

**ELITE SEMICONDUCTOR  
MICROELECTRONICS TECHNOLOGY INC.  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 2022 AND 2021**

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

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of 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, 2022 and 2021, 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 (IAS) 34, “Interim Financial Reporting” 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* paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements 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 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\$1,102,820 thousand and NT\$829,090 thousand, constituting 5.3% and 4.4% of the consolidated total assets as at September 30, 2022 and 2021, respectively, and total liabilities of these subsidiaries amounted to NT\$166,856 thousand and NT\$107,104 thousand, constituting 2.0% and 1.5% of the consolidated total liabilities as at September 30, 2022 and 2021, 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\$112,913 thousand, NT\$42,760 thousand, NT\$62,021 thousand and NT \$44,530 thousand, constituting 79.1%, 2.2%, 3.1% and 1.1% of the consolidated total comprehensive (loss) income for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively.

### ***Qualified Conclusion***

Base 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* section 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, 2022 and 2021, 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” as endorsed by the Financial Supervisory Commission.

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Pai , Shu-Chien

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Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan

October 27, 2022

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ 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, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021**  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
 (THE BALANCE SHEETS AS AT SEPTEMBER 30, 2022 AND 2021 ARE REVIEWED, NOT AUDITED)

Assets	Notes	September 30, 2022		December 31, 2021		September 30, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 5,806,716	28	\$ 9,790,722	48	\$ 9,216,312	49
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		206,403	1	359,686	2	370,002	2
1136	Financial assets at amortised							
	cost - current		-	-	110,720	-	111,400	1
1150	Notes receivable, net		168	-	-	-	382	-
1170	Accounts receivable, net	6(4)	1,241,035	6	1,989,419	10	2,160,408	12
1200	Other receivables		110,844	-	116,462	1	6,435	-
1220	Current income tax assets		254,704	1	-	-	-	-
130X	Inventories	6(5)	8,435,036	41	5,375,685	27	5,066,840	27
1410	Prepayments		742,815	4	69,113	-	150,396	1
1470	Other current assets		827	-	170	-	295	-
11XX	<b>Total current assets</b>		<u>16,798,548</u>	<u>81</u>	<u>17,811,977</u>	<u>88</u>	<u>17,082,470</u>	<u>92</u>
<b>Non-current assets</b>								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		19,308	-	35,394	-	42,422	-
1550	Investments accounted for	6(6)						
	using equity method		101,767	1	51,812	-	45,940	-
1600	Property, plant and equipment	6(7)	1,282,093	6	1,302,287	7	1,260,013	7
1755	Right-of-use assets	6(8)	63,976	-	73,549	-	76,803	1
1760	Investment property, net	6(9)	16,004	-	16,731	-	16,974	-
1780	Intangible assets	6(10)	62,701	-	83,825	1	70,183	-
1840	Deferred income tax assets		4,214	-	3,116	-	3,502	-
1900	Other non-current assets	6(11) and 8	2,447,451	12	858,688	4	64,200	-
15XX	<b>Total non-current assets</b>		<u>3,997,514</u>	<u>19</u>	<u>2,425,402</u>	<u>12</u>	<u>1,580,037</u>	<u>8</u>
1XXX	<b>Total assets</b>		<u>\$ 20,796,062</u>	<u>100</u>	<u>\$ 20,237,379</u>	<u>100</u>	<u>\$ 18,662,507</u>	<u>100</u>

(Continued)

**ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**  
**(THE BALANCE SHEETS AS AT SEPTEMBER 30, 2022 AND 2021 ARE REVIEWED, NOT AUDITED)**

Liabilities and Equity	Notes	September 30, 2022		December 31, 2021		September 30, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(12)	\$ 2,750,000	13	\$ 1,700,000	8	\$ 1,950,000	11
2130	Contract liabilities - current	6(19)	29,225	-	21,399	-	76,020	1
2150	Notes payable		4,199	-	2,205	-	4,005	-
2170	Accounts payable		3,007,557	14	2,980,701	15	2,851,896	15
2200	Other payables	6(13)	2,060,268	10	1,832,840	9	1,570,092	8
2230	Current income tax liabilities		3,087	-	911,140	5	578,301	3
2250	Provisions for liabilities - current	6(11)(22)	330,676	2	-	-	-	-
2280	Lease liabilities - current		6,233	-	11,501	-	12,502	-
2300	Other current liabilities		11,017	-	7,919	-	8,111	-
21XX	<b>Total current liabilities</b>		<u>8,202,262</u>	<u>39</u>	<u>7,467,705</u>	<u>37</u>	<u>7,050,927</u>	<u>38</u>
<b>Non-current liabilities</b>								
2550	Provisions for liabilities - non-current		19,391	-	18,040	-	17,654	-
2570	Deferred income tax liabilities		92,438	1	15,455	-	17,470	-
2580	Lease liabilities - non-current		59,293	-	63,328	-	65,470	-
2600	Other non-current liabilities		13,419	-	13,291	-	11,851	-
25XX	<b>Total non-current liabilities</b>		<u>184,541</u>	<u>1</u>	<u>110,114</u>	<u>-</u>	<u>112,445</u>	<u>-</u>
2XXX	<b>Total Liabilities</b>		<u>8,386,803</u>	<u>40</u>	<u>7,577,819</u>	<u>37</u>	<u>7,163,372</u>	<u>38</u>
<b>Equity</b>								
<b>Equity attributable to owners of parent</b>								
Share capital								
3110	Common stock	6(16)	2,861,570	14	2,861,570	14	2,861,570	15
Capital surplus								
3200	Capital surplus	6(17)	255,021	1	181,329	1	167,450	1
Retained earnings								
3310	Legal reserve	6(18)	2,014,288	10	1,516,762	8	1,516,762	8
3320	Special reserve		23,906	-	-	-	-	-
3350	Unappropriated retained earnings		7,493,453	36	8,323,076	41	7,191,497	39
Other equity interest								
3400	Other equity interest		( 39,992)	-	( 23,906)	-	( 16,878)	-
3500	Treasury shares	6(16)	( 137,416)	( 1)	( 137,416)	( 1)	( 140,586)	( 1)
31XX	<b>Total equity attributable to owners of the parent</b>		<u>12,470,830</u>	<u>60</u>	<u>12,721,415</u>	<u>63</u>	<u>11,579,815</u>	<u>62</u>
36XX	<b>Non-controlling interests</b>		<u>( 61,571)</u>	<u>-</u>	<u>( 61,855)</u>	<u>-</u>	<u>( 80,680)</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>12,409,259</u>	<u>60</u>	<u>12,659,560</u>	<u>63</u>	<u>11,499,135</u>	<u>62</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 20,796,062</u>	<u>100</u>	<u>\$ 20,237,379</u>	<u>100</u>	<u>\$ 18,662,507</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, 2022 AND 2021**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNTS)  
(REVIEWED, NOT AUDITED)

