-	19,850	-	19,391	-
2570	Deferred income tax liabilities		77,490	1	55,208	-	92,438	1
2580	Lease liabilities - non-current		65,895	-	62,421	1	59,293	-
2600	Other non-current liabilities		14,959	-	14,599	-	13,419	-
25XX	Total non-current liabilities		<u>822,516</u>	<u>4</u>	<u>795,478</u>	<u>4</u>	<u>184,541</u>	<u>1</u>
2XXX	Total Liabilities		<u>9,295,666</u>	<u>47</u>	<u>8,287,853</u>	<u>42</u>	<u>8,386,803</u>	<u>40</u>
Equity attributable to owners of parent								
	Share capital	6(17)						
3110	Common stock		2,861,711	15	2,861,570	15	2,861,570	14
	Capital surplus	6(18)						
3200	Capital surplus		267,799	1	255,317	1	255,021	1
	Retained earnings	6(19)						
3310	Legal reserve		2,118,375	11	2,014,288	10	2,014,288	10
3320	Special reserve		46,310	-	23,906	-	23,906	-
3350	Unappropriated retained earnings		5,282,020	27	6,553,259	33	7,493,453	36
	Other equity interest							
3400	Other equity interest		(35,812)	-	(46,310)	-	(39,992)	-
3500	Treasury shares	6(17)	(147,700)	(1)	(147,700)	(1)	(137,416)	(1)
31XX	Total equity attributable to owners of the parent		<u>10,392,703</u>	<u>53</u>	<u>11,514,330</u>	<u>58</u>	<u>12,470,830</u>	<u>60</u>
36XX	Non-controlling interests		<u>(117,180)</u>	<u>-</u>	<u>(76,454)</u>	<u>-</u>	<u>(61,571)</u>	<u>-</u>
3XXX	Total equity		<u>10,275,523</u>	<u>53</u>	<u>11,437,876</u>	<u>58</u>	<u>12,409,259</u>	<u>60</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 19,571,189</u>	<u>100</u>	<u>\$ 19,725,729</u>	<u>100</u>	<u>\$ 20,796,062</u>	<u>100</u>

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT (LOSSES) EARNINGS PER SHARE AMOUNTS)
(REVIEWED, NOT AUDITED)

Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(20)	\$ 3,021,539	100	\$ 3,500,631	100	\$ 8,719,647	100	\$ 13,541,121	100
5000	Operating costs	6(5)(25)(26)	(2,949,551)	(98)	(3,067,982)	(88)	(8,483,964)	(97)	(9,958,678)	(74)
5950	Gross profit		<u>71,988</u>	<u>2</u>	<u>432,649</u>	<u>12</u>	<u>235,683</u>	<u>3</u>	<u>3,582,443</u>	<u>26</u>
	Operating expenses	6(25)(26)								
6100	Selling expenses		(69,147)	(2)	(88,416)	(2)	(203,216)	(2)	(323,910)	(2)
6200	General and administrative expenses		(51,963)	(2)	(65,806)	(2)	(171,467)	(2)	(401,890)	(3)
6300	Research and development expenses		(330,549)	(11)	(312,063)	(10)	(1,086,289)	(13)	(1,308,763)	(10)
6450	Expected credit impairment gain	12(2)	682	-	-	-	-	-	-	
6000	Total operating expenses		<u>(450,977)</u>	<u>(15)</u>	<u>(466,285)</u>	<u>(14)</u>	<u>(1,460,972)</u>	<u>(17)</u>	<u>(2,034,563)</u>	<u>(15)</u>
6900	Operating (loss) profit		<u>(378,989)</u>	<u>(13)</u>	<u>(33,636)</u>	<u>(2)</u>	<u>(1,225,289)</u>	<u>(14)</u>	<u>(1,547,880)</u>	<u>(11)</u>
	Non-operating income and expenses									
7100	Interest income	6(21)	44,012	2	30,914	1	121,779	2	62,738	-
7010	Other income	6(22)	16,912	1	82,167	2	28,924	-	89,716	1
7020	Other gains and losses	6(23)	182,548	6	100,289	3	488,956	6	749,811	6
7050	Finance costs	6(24)	(21,182)	(1)	(9,157)	-	(59,905)	(1)	(18,518)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	11,734	-	5,554	-	29,047	-	22,086	-
7000	Total non-operating income and expenses		<u>234,024</u>	<u>8</u>	<u>209,767</u>	<u>6</u>	<u>608,801</u>	<u>7</u>	<u>905,833</u>	<u>7</u>
7900	(Loss) profit before income tax		<u>(144,965)</u>	<u>(5)</u>	<u>176,131</u>	<u>4</u>	<u>(616,488)</u>	<u>(7)</u>	<u>2,453,713</u>	<u>18</u>
7950	Income tax benefit (expense)	6(27)	(165)	-	(30,558)	(1)	1,547	-	(410,527)	(3)
8200	(Loss) profit for the period		<u><u>(\$ 145,130)</u></u>	<u><u>(5)</u></u>	<u><u>\$ 145,573</u></u>	<u><u>3</u></u>	<u><u>(\$ 614,941)</u></u>	<u><u>(7)</u></u>	<u><u>\$ 2,043,186</u></u>	<u><u>15</u></u>
	Other comprehensive income (loss)-net									
	Other comprehensive income (loss) components that will not be reclassified to profit or loss									
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 1,146	-	(\$ 2,826)	-	\$ 10,498	-	(\$ 16,086)	-
8300	Other comprehensive (loss) income for the period-net		<u>\$ 1,146</u>	<u>-</u>	<u>(\$ 2,826)</u>	<u>-</u>	<u>\$ 10,498</u>	<u>-</u>	<u>(\$ 16,086)</u>	<u>-</u>
8500	Total comprehensive (loss) income for the period		<u><u>(\$ 143,984)</u></u>	<u><u>(5)</u></u>	<u><u>\$ 142,747</u></u>	<u><u>3</u></u>	<u><u>(\$ 604,443)</u></u>	<u><u>(7)</u></u>	<u><u>\$ 2,027,100</u></u>	<u><u>15</u></u>
	(Loss) profit attributable to:									
8610	Owners of the parent		<u>(\$ 159,650)</u>	<u>(5)</u>	<u>\$ 83,326</u>	<u>1</u>	<u>(\$ 629,640)</u>	<u>(7)</u>	<u>\$ 1,981,065</u>	<u>15</u>
8620	Non-controlling interest		<u>\$ 14,520</u>	<u>-</u>	<u>\$ 62,247</u>	<u>2</u>	<u>\$ 14,699</u>	<u>-</u>	<u>\$ 62,121</u>	<u>-</u>
	Total comprehensive (loss) income attributable to:									
8710	Owners of the parent		<u>(\$ 158,504)</u>	<u>(5)</u>	<u>\$ 80,500</u>	<u>1</u>	<u>(\$ 619,142)</u>	<u>(7)</u>	<u>\$ 1,964,979</u>	<u>15</u>
8720	Non-controlling interest		<u>\$ 14,520</u>	<u>-</u>	<u>\$ 62,247</u>	<u>2</u>	<u>\$ 14,699</u>	<u>-</u>	<u>\$ 62,121</u>	<u>-</u>
	(Losses) earnings per share(in dollars)	6(28)								
9750	Basic (losses) earnings per share		<u>(\$ 0.57)</u>		<u>\$ 0.30</u>		<u>(\$ 2.25)</u>		<u>\$ 7.06</u>	
9850	Diluted (losses) earnings per share		<u>(\$ 0.57)</u>		<u>\$ 0.30</u>		<u>(\$ 2.25)</u>		<u>\$ 7.04</u>	