Items	Notes	Three-month periods ended September 30,				Nine-month periods ended September 30,				
		2022		2021		2022		2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19)	\$ 3,500,631	100	\$ 6,843,255	100	\$ 13,541,121	100	\$ 17,989,858	100
5000	Operating costs	6(5)(24)(25)	( 3,067,982)	( 88)	( 3,813,678)	( 56)	( 9,958,678)	( 74)	( 11,552,371)	( 64)
5950	Gross profit		<u>432,649</u>	<u>12</u>	<u>3,029,577</u>	<u>44</u>	<u>3,582,443</u>	<u>26</u>	<u>6,437,487</u>	<u>36</u>
	Operating expenses	6(24)(25)								
6100	Selling expenses		( 88,416)	( 2)	( 153,833)	( 2)	( 323,910)	( 2)	( 354,651)	( 2)
6200	General and administrative expenses		( 65,806)	( 2)	( 175,970)	( 3)	( 401,890)	( 3)	( 409,944)	( 2)
6300	Research and development expenses		( 312,063)	( 9)	( 540,034)	( 8)	( 1,308,763)	( 10)	( 1,261,821)	( 7)
6450	Expected credit impairment gain	12(2)	-	-	-	-	-	5,713	-	
6000	Total operating expenses		<u>( 466,285)</u>	<u>( 13)</u>	<u>( 869,837)</u>	<u>( 13)</u>	<u>( 2,034,563)</u>	<u>( 15)</u>	<u>( 2,020,703)</u>	<u>( 11)</u>
6900	Operating profit		<u>( 33,636)</u>	<u>( 1)</u>	<u>2,159,740</u>	<u>31</u>	<u>1,547,880</u>	<u>11</u>	<u>4,416,784</u>	<u>25</u>
	Non-operating income and expenses									
7100	Interest income	6(20)	30,914	1	8,786	-	62,738	-	21,934	-
7010	Other income	6(21)	82,167	2	20,634	1	89,716	1	32,634	-
7020	Other gains and losses	6(22)	100,289	3	79,183	1	749,811	6	33,095	-
7050	Financial costs	6(23)	( 9,157)	-	( 5,084)	-	( 18,518)	-	( 14,849)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	5,554	-	6,551	-	22,086	-	12,057	-
7000	Total non-operating income and expenses		<u>209,767</u>	<u>6</u>	<u>110,070</u>	<u>2</u>	<u>905,833</u>	<u>7</u>	<u>84,871</u>	<u>-</u>
7900	<b>Profit before income tax</b>		<u>176,131</u>	<u>5</u>	<u>2,269,810</u>	<u>33</u>	<u>2,453,713</u>	<u>18</u>	<u>4,501,655</u>	<u>25</u>
7950	Income tax expense	6(26)	( 30,558)	( 1)	( 312,450)	( 4)	( 410,527)	( 3)	( 608,585)	( 3)
8200	<b>Profit for the period</b>		<u>\$ 145,573</u>	<u>4</u>	<u>\$ 1,957,360</u>	<u>29</u>	<u>\$ 2,043,186</u>	<u>15</u>	<u>\$ 3,893,070</u>	<u>22</u>
	<b>Other comprehensive income-net</b>									
	<b>Other comprehensive income components that will not be reclassified to profit or loss</b>									
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	( \$ 2,826)	-	( \$ 4,860)	-	( \$ 16,086)	-	( \$ 22,414)	-
8300	<b>Other comprehensive loss for the period-net</b>		<u>( \$ 2,826)</u>	<u>-</u>	<u>( \$ 4,860)</u>	<u>-</u>	<u>( \$ 16,086)</u>	<u>-</u>	<u>( \$ 22,414)</u>	<u>-</u>
8500	<b>Total comprehensive income for the period</b>		<u>\$ 142,747</u>	<u>4</u>	<u>\$ 1,952,500</u>	<u>29</u>	<u>\$ 2,027,100</u>	<u>15</u>	<u>\$ 3,870,656</u>	<u>22</u>
	Profit attributable to:									
8610	Owners of the parent		<u>\$ 83,326</u>	<u>2</u>	<u>\$ 1,904,745</u>	<u>28</u>	<u>\$ 1,981,065</u>	<u>15</u>	<u>\$ 3,843,683</u>	<u>22</u>
8620	Non-controlling interest		<u>\$ 62,247</u>	<u>2</u>	<u>\$ 52,615</u>	<u>1</u>	<u>\$ 62,121</u>	<u>-</u>	<u>\$ 49,387</u>	<u>-</u>
	Total comprehensive income attributable to:									
8710	Owners of the parent		<u>\$ 80,500</u>	<u>2</u>	<u>\$ 1,899,885</u>	<u>28</u>	<u>\$ 1,964,979</u>	<u>15</u>	<u>\$ 3,821,269</u>	<u>22</u>
8720	Non-controlling interest		<u>\$ 62,247</u>	<u>2</u>	<u>\$ 52,615</u>	<u>1</u>	<u>\$ 62,121</u>	<u>-</u>	<u>\$ 49,387</u>	<u>-</u>
	Earnings per share(in dollars)	6(27)								
9750	Basic earnings per share		<u>\$ 0.30</u>		<u>\$ 6.80</u>		<u>\$ 7.06</u>		<u>\$ 13.72</u>	
9850	Diluted earnings per share		<u>\$ 0.30</u>		<u>\$ 6.75</u>		<u>\$ 7.04</u>		<u>\$ 13.63</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, 2022 AND 2021**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)  
(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	Unappropriated retained earnings	Retained Earnings					
<b>2021</b>												
Balance at January 1, 2021		\$ 2,857,589	\$ 109,677	\$ 1,409,039	\$ 8,524	\$ 4,019,327	\$ 5,536	(\$ 145,649)	\$ 8,264,043	(\$ 134,760)	\$ 8,129,283	
Profit for the period		-	-	-	-	3,843,683	-	-	3,843,683	49,387	3,893,070	
Other comprehensive loss for the period		-	-	-	-	-	(22,414)	-	(22,414)	-	(22,414)	
Total comprehensive income(loss) for the period		-	-	-	-	3,843,683	(22,414)	-	3,821,269	49,387	3,870,656	
Distribution of 2020 earnings	6(18)	-	-	-	-	-	-	-	-	-	-	
Legal reserve appropriated		-	-	107,723	-	(107,723)	-	-	-	-	-	
Cash dividends of ordinary shares		-	-	-	-	(572,314)	-	-	(572,314)	-	(572,314)	
Reversal of special reserve		-	-	-	(8,524)	8,524	-	-	-	-	-	
Disposal of parent company's share by subsidiary recognised as treasury share	6(17)	-	26,210	-	-	-	-	5,063	31,273	7,032	38,305	
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(17)	-	1,146	-	-	-	-	-	1,146	(7,233)	(6,087)	
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(17)	-	11,739	-	-	-	-	-	11,739	-	11,739	
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(17)(28)	-	(27)	-	-	-	-	-	(27)	(1)	(28)	
Difference between consideration and carrying amount of subsidiaries acquired	6(17)	-	(311)	-	-	-	-	-	(311)	4,895	4,584	
Issuance of new shares due to employee stock options exercised	6(15)(16)(17)	3,981	18,946	-	-	-	-	-	22,927	-	22,927	
Expired cash dividends transferred to capital surplus	6(17)	-	70	-	-	-	-	-	70	-	70	
Balance at September 30, 2021		\$ 2,861,570	\$ 167,450	\$ 1,516,762	\$ -	\$ 7,191,497	(\$ 16,878)	(\$ 140,586)	\$ 11,579,815	(\$ 80,680)	\$ 11,499,135	
<b>2022</b>												
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(18)	-	-	-	-	-	-	-	-	-	-	
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(17)	-	989	-	-	-	-	-	989	(61,155)	(60,166)	
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(17)	-	44,720	-	-	-	-	-	44,720	-	44,720	
Changes in equity of associates and joint ventures accounted for using equity method	6(17)	-	27,869	-	-	-	-	-	27,869	-	27,869	
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(17)(28)	-	(29)	-	-	-	-	-	(29)	(18)	(47)	
Expired cash dividends transferred to capital surplus	6(17)	-	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	