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
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	Notes	Equity attributable to owners of the parent						Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Retained Earnings						
						Unappropriated retained earnings						
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		-	-	-	-	1,981,065	-	-	1,981,065	62,121	2,043,186	
Other comprehensive loss for the period		-	-	-	-	-	(16,086)	-	(16,086)	-	(16,086)	
Total comprehensive income(loss) for the period		-	-	-	-	1,981,065	(16,086)	-	1,964,979	62,121	2,027,100	
Distribution of 2021 earnings	6(19)	-	-	-	-	-	-	-	-	-	-	
Legal reserve appropriated		-	-	497,526	-	(497,526)	-	-	-	-	-	
Cash dividends of ordinary shares		-	-	-	-	(2,289,256)	-	-	(2,289,256)	-	(2,289,256)	
Special reserve appropriated		-	-	-	23,906	(23,906)	-	-	-	-	-	
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(18)	-	989	-	-	-	-	-	989	(61,155)	(60,166)	
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(18)	-	44,720	-	-	-	-	-	44,720	-	44,720	
Changes in equity of associates and joint ventures accounted for using equity method	6(18)	-	27,869	-	-	-	-	-	27,869	-	27,869	
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(18)(29)	-	(29)	-	-	-	-	-	(29)	(18)	(47)	
Expired cash dividends transferred to capital surplus	6(18)	-	143	-	-	-	-	-	143	-	143	
Disposal of a subsidiary		-	-	-	-	-	-	-	-	(664)	(664)	
Balance at September 30, 2022		\$ 2,861,570	\$ 255,021	\$ 2,014,288	\$ 23,906	\$ 7,493,453	(\$ 39,992)	(\$ 137,416)	\$ 12,470,830	(\$ 61,571)	\$ 12,409,259	
2023												
Balance at January 1, 2023		\$ 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	
Loss for the period		-	-	-	-	(629,640)	-	-	(629,640)	14,699	(614,941)	
Other comprehensive income for the period		-	-	-	-	-	10,498	-	10,498	-	10,498	
Total comprehensive income (loss) for the period		-	-	-	-	(629,640)	10,498	-	(619,142)	14,699	(604,443)	
Distribution of 2022 earnings	6(19)	-	-	-	-	-	-	-	-	-	-	
Legal reserve appropriated		-	-	104,087	-	(104,087)	-	-	-	-	-	
Cash dividends of ordinary shares		-	-	-	-	(515,108)	-	-	(515,108)	-	(515,108)	
Special reserve appropriated		-	-	-	22,404	(22,404)	-	-	-	-	-	
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(18)	-	989	-	-	-	-	-	989	(55,425)	(54,436)	
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(18)	-	10,329	-	-	-	-	-	10,329	-	10,329	
Changes in equity of associates and joint ventures accounted for using equity method	6(18)	-	508	-	-	-	-	-	508	-	508	
Issuance of new shares due to employee stock options exercised	6(16)(17)(18)	141	611	-	-	-	-	-	752	-	752	
Expired cash dividends transferred to capital surplus	6(18)	-	45	-	-	-	-	-	45	-	45	
Balance at September 30, 2023		\$ 2,861,711	\$ 267,799	\$ 2,118,375	\$ 46,310	\$ 5,282,020	(\$ 35,812)	(\$ 147,700)	\$ 10,392,703	(\$ 117,180)	\$ 10,275,523	

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Nine-month periods ended September 30	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax for the period		(\$ 616,488)	\$ 2,453,713
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(9)(25)	409,075	378,866
Amortisation	6(10)(25)	127,464	88,448
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(23)	(2,172)	86,388
Interest expense	6(24)	59,905	18,518
Interest income	6(21)	(121,779)	(62,738)
Dividend income	6(22)	(17,380)	(68,750)
Losses on disposal of subsidiary		-	161
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(29,047)	(22,086)
Gains on disposals of property, plant and equipment	6(23)	(281,765)	-
Transfer property, plant and equipment to miscellaneous expenses	6(7)	-	477
Foreign exchange losses on provision for onerous contracts liabilities		29,803	330,676
Gains (loss) on lease modifications	6(23)	(16)	17
Net changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit and loss		31,632	66,895
Notes receivable	(8)	(8)	(168)
Accounts receivable	(384,397)	(384,397)	(750,246)
Accounts receivable - related parties	1,482	(1,482)	(1,862)
Other receivables	(87,120)	(87,120)	(8,339)
Inventories	707,307	(707,307)	(3,059,351)
Prepayments	91,216	(91,216)	(673,748)
Other current assets	66	(66)	(657)
Other non-current assets	89,740	(89,740)	(1,294,257)
Changes in operating liabilities			
Notes payable	1,957	1,957	1,994
Accounts payable	542,018	542,018	26,856
Contract liabilities	28,042	28,042	7,826
Other payables	(239,255)	(239,255)	(254,802)
Other current liabilities	1,301	1,301	3,114
Other non-current liabilities	95	95	71
Cash inflow (outflow) generated from operations		341,676	(706,210)
Interest received		118,771	60,017
Interest paid	(60,045)	(60,045)	(16,863)
Income taxes paid	(12,886)	(12,886)	(1,497,399)
Net cash flows from (used in) operating activities		387,516	(2,160,455)

(Continued)

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Nine-month periods ended September 30	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 33,411)	(\$ 115,290)
Disposal of financial assets at amortised cost		-	226,010
Acquisition of property, plant and equipment	6(30)	(446,501)	(554,799)
Proceeds from disposal of property, plant and equipment		281,765	-
Dividends received	6(22)	17,380	68,750
Decrease in cash due to disposal of subsidiary		-	(793)
Acquisition of intangible assets	6(10)(30)	(150,918)	(67,108)
Increase in refundable deposits		(46,182)	(116,721)
Net cash flows used in investing activities		(377,867)	(559,951)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(30)	545,000	1,050,000
Increase in short-term notes and bills payable	6(30)	151,007	271
Repayments of lease liabilities	6(30)	(10,369)	(9,322)
Decrease in guarantee deposit received	6(30)	265	57
Proceeds from exercise of employee stock options		752	-
Cash dividends paid	6(19)	(515,108)	(2,289,256)
Subsidiaries paid cash dividends to non-controlling interests		(54,436)	(60,166)
Subsidiaries received cash dividends from parent company	6(18)	10,329	44,720
Expired cash dividends	6(18)	45	143
Acquisition of additional shares of a subsidiary from non-controlling interests		-	(47)
Net cash flows from (used in) financing activities		127,485	(1,263,600)
Net increase (decrease) in cash and cash equivalents		137,134	(3,984,006)
Cash and cash equivalents at beginning of period	6(1)	4,764,681	9,790,722
Cash and cash equivalents at end of period	6(1)	\$ 4,901,815	\$ 5,806,716

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
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE
INDICATED)
(REVIEWED, NOT AUDITED)

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 October 27, 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 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</u>
Amendments to IFRS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

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

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
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
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the IAS 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

B. These consolidated financial statements should be read along with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

Basis of preparation for the consolidated financial statements is consistent with the consolidated financial statements for the year ended December 31, 2022.

- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
Elite Semiconductor Microelectronics Technology Inc.	Elite Semiconductor Memory Technology Inc.	Research and development, production, sales and related consulting services of integrated circuit	100	100	100	Notes 2 and 3
Elite Semiconductor Microelectronics Technology Inc.	Charng Feng Investment Ltd.	General investment	100	100	100	Notes 2
Elite Semiconductor Microelectronics Technology Inc.	Jie Yong Investment Ltd.	General investment	41.86	41.86	41.86	Notes 1 and 2
Elite Semiconductor Microelectronics Technology Inc.	Elite Investment Services Ltd.	General investment	100	100	100	
Elite Semiconductor Microelectronics Technology Inc.	Eon Silicon Solutions, Inc. USA	Product design, development and test	100	100	100	Notes 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
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	100	Notes 2
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	-	-	-	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	100	Notes 2
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	100	Notes 2
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	100	Notes 2
Charng Feng Investment Ltd.	CHI Microelectronics Limited	General trading	100	100	100	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: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as at September 30, 2023 and 2022 were not reviewed by independent auditors.