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, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
(REVIEWED, NOT AUDITED)

	Notes	Nine-month periods ended September 30,	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax for the period		\$ 2,453,713	\$ 4,501,655
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(9)(24)	378,866	291,387
Amortisation	6(10)(24)	88,448	91,203
Expected credit impairment gain	12(2)	-	( 5,713 )
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(22)	86,388	( 91,138 )
Interest expenses	6(23)	18,518	14,849
Interest income	6(20)	( 62,738 )	( 21,934 )
Dividend income	6(21)	( 68,750 )	( 18,142 )
Share of profit of associates and joint ventures accounted for using equity method	6(6)	( 22,086 )	( 12,057 )
Loss on disposal of a subsidiary	6(22)	161	-
Gains on disposals of property, plant and equipment	6(22)	-	( 10 )
Transfer property, plant and equipment to miscellaneous expenses		477	-
Onerous contracts losses	6(11)(22)	330,676	-
Loss (gains) on lease modifications	6(22)	17	( 37 )
Net changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit and loss		66,895	86,610
Notes receivable		( 168 )	( 382 )
Accounts receivable		750,246	( 519,672 )
Accounts receivable - related parties		( 1,862 )	( 1,030 )
Other receivables		8,339	89,300
Inventories		( 3,059,351 )	902,490
Prepayments		( 673,748 )	( 118,710 )
Other current assets		( 657 )	4,902
Other non-current assets		( 1,294,257 )	-
Changes in operating liabilities			
Notes payable		1,994	1,890
Accounts payable		26,856	455,738
Contract liabilities		7,826	70,674
Other payables		254,802	958,977
Other current liabilities		3,114	( 2,791 )
Other non-current liabilities		71	( 2,540 )
Cash (outflow) inflow generated from operations		( 706,210 )	6,675,519
Interest received		60,017	22,028
Interest paid		( 16,863 )	( 13,921 )
Income taxes paid		( 1,497,399 )	( 172,893 )
Net cash flows (used in) from operating activities		( 2,160,455 )	6,510,733

(Continued)

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
(REVIEWED, NOT AUDITED)

	Notes	Nine-month periods ended September 30,	
		2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		(\$ 115,290 )	(\$ 145,004 )
Disposal of financial assets at amortised cost		226,010	170,308
Decrease in cash due to disposal of a subsidiary		( 793 )	-
Acquisition of property, plant and equipment	6(29)	( 554,799 )	( 832,708 )
Proceeds from disposal of property, plant and equipment		-	10
Dividends received	6(21)	68,750	18,142
Acquisition of intangible assets	6(10)(29)	( 67,108 )	( 49,698 )
(Increase) decrease in refundable deposits		( 116,721 )	555
Net cash flows used in investing activities		( 559,951 )	( 838,395 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(29)	1,050,000	610,000
Increase (decrease) in short-term notes and bills payable	6(29)	271	( 149,014 )
Repayments of lease liabilities	6(29)	( 9,322 )	( 9,243 )
Increase (decrease) in guarantee deposit received	6(29)	57	( 298 )
Proceeds from exercise of employee stock options		-	22,927
Cash dividends paid	6(18)	( 2,289,256 )	( 572,314 )
Subsidiaries paid cash dividends to non-controlling interests		( 60,166 )	( 6,087 )
Subsidiaries received cash dividends from parent company	6(17)	44,720	11,739
Expired cash dividends	6(17)	143	70
Proceeds from disposal of treasury share	6(17)	-	31,273
Proceeds from disposal of treasury share – increase of non-controlling interests		-	7,032
Acquisition of additional shares of a subsidiary from non-controlling interests	6(28)	( 47 )	( 28 )
Net cash flows used in financing activities		( 1,263,600 )	( 53,943 )
Net (decrease) increase in cash and cash equivalents		( 3,984,006 )	5,618,395
Cash and cash equivalents at beginning of period	6(1)	9,790,722	3,597,917
Cash and cash equivalents at end of period	6(1)	<u>\$ 5,806,716</u>	<u>\$ 9,216,312</u>

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, 2022 AND 2021  
(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, 2022.

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”) as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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

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

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

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

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

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

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

<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
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 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.

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, 2021, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

B. These consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

(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 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 for preparation of consolidated financial statements is consistent with the consolidated financial statements for the year ended December 31, 2021.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
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 3 and 5
Elite Semiconductor Microelectronics Technology Inc.	Charng Feng Investment Ltd.	General investment	100	100	100	Note 3
Elite Semiconductor Microelectronics Technology Inc.	Jie Yong Investment Ltd.	General investment	41.86	41.86	41.86	Notes 1 and 3
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	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
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	Note 3
Charng Feng Investment Ltd.	Elite Silicon Technology Inc.	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	-	98.10	98.10	Notes 4 and 5
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	Note 3
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	Note 3
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	Note 3
Charng Feng Investment Ltd.	CHI Microelectronics Limited	General trading	100	100	100	Note 3
Charng Feng Investment Ltd.	HHHtech Co., Ltd.	Information software services, product design, management consulting and international trade	-	75	75	Notes 2 and 4

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

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

Note 3: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as at September 30, 2022 and 2021 were not reviewed by independent auditors.

Note 4: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as at September 30, 2021 were not reviewed by independent auditors.

Note 5: 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 Commence 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, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 137	\$ 137	\$ 137
Checking accounts and demand deposits	686,666	897,305	2,083,930
Time deposits	5,119,913	8,893,280	7,132,245
	<u>\$ 5,806,716</u>	<u>\$ 9,790,722</u>	<u>\$ 9,216,312</u>

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

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

C. For the achievement of the goal of sustainable development for the environment, the Group's time deposits include the green deposits amounting to \$10,000.

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

Items	September 30, 2022	December 31, 2021	September 30, 2021
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 20,943	\$ 20,943	\$ 576
Emerging stocks	38,134	99,804	151,207
Unlisted stocks	8,113	8,113	8,113
Beneficiary certificates	76,151	72,218	72,382
Corporate bonds	31,226	31,226	31,226
Subtotal	174,567	232,304	263,504
Valuation adjustment	31,836	127,382	106,498
Total	\$ 206,403	\$ 359,686	\$ 370,002

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>	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 27,555)	\$ 35,118
Debit instruments	207	255
Beneficiary certificates	( 531)	( 334)
Total	(\$ 27,879)	\$ 35,039
	<u>Nine-month periods ended September 30,</u>	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 80,773)	\$ 89,540
Debit instruments	( 4,624)	2,302
Beneficiary certificates	( 991)	( 704)
Total	(\$ 86,388)	\$ 91,138

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, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 59,300	\$ 59,300	\$ 59,300
Valuation adjustment	( 39,992)	( 23,906)	( 16,878)
	<u>\$ 19,308</u>	<u>\$ 35,394</u>	<u>\$ 42,422</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 \$19,308, \$35,394, and \$42,422 as at September 30, 2022, December 31, 2021, and September 30, 2021, respectively.

(4) Accounts receivable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable			
- general customers	\$ 1,239,173	\$ 1,989,419	\$ 2,158,405
Accounts receivable			
- related parties	<u>1,862</u>	<u>-</u>	<u>2,003</u>
	1,241,035	1,989,419	2,160,408
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,241,035</u>	<u>\$ 1,989,419</u>	<u>\$ 2,160,408</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Not past due	\$ 1,241,009	\$ 1,989,078	\$ 2,156,881
Up to 30 days	26	341	3,527
31 to 90 days	-	-	-
91 to 180 days	-	-	-
Over 181 days	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,241,035</u>	<u>\$ 1,989,419</u>	<u>\$ 2,160,408</u>

The above aging analysis is based on past due date.

B. As at September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$1,241,035, \$1,989,419, and \$2,160,408, respectively.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Bank guarantee	\$ 54,700	\$ 55,304	\$ 55,355
Pledged certificates of deposit	41,275	17,992	4,177
Guarantee deposits received (shown as "other non-current liabilities")	5,798	5,106	5,135
Letters of credit	920,691	935,013	924,381
Company promissory notes/checks	609,036	667,065	667,870
	<u>\$ 1,631,500</u>	<u>\$ 1,680,480</u>	<u>\$ 1,656,918</u>

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

E. As at September 30, 2022, December 31, 2021 and September 30, 2021, accounts receivable were all from contracts with customers. As at January 1, 2021, the balance of receivables from contracts with customers amounted to \$1,633,993.

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

(5) Inventories

	<u>September 30, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
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>
	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 70,736	(\$ 842)	\$ 69,894
Work in process	3,688,463	( 3,188)	3,685,275
Finished goods	1,622,621	( 22,257)	1,600,364
Inventory in transit	20,152	-	20,152
	<u>\$ 5,401,972</u>	<u>(\$ 26,287)</u>	<u>\$ 5,375,685</u>

	September 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 95,687	(\$ 1,280)	\$ 94,407
Work in process	3,467,615	( 36,587)	3,431,028
Finished goods	1,551,219	( 23,792)	1,527,427
Inventory in transit	13,978	-	13,978
	<u>\$ 5,128,499</u>	<u>(\$ 61,659)</u>	<u>\$ 5,066,840</u>

The cost of inventories recognised as expense for the periods:

	Three-month periods ended September 30,	
	2022	2021
Cost of goods sold	\$ 3,054,241	\$ 3,816,946
Loss on decline (gain on reversal of decline) in market value	13,741	( 3,268)
	<u>\$ 3,067,982</u>	<u>\$ 3,813,678</u>

	Nine-month periods ended September 30,	
	2022	2021
Cost of goods sold	\$ 9,950,459	\$ 11,590,186
Loss on decline (gain on reversal of decline) in market value	8,219	( 37,815)
	<u>\$ 9,958,678</u>	<u>\$ 11,552,371</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 periods ended September 30, 2021, and for the nine-month periods ended September 30, 2021.

(6) Investments accounted for using equity method

	2022	2021
At January 1	\$ 51,812	\$ 33,883
Share of profit or loss of investments accounted for using equity method	22,086	12,057
Changes in capital surplus	27,869	-
At September 30	<u>\$ 101,767</u>	<u>\$ 45,940</u>

  

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	<u>\$ 101,767</u>	<u>\$ 51,812</u>	<u>\$ 45,940</u>

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings</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	-	( 436,193)	( 413,655)	( 197,329)	( 1,504,819)	( 2,551,996)
	<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	-	( 465,723)	( 455,666)	( 220,716)	( 1,778,089)	( 2,920,194)
	<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>
	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Test equipment</u>	<u>Others</u>	<u>Total</u>
At January 1, 2021						
Cost	\$ 9,023	\$ 636,446	\$ 518,018	\$ 287,860	\$ 1,481,488	\$ 2,932,835
Accumulated depreciation and impairment	-	( 398,943)	( 375,047)	( 168,256)	( 1,213,991)	( 2,156,237)
	<u>\$ 9,023</u>	<u>\$ 237,503</u>	<u>\$ 142,971</u>	<u>\$ 119,604</u>	<u>\$ 267,497</u>	<u>\$ 776,598</u>
<u>2021</u>						
At January 1	\$ 9,023	\$ 237,503	\$ 142,971	\$ 119,604	\$ 267,497	\$ 776,598
Additions	159,745	88,509	116,634	14,321	338,875	718,084
Changes in the consolidated entity	-	-	-	-	627	627
Transfers (Note)	-	7,308	13,764	24,693	-	45,765
Depreciation charge	-	( 27,366)	( 26,449)	( 21,817)	( 205,429)	( 281,061)
At September 30	<u>\$ 168,768</u>	<u>\$ 305,954</u>	<u>\$ 246,920</u>	<u>\$ 136,801</u>	<u>\$ 401,570</u>	<u>\$ 1,260,013</u>
At September 30, 2021						
Cost	\$ 168,768	\$ 732,263	\$ 648,416	\$ 326,874	\$ 1,821,007	\$ 3,697,328
Accumulated depreciation and impairment	-	( 426,309)	( 401,496)	( 190,073)	( 1,419,437)	( 2,437,315)
	<u>\$ 168,768</u>	<u>\$ 305,954</u>	<u>\$ 246,920</u>	<u>\$ 136,801</u>	<u>\$ 401,570</u>	<u>\$ 1,260,013</u>