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) Employee benefits

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

(5) Income tax

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

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

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand and revolving funds	\$ 137	\$ 137	\$ 137
Checking accounts and demand deposits	1,093,597	814,977	686,666
Time deposits	3,808,081	3,949,567	5,119,913
	<u>\$ 4,901,815</u>	<u>\$ 4,764,681</u>	<u>\$ 5,806,716</u>

A. The Group transacts with a variety of 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 amounted to \$10,000 , \$10,000 and \$10,000 as at September 30, 2023 December 31, 2022 and September 30, 2022, respectively.

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

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 20,657	\$ 20,943	\$ 20,943
Emerging stocks	38,134	38,134	38,134
Unlisted stocks	8,113	8,113	8,113
Beneficiary certificates	76,654	75,146	76,151
Corporate bonds	10,209	31,226	31,226
Subtotal	153,767	173,562	174,567
Valuation adjustment	22,283	31,948	31,836
Total	<u>\$ 176,050</u>	<u>\$ 205,510</u>	<u>\$ 206,403</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 11,605)	(\$ 27,555)
Debit instruments	1,724	207
Beneficiary certificates	1,763	(531)
Total	<u>(\$ 8,118)</u>	<u>(\$ 27,879)</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 3,628)	(\$ 80,773)
Debit instruments	5,482	(4,624)
Beneficiary certificates	318	(991)
Total	<u>\$ 2,172</u>	<u>(\$ 86,388)</u>

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

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 59,300	\$ 59,300	\$ 59,300
Valuation adjustment	(35,812)	(46,310)	(39,992)
	<u>\$ 23,488</u>	<u>\$ 12,990</u>	<u>\$ 19,308</u>

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 \$23,488, \$12,990 and \$19,308 as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

(4) Accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable			
- general customers	\$ 1,345,298	\$ 960,901	\$ 1,239,173
Accounts receivable			
- related parties	-	1,482	1,862
	<u>1,345,298</u>	<u>962,383</u>	<u>1,241,035</u>
Less: Allowance for uncollectible accounts	-	-	-
	<u>\$ 1,345,298</u>	<u>\$ 962,383</u>	<u>\$ 1,241,035</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Not past due	\$ 1,309,883	\$ 953,157	\$ 1,241,009
Up to 30 days	35,415	9,226	26
31 to 90 days	-	-	-
91 to 180 days	-	-	-
Over 181 days	-	-	-
	<u>\$ 1,345,298</u>	<u>\$ 962,383</u>	<u>\$ 1,241,035</u>

The above aging analysis is based on past due date.

B. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$1,345,298 \$962,383 and \$1,241,035, respectively.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bank guarantee	\$ 28,681	\$ 42,284	\$ 54,700
Pledged certificates of deposit	43,080	39,923	41,275
Guarantee deposits received (shown as "other non-current liabilities")	5,886	5,621	5,798
Letters of credit	820,905	812,396	920,691
Company promissory notes/checks	<u>502,174</u>	<u>507,813</u>	<u>609,036</u>
	<u>\$ 1,400,726</u>	<u>\$ 1,408,037</u>	<u>\$ 1,631,500</u>

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

E. As at September 30, 2023, December 31, 2022 and September 30, 2022, accounts receivable were all from contracts with customers. As at January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,989,419.

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

(5) Inventories

	<u>September 30, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 160,372	(\$ 1,083)	\$ 159,289
Work in process	6,606,529	(293,032)	6,313,497
Finished goods	1,473,713	(287,227)	1,186,486
Inventory in transit	<u>2,646</u>	<u>-</u>	<u>2,646</u>
	<u>\$ 8,243,260</u>	<u>(\$ 581,342)</u>	<u>\$ 7,661,918</u>
	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
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	<u>4,424</u>	<u>-</u>	<u>4,424</u>
	<u>\$ 9,234,664</u>	<u>(\$ 865,439)</u>	<u>\$ 8,369,225</u>

	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 202,315	(\$ 10)	\$ 202,305
Work in process	6,045,111	(5,047)	6,040,064
Finished goods	2,209,874	(29,449)	2,180,425
Inventory in transit	12,242	-	12,242
	<u>\$ 8,469,542</u>	<u>(\$ 34,506)</u>	<u>\$ 8,435,036</u>

The cost of inventories recognised as expense for the periods:

	Three-month periods ended September 30,	
	2023	2022
Cost of goods sold	\$ 3,030,566	\$ 3,054,241
(Gain on reversal of decline) loss on decline in market value	(81,015)	13,741
	<u>\$ 2,949,551</u>	<u>\$ 3,067,982</u>

	Nine-month periods ended September 30,	
	2023	2022
Cost of goods sold	\$ 8,768,061	\$ 9,950,459
(Gain on reversal of decline) loss on decline in market value	(284,097)	8,219
	<u>\$ 8,483,964</u>	<u>\$ 9,958,678</u>

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 three-month and nine-month periods ended September 30, 2023.

(6) Investments accounted for using equity method

	2023	2022
At January 1	\$ 103,857	\$ 51,812
Share of profit or loss of investments accounted for using equity method	29,047	22,086
Changes in capital surplus	508	27,869
At September 30	<u>\$ 133,412</u>	<u>\$ 101,767</u>

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	<u>\$ 133,412</u>	<u>\$ 103,857</u>	<u>\$ 101,767</u>

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery equipment</u>	<u>Test equipment</u>	<u>Others</u>	<u>Total</u>
At January 1, 2023						
Cost	\$ 562,898	\$ 1,085,790	\$ 757,193	\$ 378,316	\$ 2,320,503	\$ 5,104,700
Accumulated depreciation and impairment	<u>-</u>	<u>(476,457)</u>	<u>(470,637)</u>	<u>(229,128)</u>	<u>(1,875,486)</u>	<u>(3,051,708)</u>
	<u>\$ 562,898</u>	<u>\$ 609,333</u>	<u>\$ 286,556</u>	<u>\$ 149,188</u>	<u>\$ 445,017</u>	<u>\$ 2,052,992</u>
<u>2023</u>						
At January 1	\$ 562,898	\$ 609,333	\$ 286,556	\$ 149,188	\$ 445,017	\$ 2,052,992
Additions	-	2,715	4,580	143,590	194,794	345,679
Transfers (Note)	-	-	5,200	2,549	6,612	14,361
Depreciation charge	-	(33,830)	(39,814)	(30,811)	(293,243)	(397,698)
Net exchange difference	-	105	2	35	67	209
At September 30	<u>\$ 562,898</u>	<u>\$ 578,323</u>	<u>\$ 256,524</u>	<u>\$ 264,551</u>	<u>\$ 353,247</u>	<u>\$ 2,015,543</u>
At September 30, 2023						
Cost	\$ 562,898	\$ 1,088,610	\$ 485,210	\$ 524,490	\$ 2,521,796	\$ 5,183,004
Accumulated depreciation and impairment	<u>-</u>	<u>(510,287)</u>	<u>(228,686)</u>	<u>(259,939)</u>	<u>(2,168,549)</u>	<u>(3,167,461)</u>
	<u>\$ 562,898</u>	<u>\$ 578,323</u>	<u>\$ 256,524</u>	<u>\$ 264,551</u>	<u>\$ 353,247</u>	<u>\$ 2,015,543</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery equipment</u>	<u>Test equipment</u>	<u>Others</u>	<u>Total</u>
At January 1, 2022						
Cost	\$ 168,768	\$ 732,851	\$ 701,361	\$ 333,051	\$ 1,918,252	\$ 3,854,283
Accumulated depreciation and impairment	<u>-</u>	<u>(436,193)</u>	<u>(413,655)</u>	<u>(197,329)</u>	<u>(1,504,819)</u>	<u>(2,551,996)</u>
	<u>\$ 168,768</u>	<u>\$ 296,658</u>	<u>\$ 287,706</u>	<u>\$ 135,722</u>	<u>\$ 413,433</u>	<u>\$ 1,302,287</u>
<u>2022</u>						
At January 1	\$ 168,768	\$ 296,658	\$ 287,706	\$ 135,722	\$ 413,433	\$ 1,302,287
Additions	-	1,945	39,968	36,175	258,676	336,764
Reclassifications	-	-	-	-	(477)	(477)
Transfers (Note)	-	-	9,259	2,826	-	12,085
Depreciation charge	-	(29,530)	(42,011)	(23,458)	(273,567)	(368,566)
At September 30	<u>\$ 168,768</u>	<u>\$ 269,073</u>	<u>\$ 294,922</u>	<u>\$ 151,265</u>	<u>\$ 398,065</u>	<u>\$ 1,282,093</u>
At September 30, 2022						
Cost	\$ 168,768	\$ 734,796	\$ 750,588	\$ 371,981	\$ 2,176,154	\$ 4,202,287
Accumulated depreciation and impairment	<u>-</u>	<u>(465,723)</u>	<u>(455,666)</u>	<u>(220,716)</u>	<u>(1,778,089)</u>	<u>(2,920,194)</u>
	<u>\$ 168,768</u>	<u>\$ 269,073</u>	<u>\$ 294,922</u>	<u>\$ 151,265</u>	<u>\$ 398,065</u>	<u>\$ 1,282,093</u>