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

A. For the nine-month periods ended September 30, 2022 and 2021, there was no capitalised of borrowing costs attributable to the property, plant and equipment.

B. The Group has no property, plant and equipment pledged to others.

(8) Leasing arrangements – lessee

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Land	\$ 56,236	\$ 58,801	\$ 59,656
Buildings	4,471	9,066	10,649
Business vehicles	618	2,565	3,227
Printers	<u>2,651</u>	<u>3,117</u>	<u>3,271</u>
	<u>\$ 63,976</u>	<u>\$ 73,549</u>	<u>\$ 76,803</u>

Depreciation

Three-month periods ended September 30,

	<u>2022</u>	<u>2021</u>
Land	\$ 855	\$ 855
Buildings	1,610	1,532
Business vehicles	626	661
Printers	<u>155</u>	<u>155</u>
	<u>\$ 3,246</u>	<u>\$ 3,203</u>

Depreciation

Nine-month periods ended September 30,

	<u>2022</u>	<u>2021</u>
Land	\$ 2,565	\$ 2,565
Buildings	4,595	4,749
Business vehicles	1,947	1,819
Printers	<u>466</u>	<u>466</u>
	<u>\$ 9,573</u>	<u>\$ 9,599</u>

C. For the nine-month periods ended September 30, 2022 and 2021, the additions to right-of-use assets were \$0 and \$5,702, respectively.

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

	<u>Three-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 249	\$ 283
Expense on short-term lease contracts	\$ 2,009	\$ 1,016
	<u>Nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 778	\$ 886
Expense on short-term lease contracts	\$ 4,439	\$ 3,893

E. For the nine-month periods ended September 30, 2022 and 2021, the Group's total cash outflow for leases were \$14,539 and \$14,022, respectively.

(9) Investment property

	<u>Buildings</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>

	<u>Buildings</u>
<u>At January 1, 2021</u>	
Cost	\$ 20,369
Accumulated depreciation and impairment	( 2,668)
	<u>\$ 17,701</u>
<u>2021</u>	
At January 1	\$ 17,701
Depreciation charge	( 727)
At September 30	<u>\$ 16,974</u>
<u>At September 30, 2021</u>	
Cost	\$ 20,369
Accumulated depreciation and impairment	( 3,395)
	<u>\$ 16,974</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>2022</u>	<u>2021</u>
Rental income from investment property	<u>\$ 641</u>	<u>\$ 641</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 242</u>	<u>\$ 242</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Rental income from investment property	<u>\$ 1,922</u>	<u>\$ 1,922</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 727</u>	<u>\$ 727</u>

B. The fair value of the investment property held by the Group as at September 30, 2022, December 31, 2021, and September 30, 2021 was \$7,448, \$8,130 and, \$8,861, respectively, which was valued by income approach. Key assumptions are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Rate of net return on capital (Note)	<u>20.42%</u>	<u>18.57%</u>	<u>16.63%</u>

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

- C. For the nine-month periods ended September 30, 2022 and 2021, there was no capitalisation of borrowing costs attributable to the investment property.
- D. The Group has no investment property pledged to others.

(10) Intangible assets

	Patents and professional technology	Customer relationship	Goodwill	Others	Total
<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
Transfers (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>
	Patents and professional technology	Customer relationship	Goodwill	Others	Total
<u>At January 1, 2021</u>					
Cost	\$ 34,478	\$ 11,000	\$ 80,758	\$ 370,855	\$ 497,091
Accumulated amortisation and impairment	( 30,654)	( 11,000)	( 62,456)	( 281,293)	( 385,403)
	<u>\$ 3,824</u>	<u>\$ -</u>	<u>\$ 18,302</u>	<u>\$ 89,562</u>	<u>\$ 111,688</u>
<u>2021</u>					
At January 1	\$ 3,824	\$ -	\$ 18,302	\$ 89,562	\$ 111,688
Additions	-	-	-	49,698	49,698
Amortisation	( 3,824)	-	-	( 87,379)	( 91,203)
At September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,302</u>	<u>\$ 51,881</u>	<u>\$ 70,183</u>
<u>At September 30, 2021</u>					
Cost	\$ 34,478	\$ 11,000	\$ 80,758	\$ 420,553	\$ 546,789
Accumulated amortisation and impairment	( 34,478)	( 11,000)	( 62,456)	( 368,672)	( 476,606)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,302</u>	<u>\$ 51,881</u>	<u>\$ 70,183</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>2022</u>	<u>2021</u>
Operating costs	\$ -	\$ 1,275
Selling expenses	116	95
General and administrative expenses	810	440
Research and development expenses	31,293	28,028
	<u>\$ 32,219</u>	<u>\$ 29,838</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Operating costs	\$ -	\$ 3,824
Selling expenses	307	259
General and administrative expenses	2,452	1,272
Research and development expenses	85,689	85,848
	<u>\$ 88,448</u>	<u>\$ 91,203</u>