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

A. For the nine-month periods ended September 30, 2023 and 2022, there was no capitalised of borrowing costs attributable to the property, plant and equipment.

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

(8) Leasing arrangements—lessee

A. The Group leases 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 depreciation charge are as follows:

	Carrying amount		
	September 30, 2023	December 31, 2022	September 30, 2022
Land	\$ 55,231	\$ 57,912	\$ 56,236
Buildings and structures	17,984	7,314	4,471
Business vehicles	4,200	7,204	618
Printers	2,028	2,494	2,651
	<u>\$ 79,443</u>	<u>\$ 74,924</u>	<u>\$ 63,976</u>

	Depreciation charge	
	Three-month periods ended September 30,	
	2023	2022
Land	\$ 894	\$ 855
Buildings and structures	1,062	1,610
Business vehicles	947	626
Printers	155	155
	<u>\$ 3,058</u>	<u>\$ 3,246</u>

	Depreciation charge	
	Nine-month periods ended September 30,	
	2023	2022
Land	\$ 2,681	\$ 2,565
Buildings and structures	4,499	4,595
Business vehicles	3,004	1,947
Printers	466	466
	<u>\$ 10,650</u>	<u>\$ 9,573</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 215	\$ 249
Expense on short-term lease contracts	\$ 1,237	\$ 2,009
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 679	\$ 778
Expense on short-term lease contracts	\$ 4,506	\$ 4,439

D. For the nine-month periods ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$15,554 and \$14,539, respectively.

(9) Investment property

	<u>Buildings and structures</u>
<u>At January 1, 2023</u>	
Cost	\$ 20,369
Accumulated depreciation and impairment	(4,608)
	<u>\$ 15,761</u>
<u>2023</u>	
At January 1	\$ 15,761
Depreciation charge	(727)
At September 30	<u>\$ 15,034</u>
<u>At September 30, 2023</u>	
Cost	\$ 20,369
Accumulated depreciation and impairment	(5,335)
	<u>\$ 15,034</u>

	<u>Buildings and structures</u>	
<u>At January 1, 2022</u>		
Cost	\$	20,369
Accumulated depreciation and impairment	(3,638)
	\$	<u>16,731</u>
<u>2022</u>		
At January 1	\$	16,731
Depreciation charge	(727)
At September 30	\$	<u>16,004</u>
<u>At September 30, 2022</u>		
Cost	\$	20,369
Accumulated depreciation and impairment	(4,365)
	\$	<u>16,004</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Rental income from investment property	\$ 641	\$ 641
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 242	\$ 242
	<u>641</u>	<u>641</u>
	<u>242</u>	<u>242</u>
	<u>400</u>	<u>400</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Rental income from investment property	\$ 1,922	\$ 1,922
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 727	\$ 727
	<u>1,922</u>	<u>1,922</u>
	<u>727</u>	<u>727</u>
	<u>2,649</u>	<u>2,649</u>

- B. The fair value of the investment property held by the Group as at September 30, 2023, December 31, 2022 and September 30, 2022 was \$8,860, \$8,314 and, \$7,448, respectively, which was valued by income approach. Key assumptions are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Rate of net return on capital (Note)	<u>17.21%</u>	<u>17.37%</u>	<u>20.42%</u>

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

- C. For the nine-month periods ended September 30, 2023 and 2022, 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
<u>At January 1, 2023</u>					
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)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,410</u>	<u>\$ 51,410</u>
<u>2023</u>					
At January 1	\$ -	\$ -	\$ -	\$ 51,410	\$ 51,410
Additions	-	-	-	150,918	150,918
Amortisation	-	-	-	(127,464)	(127,464)
At September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,864</u>	<u>\$ 74,864</u>
<u>At September 30, 2023</u>					
Cost	\$ 34,478	\$ 11,000	\$ 80,758	\$ 789,921	\$ 916,157
Accumulated amortisation and impairment	(34,478)	(11,000)	(80,758)	(715,057)	(841,293)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,864</u>	<u>\$ 74,864</u>
	Patents and professional technology	Customer relationship	Goodwill	Others	Total
<u>At January 1, 2022</u>					
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)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,825</u>	<u>\$ 83,825</u>
<u>2022</u>					
At January 1	\$ -	\$ -	\$ -	\$ 83,825	\$ 83,825
Additions	-	-	-	67,108	67,108
Transfer (Note)	-	-	-	216	216
Amortisation	-	-	-	(88,448)	(88,448)
At September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,701</u>	<u>\$ 62,701</u>
<u>At September 30, 2022</u>					
Cost	\$ 34,478	\$ 11,000	\$ 80,758	\$ 545,476	\$ 671,712
Accumulated amortisation and impairment	(34,478)	(11,000)	(80,758)	(482,775)	(609,011)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,701</u>	<u>\$ 62,701</u>

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

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

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Operating costs	\$ 8	\$ -
Selling expenses	72	116
General and administrative expenses	755	810
Research and development expenses	42,130	31,293
	<u>\$ 42,965</u>	<u>\$ 32,219</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Operating costs	\$ 8	\$ -
Selling expenses	134	307
General and administrative expenses	2,379	2,452
Research and development expenses	124,943	85,689
	<u>\$ 127,464</u>	<u>\$ 88,448</u>

B. For the nine-month periods ended September 30, 2023 and 2022, there was no capitalisation of borrowing costs attributable to the intangible assets.

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

(11) Other non-current assets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Prepayments for purchases	\$ 1,093,210	\$ 1,182,950	\$ 1,294,257
Refundable deposits (Note 1)	6,835	928,753	959,138
Prepayments for land, buildings and equipment (Note 2)	43,170	32,800	190,087
Pledged time deposits	3,969	3,969	3,969
	<u>\$ 1,147,184</u>	<u>\$ 2,148,472</u>	<u>\$ 2,447,451</u>

Note1 : 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 (shown as “provisions for liabilities”). As at September 30, 2023, the refundable deposits due within current period are classified as other current assets in accordance with capacity reservation agreement.