B. For the nine-month periods ended September 30, 2022 and 2021, 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, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Prepayments for purchases	\$ 1,294,257	\$ -	\$ -
Refundable deposits (Note 1)	959,138	842,417	6,320
Prepayments for land, buildings and equipment (Note 2)	190,087	12,302	53,911
Pledged time deposits	3,969	3,969	3,969
	<u>\$ 2,447,451</u>	<u>\$ 858,688</u>	<u>\$ 64,200</u>

Note 1: Part of refundable deposits of the Company is a capacity reservation agreement with the supplier. According to the agreement, the Company promises to purchase wafer production capacity within the agreed period and quantities after the Company has paid the guaranty fund in advance, the supplier will then provide the agreed production capacity to the Company. If the Company's actual purchased quantities does not meet the agreed requirements, the prepaid guaranty fund will be forfeited based on the agreement, and the agreement cannot be terminated. In response to the recent fluctuations in the overall market economic environment affecting market demand, the Company has made provision for onerous contracts liabilities, and recognised them under provisions for liabilities and other losses, respectively.

Note 2: The Company completed the transaction of prepayment for land and buildings on October 7, 2022, please refer to Note 11.

(12) Short-term borrowings

<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
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	\$ <u>1,700,000</u>	0.70%~0.86%	None
<u>Type of borrowings</u>	<u>September 30, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	\$ <u>1,950,000</u>	0.75%~0.92%	None

Interest expense recognised in profit or loss amounted to \$8,449, \$4,315, \$16,113, and \$12,057 for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively.

(13) Other payables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accrued salaries and bonuses	\$ 1,821,542	\$ 1,259,581	\$ 1,134,637
Accrued employees' compensation and directors' remuneration	48,736	378,440	282,887
Payables on equipment	66,882	94,831	63,421
Others	123,108	99,988	89,147
	<u>\$ 2,060,268</u>	<u>\$ 1,832,840</u>	<u>\$ 1,570,092</u>

(14) 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 \$59, \$92, \$176 and \$289 for the three-month and nine-month periods ended September 30, 2022 and 2021, 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, 2022 and 2021 were \$10,606, \$9,164, \$30,566 and \$26,965, respectively.

(15) Share-based payment

A. For the nine-month periods ended September 30, 2022 and 2021, the Company's share-based payment arrangements were as follows:

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

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

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

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

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

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

	2022		2021	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	14	\$ 57.6	518	\$ 57.6~217.4
Options exercised	-	-	( 398)	57.6
Options expired	-	-	( 106)	217.4
Options outstanding at September 30	<u>14</u>	\$ 53.3	<u>14</u>	\$ 57.6
Option exercisable at September 30	<u>14</u>		<u>14</u>	

C. No stock options were exercised for the nine-month periods ended September 30, 2022. The weighted-average stock price of stock options at exercise dates for the nine-month periods ended September 30, 2021 was \$85.2 (in dollars).

- D. As at September 30, 2022, December 31, 2021 and September 30, 2021, the range of exercise prices of stock options outstanding were \$53.3 (in dollars), \$57.6 (in dollars), and \$57.6 (in dollars), respectively; the weighted-average remaining contractual period was 0.89 years, 1.64 years, and 1.89 years, respectively.
- E. Expenses incurred on share-based payment transactions for the three-month and nine-month periods ended September 30, 2022 and 2021 were all \$0.

(16) Share capital

- A. As at September 30, 2022, the Company's authorised capital was \$3,500,000, consisting of 350,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was \$2,861,570 with a par value of \$10 (in dollars) per share.

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

	2022	Unit : Thousands of shares 2021
Outstanding ordinary shares at January 1	272,803	271,605
Employee stock options exercised	-	398
Disposal of parent company's share by subsidiary recognised as treasury share	-	492
Outstanding ordinary shares at September 30	272,803	272,495
Treasury stocks at the end of the period	13,354	13,662
Issued ordinary shares at September 30	<u>286,157</u>	<u>286,157</u>

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, 2022, December 31, 2021 and September 30, 2021, respectively, were 13,354 thousand shares, 13,354 thousand shares and 13,662 thousand shares with carrying amounts of \$328,276, \$328,276, and \$335,847, respectively; the average book value per share was \$24.58, and the fair values per share were \$63.8, \$165.0 and \$131.0, respectively.

(17) Capital surplus

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

	2022					
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1	\$ 20,162	\$ 41,750	\$ 112,786	\$ 2,697	\$3,934	\$181,329
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	-	-	989	-	-	989
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	-	-	44,720	-	-	44,720
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	-	-	( 29)	-	-	( 29)
Change in 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>

	2021					
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1	\$ -	\$ 1,661	\$ 100,239	\$ 3,913	\$3,864	\$109,677
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	-	-	1,146	-	-	1,146
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	-	-	11,739	-	-	11,739
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	-	-	( 27)	-	-	( 27)
Expired cash dividends transferred to capital surplus	-	-	-	-	70	70
Issuance of new shares due to employee stock options exercised	20,162	-	-	( 1,216)	-	18,946
Disposal of parent company's share by subsidiary recognised as treasury share	-	26,210	-	-	-	26,210
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	( 311)	-	-	( 311)
At September 30	<u>\$ 20,162</u>	<u>\$ 27,871</u>	<u>\$ 112,786</u>	<u>\$ 2,697</u>	<u>\$3,934</u>	<u>\$167,450</u>

(18) 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) Offsetting losses incurred in previous years, if any.
- (c) Setting aside 10% of remaining amount as legal reserve. If legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside anymore.
- (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 shareholder's meeting every year. Dividends to the shareholders can be distributed in the form of cash or shares, and cash dividends shall account for at least 50% of the total dividends distributed.