Note 2: The balances of prepayment for land and buildings as at September 30, 2022, were transferred to property, plant and equipment on October 7, 2022 because the transaction was completed.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 3,720,000</u>	1.825%~1.95%	None
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 3,175,000</u>	1.56%~2.275%	None
<u>Type of borrowings</u>	<u>September 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 2,750,000</u>	1.15%~1.45%	None

Interest expense recognised in profit or loss amounted to \$17,192, \$8,449, \$49,195 and \$16,113 for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.

(13) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accrued salaries and bonuses	\$ 1,032,772	\$ 1,158,130	\$ 1,821,542
Accrued employees' compensation and directors' remuneration	-	26,405	48,736
Payables on equipment	14,207	90,089	66,882
Others	<u>64,618</u>	<u>151,932</u>	<u>123,108</u>
	<u>\$ 1,111,597</u>	<u>\$ 1,426,556</u>	<u>\$ 2,060,268</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2023</u>
Long-term bank borrowings				
Secured borrowings	Note	1.55%~1.675%	Land, buildings and structures	\$ 643,400
Less: Current portion				-
				<u>\$ 643,400</u>
<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Secured borrowings	Note	1.425%~1.55%	Land, buildings and structures	\$ 643,400
Less: Current portion				-
				<u>\$ 643,400</u>

Interest expense recognised in profit or loss amounted to \$2,694 \$0, \$7,860 and \$0 for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.

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 months.

Long-term borrowings as at September 30, 2022: None.

(15) 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) For the aforementioned pension plan, the Group recognised pension costs of \$72, \$59, \$215 and \$176 for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.
- 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 defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2023 and 2022 were \$11,522, \$10,606, \$33,825 and \$30,566, respectively.

(16) Share-based payment

- A. For the nine-month periods ended September 30, 2023 and 2022, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
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 2013 employee stock option plans were 688 thousand shares.

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:

	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	14	\$ 53.3	14	\$ 57.6
Options exercised	(14)	53.3	-	-
Options outstanding at September 30	-	\$ -	14	\$ 53.3
Option exercisable at September 30	-		14	

- C. The weighted average share price of the stock options executed from January 1 to September 30, 2023 was NT\$85.65 on the execution date. No stock options were exercised for the nine-month periods ended September 30, 2022.
- D. As at September 30, 2023, no stock options were outstanding. As at December 31, 2022 and September 30, 2022, the range of exercise prices of stock options outstanding were both NT\$53.3 (in dollars), the weighted-average remaining contractual period was 0.64 years and 0.89 years, respectively.
- E. Expenses incurred on share-based payment transactions for the three-month and nine-month periods ended September 30, 2023 and 2022 were both \$0.

(17) Share capital

A. As at September 30, 2023, 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 \$2,861,711 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	
	2023	2022
Outstanding ordinary shares at January 1	272,448	272,803
Employee stock options exercised	14	-
Outstanding ordinary shares at September 30	272,462	272,803
Treasury stocks at the end of the period	13,709	13,354
Issued ordinary shares at September 30	286,171	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 September 30, 2023, December 31, 2022 and September 30, 2022, were 13,709 thousand shares, 13,709 thousand shares and 13,354 thousand shares with carrying amounts of \$352,845, \$352,845 and \$328,276, respectively; the average carry amounts per share was \$25.74 (in dollars), \$25.74 (in dollars) and \$24.58 (in dollars), and the fair values per share were \$77.5 (in dollars), \$65.0 (in dollars) and \$63.8 (in dollars), respectively.

(18) Capital surplus

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

	2023					
	Share	Treasury	Changes in	Employee	Others	Total
	premium	share	ownership interests	stock		
		transactions	in subsidiaries	options		
			and associates			
At January 1	\$20,162	\$ 41,750	\$ 186,631	\$ 2,697	\$4,077	\$ 255,317
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	-	-	10,329	-	-	10,329
Change in equity of associates and joint ventures accounted for using equity method	-	-	508	-	-	508
Issuance of new shares due to employee stock options exercised	3,308	-	-	(2,697)	-	611
Expired cash dividends transferred to capital surplus	-	-	-	-	45	45
At September 30	<u>\$23,470</u>	<u>\$ 41,750</u>	<u>\$ 198,457</u>	<u>\$ -</u>	<u>\$4,122</u>	<u>\$ 267,799</u>

	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 equity of associates and joint ventures accounted for using equity method	-	-	27,869	-	-	27,869
Expired cash dividends transferred to capital surplus	-	-	-	-	143	143
At September 30	<u>\$ 20,162</u>	<u>\$ 41,750</u>	<u>\$ 186,335</u>	<u>\$ 2,697</u>	<u>\$4,077</u>	<u>\$255,021</u>

(19) 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 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.
- F. 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 \$515,108, constituting \$1.8 (in dollars) per share. The aforementioned appropriations had been resolved in the stockholders' meeting on May 30, 2023 and distributed on July 31, 2023.

(20) Operating revenue

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	<u>\$ 3,021,539</u>	<u>\$ 3,500,631</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	<u>\$ 8,719,647</u>	<u>\$ 13,541,121</u>

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:

Three-month periods ended

September 30, 2023

	<u>Domestic area</u>	<u>Asia</u>	<u>Others</u>	<u>Total</u>
Integrated circuits	<u>\$ 1,334,703</u>	<u>\$ 1,667,676</u>	<u>\$ 19,160</u>	<u>\$ 3,021,539</u>

Three-month periods ended

September 30, 2022

	<u>Domestic area</u>	<u>Asia</u>	<u>Others</u>	<u>Total</u>
Integrated circuits	<u>\$ 1,708,431</u>	<u>\$ 1,754,017</u>	<u>\$ 38,183</u>	<u>\$ 3,500,631</u>

<u>Nine-month periods ended</u> <u>September 30, 2023</u>	<u>Domestic area</u>	<u>Asia</u>	<u>Others</u>	<u>Total</u>
Integrated circuits	\$ 3,994,340	\$ 4,641,790	\$ 83,517	\$ 8,719,647

<u>Nine-month periods ended</u> <u>September 30, 2022</u>	<u>Domestic area</u>	<u>Asia</u>	<u>Others</u>	<u>Total</u>
Integrated circuits	\$ 6,056,451	\$ 7,384,897	\$ 99,773	\$ 13,541,121

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Contract liabilities- advance sales receipts	\$ 34,138	\$ 6,096	\$ 29,225	\$ 21,399

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Contract liabilities – advance sales receipts	\$ 230	\$ 1,576

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Contract liabilities – advance sales receipts	\$ 6,017	\$ 24,249

(21) Interest income

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 43,658	\$ 30,560
Interest income from financial assets at amortised cost	121	14
Other interest income	233	340
	<u>\$ 44,012</u>	<u>\$ 30,914</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 120,222	\$ 61,943
Interest income from financial assets at amortised cost	121	252
Other interest income	1,436	543
	<u>\$ 121,779</u>	<u>\$ 62,738</u>

(22) Other income

	Three-month periods ended September 30,	
	2023	2022
Rent income	\$ 1,630	\$ 1,392
Dividend income	14,382	66,822
Other income, others	900	13,953
	<u>\$ 16,912</u>	<u>\$ 82,167</u>

	Nine-month periods ended September 30,	
	2023	2022
Rent income	\$ 4,827	\$ 4,136
Dividend income	17,380	68,750
Other income, others	6,717	16,830
	<u>\$ 28,924</u>	<u>\$ 89,716</u>

(23) Other gains and losses

	Three-month periods ended September 30,	
	2023	2022
Gains on disposal of subsidiary	\$ -	\$ 1,830
Gains (losses) arising from lease modifications	16	(17)
Foreign exchange gains	191,348	457,595
Losses on financial assets at fair value through profit or loss	(8,118)	(27,879)
Onerous contracts losses	-	(330,676)
Miscellaneous disbursements	(698)	(564)
	<u>\$ 182,548</u>	<u>\$ 100,289</u>

	Nine-month periods ended September 30,	
	2023	2022
Losses on disposal of subsidiary	\$ -	(\$ 161)
Gains on disposals of property, plant and equipment	281,765	-
Gains (losses) arising from lease modifications	16	(17)
Foreign exchange gains	248,462	1,168,752
Gains (losses) on financial assets at fair value through profit or loss	2,172	(86,388)
Onerous contracts losses	-	(330,676)
Miscellaneous disbursements	(43,459)	(1,699)
	<u>\$ 488,956</u>	<u>\$ 749,811</u>

(24) Finance costs

	Three-month periods ended September 30,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 19,886	\$ 8,449
Provisions for liabilities-amortisation of discount	277	459
Lease liabilities	215	249
Total interest expense	20,378	9,157
Others	804	-
	<u>\$ 21,182</u>	<u>\$ 9,157</u>
	Nine-month periods ended September 30,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 57,055	\$ 16,113
Provisions for liabilities-amortisation of discount	922	1,351
Lease liabilities	679	778
Total interest expense	58,656	18,242
Others	1,249	276
	<u>\$ 59,905</u>	<u>\$ 18,518</u>

(25) Expenses by nature

	Three-month periods ended September 30,	
	2023	2022
Employee benefit expenses	<u>\$ 294,543</u>	<u>\$ 326,076</u>
Depreciation charges on property, plant and equipment	<u>\$ 128,515</u>	<u>\$ 125,495</u>
Depreciation charges on right-of-use assets	<u>\$ 3,058</u>	<u>\$ 3,246</u>
Depreciation charges on investment property	<u>\$ 242</u>	<u>\$ 242</u>
Amortisation charges on intangible assets	<u>\$ 42,965</u>	<u>\$ 32,219</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Employee benefit expenses	\$ 1,035,567	\$ 1,579,334
Depreciation charges on property, plant and equipment	\$ 397,698	\$ 368,566
Depreciation charges on right-of-use assets	\$ 10,650	\$ 9,573
Depreciation charges on investment property	\$ 727	\$ 727
Amortisation charges on intangible assets	\$ 127,464	\$ 88,448

(26) Employee benefit expenses

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Wages and salaries	\$ 257,358	\$ 289,008
Labor and health insurance fees	16,165	16,316
Pension costs	11,594	10,665
Directors' remuneration	2,002	3,410
Other personnel expenses	7,424	6,677
	<u>\$ 294,543</u>	<u>\$ 326,076</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Wages and salaries	\$ 916,767	\$ 1,449,754
Labor and health insurance fees	57,018	49,119
Pension costs	34,040	30,742
Directors' remuneration	5,712	29,884
Other personnel expenses	22,030	19,835
	<u>\$ 1,035,567</u>	<u>\$ 1,579,334</u>

- A. In accordance with the Articles of Incorporation of the Company, 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 three-month and nine-month periods ended September 30, 2023 and 2022, employees' compensation was accrued at \$0, \$1,156, \$0 and \$24,368, respectively; directors' remuneration was accrued at \$0, \$1,156, \$0 and \$24,368, respectively. The aforementioned amounts were recognised in wages and salaries.
- C. The employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 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.

(27) Income tax

A. Income tax (benefit) expense

(a) Components of income tax (benefit) expense:

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profit for the period	(\$ 265)	(\$ 13,772)
Total current tax	(265)	(13,772)
Deferred tax:		
Origination and reversal of temporary differences	430	44,330
Income tax (benefit) expense	<u>\$ 165</u>	<u>\$ 30,558</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profit for the period	\$ 406	\$ 334,764
Prior year income tax overestimation	-	(122)
Total current tax	406	334,642
Deferred tax:		
Origination and reversal of temporary differences	(1,953)	75,885
Income tax (benefit) expense	<u>(\$ 1,547)</u>	<u>\$ 410,527</u>

- (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. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(28) (Losses) earnings per share

	<u>Three-month periods ended September 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders of the parent company	<u>(\$ 159,650)</u>	280,432	<u>(\$ 0.57)</u>
<u>Diluted losses per share</u>			
Loss attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>(\$ 159,650)</u>	<u>280,432</u>	<u>(\$ 0.57)</u>

	<u>Three-month periods ended September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	<u>\$ 83,326</u>	280,567	<u>\$ 0.30</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options		4	
Employees' compensation		<u>382</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 83,326</u>	<u>280,953</u>	<u>\$ 0.30</u>

<u>Nine-month periods ended September 30, 2023</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders of the parent company	<u>(\$ 629,640)</u>	280,423	<u>(\$ 2.25)</u>
<u>Diluted losses per share</u>			
Loss attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>(\$ 629,640)</u>	<u>280,423</u>	<u>(\$ 2.25)</u>
 <u>Nine-month periods ended September 30, 2022</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	<u>\$ 1,981,065</u>	280,567	<u>\$ 7.06</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options		8	
Employees' compensation		<u>838</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,981,065</u>	<u>281,413</u>	<u>\$ 7.04</u>

(29) Transactions with non-controlling interest

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 for the year 2022 is shown below:

	<u>2022</u>
Carrying amount of non-controlling interest acquired	\$ 18
Consideration paid to non-controlling interest	(47)
Capital surplus-recognition of change in ownership interests in subsidiaries	<u>(\$ 29)</u>

Nine-month periods ended September 30, 2023: None.

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Purchase of property, plant and equipment (including transferred amount and net exchange difference)	\$ 360,249	\$ 348,849
Add: Ending balance of prepayment for land, buildings and equipment	43,170	190,087
Add: Opening balance of prepayment for land, buildings and equipment being transferred to intangible assets	-	216
Less: Opening balance of prepayment for land, buildings and equipment	(32,800)	(12,302)
Add: Opening balance of payable on equipment	90,089	94,831
Less: Ending balance of payable on equipment	<u>(14,207)</u>	<u>(66,882)</u>
Cash paid during the period	<u>\$ 446,501</u>	<u>\$ 554,799</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Purchase of intangible assets (including transferred amount)	\$ 150,918	\$ 67,324
Less: Opening balance of prepayment for land, buildings and equipment being transferred to intangible assets	<u>-</u>	<u>(216)</u>
Cash paid during the period	<u>\$ 150,918</u>	<u>\$ 67,108</u>

B. Changes in liabilities from financing activities:

	<u>Short-term</u>	<u>Short-term</u>	<u>Long-term</u>	<u>Lease</u>	<u>Guarantee</u>	<u>Liabilities</u>
	<u>borrowings</u>	<u>notes and</u>	<u>borrowings</u>	<u>liabilities</u>	<u>deposits</u>	<u>from</u>
		<u>bills</u>			<u>received</u>	<u>financing</u>
		<u>payable</u>				<u>activities-</u>
						<u>gross</u>
At January 1, 2023	\$ 3,175,000	\$ -	\$ 643,400	\$ 75,302	\$ 6,217	\$ 3,899,919
Changes in cash flow from financing activities	545,000	151,007	-	(10,369)	265	685,903
Interest paid	-	-	-	(679)	-	(679)
Interest expense	-	-	-	679	-	679
Changes in other non-cash items	-	(1,240)	-	15,169	-	13,929
Change from lease modifications	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16)</u>	<u>-</u>	<u>(16)</u>
At September 30, 2023	<u>\$ 3,720,000</u>	<u>\$ 149,767</u>	<u>\$ 643,400</u>	<u>\$ 80,102</u>	<u>\$ 6,482</u>	<u>\$ 4,599,735</u>

	<u>Short-term</u>	<u>Short-term</u>	<u>Lease</u>	<u>Guarantee</u>	<u>Liabilities</u>
	<u>borrowings</u>	<u>notes and</u>	<u>liabilities</u>	<u>deposits</u>	<u>from</u>
		<u>bills</u>		<u>received</u>	<u>financing</u>
		<u>payable</u>			<u>activities-</u>
					<u>gross</u>
At January 1, 2022	\$ 1,700,000	\$ -	\$ 74,829	\$ 6,337	\$ 1,781,166
Changes in cash flow from financing activities	1,050,000	271	(9,322)	57	1,041,006
Interest paid	-	-	(778)	-	(778)
Interest expense	-	-	778	-	778
Changes in other non-cash items	-	(271)	-	-	(271)
Change from lease modifications	<u>-</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>19</u>
At September 30, 2022	<u>\$ 2,750,000</u>	<u>\$ -</u>	<u>\$ 65,526</u>	<u>\$ 6,394</u>	<u>\$ 2,821,920</u>

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 Investments indirectly by the Company accounted for using equity method
Canyon Semiconductor Inc.	

B. Key management compensation

	Three-month periods ended September 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 6,986	\$ 10,473
Post-employment benefits	135	144
Total	\$ 7,121	\$ 10,617
	Nine-month periods ended September 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 22,912	\$ 80,682
Post-employment benefits	459	360
Total	\$ 23,371	\$ 81,042

8. PLEGGED ASSETS

The Group's assets pledged as collateral are as follows:

Assets item	Book value			Purposes
	September 30, 2023	December 31, 2022	September 30, 2022	
Land, buildings and structures	\$ 739,778	\$ 744,954	\$ -	Long-term borrowings
Time deposits (shown as "other non-current assets")	3,969	3,969	3,969	Guarantee deposits for land leasing
	\$ 743,747	\$ 748,923	\$ 3,969	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

A. 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 paid by the Company.

B. Unused letters of credit issued

Unused letters of credit issued from purchases of equipment by the Company is as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Unused letters of credit issued	\$ -	\$ 120,035	\$ -

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On September 4, 2023, the company's Board of Directors resolved to issue the first domestic unsecured convertible corporate bonds, with a total face amount of \$1,000,000, which was filed and effective through the Financial Supervision Commission authorization on September 28, 2023. The pricing of the unsecured convertible corporate bonds was completed on October 5, 2023, and was listed for trading on the Taipei Exchange on October 27, 2023.

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 as at September 30, 2023, December 31, 2022 and September 30, 2022 were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total assets	\$ 19,571,189	\$ 19,725,729	\$ 20,796,062
Total liabilities	(9,295,666)	(8,287,853)	(8,386,803)
Total equity	<u>\$ 10,275,523</u>	<u>\$ 11,437,876</u>	<u>\$ 12,409,259</u>
Equity to assets ratio	<u>53%</u>	<u>58%</u>	<u>60%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>176,050</u>	\$ <u>205,510</u>	\$ <u>206,403</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ <u>23,488</u>	\$ <u>12,990</u>	\$ <u>19,308</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 4,901,815	\$ 4,764,681	\$ 5,806,716
Financial assets at amortised cost-current	33,411	-	-
Notes receivable	17	9	168
Accounts receivable	1,345,298	962,383	1,241,035
Other receivables	174,601	84,473	110,844
Refundable deposits (shown as "Other current assets")	968,100	-	-
Time deposits (shown as "Other non-current assets")	3,969	3,969	3,969
Refundable deposits (shown as "Other non-current assets")	<u>6,835</u>	<u>928,753</u>	<u>959,138</u>
	<u>\$ 7,434,046</u>	<u>\$ 6,744,268</u>	<u>\$ 8,121,870</u>

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 3,720,000	\$ 3,175,000	\$ 2,750,000
Short-term notes and bills payable	149,767	-	-
Notes payable	4,356	2,399	4,199
Accounts payable	2,867,679	2,325,661	3,007,557
Other payables	1,111,597	1,426,556	2,060,268
Long-term borrowings (including current portion)	643,400	643,400	-
Guarantee deposits received (shown as "Other non-current liabilities")	6,482	6,217	6,394
	<u>\$ 8,503,281</u>	<u>\$ 7,579,233</u>	<u>\$ 7,828,418</u>
Lease liabilities	<u>\$ 80,086</u>	<u>\$ 75,302</u>	<u>\$ 65,526</u>

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

Foreign exchange risk

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:

<u>September 30, 2023</u>			
	<u>Foreign currency amount</u>		<u>Book value</u>
	<u>(In thousands)</u>	<u>Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 224,314	32.270	\$ 7,238,613
RMB:NTD	157,461	4.415	695,190
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 70,969	32.270	\$ 2,290,170
RMB:NTD	2,053	4.415	9,064
<u>December 31, 2022</u>			
	<u>Foreign currency amount</u>		<u>Book value</u>
	<u>(In thousands)</u>	<u>Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 224,794	30.710	\$ 6,903,424
RMB:NTD	178,410	4.408	786,431
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 63,733	30.710	\$ 1,957,240
RMB:NTD	3,088	4.408	13,612

September 30, 2022			
	Foreign currency amount		Book value (NTD)
	(In thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 274,448	31.750	\$ 8,713,724
RMB:NTD	188,932	4.473	845,093
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 77,356	31.750	\$ 2,456,053

5. The total exchange gains, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2023 and 2022, amounted to \$191,348, \$457,595, \$248,462 and \$1,168,752, respectively.
6. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Nine-month periods ended September 30, 2023			
Sensitivity analysis			
Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1% \$ 72,386	\$	-
RMB:NTD	1%	6,952	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1% (\$ 22,902)	\$	-
RMB:NTD	1%	(91)	-

Nine-month periods ended September 30, 2022				
Sensitivity analysis				
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 87,137	\$	-
RMB:NTD	1%	8,451		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 24,561)	\$	-

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 nine-month periods ended September 30, 2023 and 2022 would have increased/decreased by \$15,993 and \$17,244, 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 \$2,349 and \$1,931, 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 and short-term borrowings with variable rate. During the nine-month periods ended September 30, 2023 and 2022, 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 nine-month periods ended September 30, 2023 and 2022 would have decreased/increased by \$1,492 and \$120, 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 September 30, 2023, December 31, 2022 and September 30, 2022.
- ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ -	\$ -
Provision of impairment loss	682	-
Reversal for impairment loss	(682)	-
At September 30	<u>\$ -</u>	<u>\$ -</u>

(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.

<u>Non-derivative financial liabilities:</u>	Less than 1	Between 1	
September 30, 2023	year	and 5 years	Over 5 years
Short-term borrowings	\$ 3,720,000	\$ -	\$ -
Short-term notes and bills payable	149,767	-	-
Notes payable	4,356	-	-
Accounts payable	2,867,679	-	-
Other payables	1,111,597	-	-
Lease liabilities	15,182	29,537	41,904
Long-term borrowings (including current portion)	10,777	180,475	535,569
Guarantee deposits received	-	-	6,482

Derivative financial liabilities: None.

<u>Non-derivative financial liabilities:</u>	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	2,325,661	-	-
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.

<u>Non-derivative financial liabilities:</u>	Less than 1	Between 1	
September 30, 2022	year	and 5 years	Over 5 years
Short-term borrowings	\$ 2,750,000	\$ -	\$ -
Notes payable	4,199	-	-
Accounts payable	3,007,557	-	-
Other payables	2,060,268	-	-
Lease liabilities	7,156	20,640	45,689
Guarantee deposits received	-	-	6,394

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, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, long-term borrowings, short-term notes and bills payable, 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:

September 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 71,456	\$ -	\$ 547	\$ 72,003
Beneficiary certificates	87,930	-	-	87,930
Debt securities	16,117	-	-	16,117
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	23,488	23,488
Total	<u>\$ 175,503</u>	<u>\$ -</u>	<u>\$ 24,035</u>	<u>\$ 199,538</u>

Financial liabilities: None.

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets</u>				
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	<u>\$ 205,096</u>	<u>\$ -</u>	<u>\$ 13,404</u>	<u>\$ 218,500</u>

Financial liabilities: None.

September 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 83,461	\$ -	\$ 547	\$ 84,008
Beneficiary certificates	88,428	-	-	88,428
Debt securities	33,967	-	-	33,967
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	19,308	19,308
Total	<u>\$ 205,856</u>	<u>\$ -</u>	<u>\$ 19,855</u>	<u>\$ 225,711</u>
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:

	<u>Listed and emerging stocks</u>	<u>Open-end fund</u>
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 nine-month periods ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following table is the movement of Level 3 for the nine-month periods ended September 30, 2023 and 2022:

	Equity instrument	
	2023	2022
At January 1	\$ 13,404	\$ 39,194
Valuation adjustment	10,631	(19,339)
At September 30	<u>\$ 24,035</u>	<u>\$ 19,855</u>

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 September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 547	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	23,488	Market comparable companies	Discount for lack of marketability	45%	The higher the discount for lack of marketability, the lower the fair value

	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non- derivative equity instrument:					
Unlisted shares	\$ 414	Market comparable companies	Discount for lack of marketability	30%	The higher the discount of 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 of lack of marketability, the lower the fair value
	<u>Fair value at September 30, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non- derivative equity instrument:					
Unlisted shares	\$ 547	Market comparable companies	Discount for lack of marketability	30%	The higher the discount of lack of marketability, the lower the fair value
Unlisted shares	19,308	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 categorised within Level 3 if the inputs used to valuation models have changed:

				September 30, 2023			
				<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
				<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
<u>Input</u>	<u>Change</u>						
Financial assets							
Equity instrument	Discount for lack of marketability	± 10%		\$ 23	(\$ 23)	\$ 1,922	(\$ 1,922)
				<u>December 31, 2022</u>			
				<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
				<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
<u>Input</u>	<u>Change</u>						
Financial assets							
Equity instrument	Discount for lack of marketability	± 10%		\$ 18	(\$ 18)	\$ 1,062	(\$ 1,062)
				<u>September 30, 2022</u>			
				<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
				<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
<u>Input</u>	<u>Change</u>						
Financial assets							
Equity instrument	Discount for lack of marketability	± 10%		\$ 23	(\$ 23)	\$ 1,580	(\$ 1,580)

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: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting period: None.
- J. Significant inter-company transactions during the reporting period: Please refer to table 3.

(2) Information on investees

Names, locations, and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- 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 September 30, 2023, 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:

	Three-month periods ended September 30,	
	2023	2022
Revenue from external customers	\$ 3,021,539	\$ 3,500,631
Segment (loss) income before income tax	(\$ 144,965)	\$ 176,131
	Nine-month periods ended September 30,	
	2023	2022
Revenue from external customers	\$ 8,719,647	\$ 13,541,121
Segment (loss) income before income tax	(\$ 616,488)	\$ 2,453,713
	September 30, 2023	September 30, 2022
Segment assets	\$ 19,571,189	\$ 20,796,062
Segment liabilities	\$ 9,295,666	\$ 8,386,803

(3) Reconciliation for segment income (loss): None.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Holding of marketable securities at the end of the period

September 30, 2023

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 September 30, 2023				
				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	\$ 5,609	0.83	\$ 5,609	
Elite Semiconductor Microelectronics Technology Inc.	ANZ FRN PERPETUAL bond	None	Financial assets at fair value through profit or loss	500,000	16,117	Not applicable	16,117	
Elite Semiconductor Microelectronics Technology Inc.	BGF RENMINBI BOND FUND	None	Financial assets at fair value through profit or loss	127,986	55,716	Not applicable	55,716	
Elite Semiconductor Microelectronics Technology Inc.	Turning Point Lasers Ltd, preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	11,744	6.29	11,744	
Elite Investment Services Ltd.	HSBC ALL CHINA BOND FUND - AC (2802)	None	Financial assets at fair value through profit or loss	600,000	32,214	Not applicable	32,214	
Charng Feng Investment Ltd.	Arima Lasers Corporation stock	Note 3	Financial assets at fair value through profit or loss	997,700	21,799	3.22	21,799	
Charng Feng Investment Ltd.	King Yuan Electronics Corporation stock	None	Financial assets at fair value through profit or loss	10,000	760	0.00	760	
Charng Feng Investment Ltd.	M2 Communication Inc. stock	None	Financial assets at fair value through profit or loss	100,542	547	1.01	547	
Charng Feng Investment Ltd.	Powership Semiconductor Manufacturing Corporation	None	Financial assets at fair value through profit or loss	1,630,426	43,288	0.04	43,288	
Charng Feng Investment Ltd.	Turning Point Lasers Ltd, preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	11,744	6.29	11,744	
Jie Yong Investment Ltd.	Elite Semiconductor Microelectronics Technology Inc. stock	Parent Company	Financial assets at fair value through other comprehensive income	13,709,000	1,062,448	4.79	1,062,448	

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.

Table 1

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
Nine-month periods ended September 30, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchase/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable(payable)		Footnote
			Purchase (sales)	Amount	Percentage of total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
CHI Microelectronics Limited	Elite Semiconductor Microelectronics Technology Inc.	Ultimate parent company	Sales	\$ 307,641	3.53%	monthly payment in 15 days	\$ -	-	\$ 46,651	3.47%	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Nine-month periods ended September 30, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	CHI Microelectronics Limited	Elite Semiconductor Microelectronics Technology Inc.	(2)	Sales	\$ 307,641	Note 4	3.53%

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)

Nine-month periods ended September 30, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month periods ended September 30, 2023	Investment income (loss) recognised by the Company for the nine-month periods ended September 30, 2023	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
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	\$ 18,175	\$ 802	\$ 802	
Elite Semiconductor Microelectronics Technology Inc.	Charng Feng Investment Ltd.	Taiwan	General investment	500,000	500,000	50,000,000	100	567,766	12,654	12,654	
Elite Semiconductor Microelectronics Technology Inc.	Elite Investment Services Ltd.	British Virgin Islands	General investment	484,050	484,050	15	100	709,469	41,923	41,923	
Elite Semiconductor Microelectronics Technology Inc.	Jie Yong Investment Ltd.	Taiwan	General investment	270,000	270,000	3,600,000	41.86	149,632	25,282	254	
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	2,509	2,960	4,159	
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	21,567	119	119	
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	133,412	77,916	29,047	
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	2,392	2,392	200	100	707	(114)	(114)	
Charng Feng Investment Ltd.	CHI Microelectronics Limited	Hong Kong	General trading	825	412	20,000	100	871	36	36	

Note 1: The foreign investment amount was translated at the exchange rate as at September 30, 2023.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Information on investments in Mainland China

Nine-month periods ended September 30, 2023

Table 5

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, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine-month periods ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as at September 30, 2023	Net income (loss) of investee for the nine-month periods ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine- month periods ended September 30, 2023 (Note 2)	Book value of investment in Mainland China as at September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as at September 30, 2023	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	\$ 98,084	(1)	\$ 98,084	\$ -	\$ -	\$ 98,084	(\$ 11,087)	100	(\$ 11,087)	\$ 80,947	\$ -	Note 5
Elite Semiconductor Microelectronics Technology (Shanghai) Inc.	Product design, wholesale and retail of electronic materials, software design services and international trade	6,454	(1)	6,454	-	-	6,454	1,149	100	1,149	9,732	-	Note 6
Company name	Accumulated amount of remittance from Taiwan to Mainland China as at September 30, 2023	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.	\$ 104,538	\$ 104,538	\$ 340,660										

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 unreviewed 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 September 30, 2023.

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 on May 20, 2020.