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

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

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

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

(19) Operating revenue

	<u>Three-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	<u>\$ 3,500,631</u>	<u>\$ 6,843,255</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	<u>\$ 13,541,121</u>	<u>\$ 17,989,858</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, 2022

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

Three-month periods ended

September 30, 2021

	<u>Domestic area</u>	<u>Asia</u>	<u>Others</u>	<u>Total</u>
Integrated circuits	\$ 3,519,799	\$ 3,277,149	\$ 46,307	\$ 6,843,255

Nine-month periods ended

September 30, 2022

	<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

Nine-month periods ended

September 30, 2021

	<u>Domestic area</u>	<u>Asia</u>	<u>Others</u>	<u>Total</u>
Integrated circuits	\$ 8,648,532	\$ 9,250,491	\$ 90,835	\$ 17,989,858

B. Contract liabilities

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	<u>January 1, 2021</u>
Contract liabilities- advance sales receipts	\$ 29,225	\$ 21,399	\$ 76,020	\$ 5,346

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>2022</u>	<u>2021</u>
Contract liabilities – advance sales receipts	\$ 1,576	\$ 14
	<u>Nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Contract liabilities – advance sales receipts	\$ 24,249	\$ 5,269

(20) Interest income

	<u>Three-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 30,560	\$ 8,669
Interest income from financial assets at amortised cost	14	75
Other interest income	340	42
	<u>\$ 30,914</u>	<u>\$ 8,786</u>

  

	<u>Nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 61,943	\$ 21,572
Interest income from financial assets at amortised cost	252	188
Other interest income	543	174
	<u>\$ 62,738</u>	<u>\$ 21,934</u>

(21) Other income

	<u>Three-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Rent income	\$ 1,392	\$ 1,361
Dividend income	66,822	17,405
Other income, others	13,953	1,868
	<u>\$ 82,167</u>	<u>\$ 20,634</u>

  

	<u>Nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Rent income	\$ 4,136	\$ 4,096
Dividend income	68,750	18,142
Other income, others	16,830	10,396
	<u>\$ 89,716</u>	<u>\$ 32,634</u>

(22) Other gains and losses

	<u>Three-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Gains on disposal of investments	-	36,403
Gains on disposal of subsidiary	1,830	-
(Losses) gains arising from lease modifications	( 17)	33
Foreign exchange gains	457,595	8,648
(Losses) gains on financial assets at fair value through profit or loss	( 27,879)	35,039
Onerous contracts losses	( 330,676)	-
Miscellaneous disbursements	( 564)	( 940)
	<u>\$ 100,289</u>	<u>\$ 79,183</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Gains on disposal of investments	\$ -	\$ 36,403
Losses on disposal of subsidiary	( 161)	-
Gains on disposals of property, plant and equipment	-	10
(Losses) gains arising from lease modifications	( 17)	37
Foreign exchange gains (losses)	1,168,752	( 93,068)
(Losses) gains on financial assets at fair value through profit or loss	( 86,388)	91,138
Onerous contracts losses	( 330,676)	-
Miscellaneous disbursements	( 1,699)	( 1,425)
	<u>\$ 749,811</u>	<u>\$ 33,095</u>

(23) Finance costs

	<u>Three-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Interest expense:		
Bank borrowings	\$ 8,449	\$ 4,315
Provisions for liabilities - amortisation of discount	459	386
Lease liabilities	249	283
Total interest expense	<u>9,157</u>	<u>4,984</u>
Others	-	100
	<u>\$ 9,157</u>	<u>\$ 5,084</u>

	Nine-month periods ended September 30,	
	2022	2021
Interest expense:		
Bank borrowings	\$ 16,113	\$ 12,057
Provisions for liabilities - amortisation of discount	1,351	1,158
Lease liabilities	778	886
Total interest expense	18,242	14,101
Others	276	748
	<u>\$ 18,518</u>	<u>\$ 14,849</u>

(24) Expenses by nature

	Three-month periods ended September 30,	
	2022	2021
Employee benefit expenses	\$ 326,076	\$ 833,775
Depreciation charges on property, plant and equipment	\$ 125,495	\$ 107,856
Depreciation charges on right-of-use assets	\$ 3,246	\$ 3,203
Depreciation charges on investment property	\$ 242	\$ 242
Amortisation charges on intangible assets	\$ 32,219	\$ 29,838

	Nine-month periods ended September 30,	
	2022	2021
Employee benefit expenses	\$ 1,579,334	\$ 1,874,425
Depreciation charges on property, plant and equipment	\$ 368,566	\$ 281,061
Depreciation charges on right-of-use assets	\$ 9,573	\$ 9,599
Depreciation charges on investment property	\$ 727	\$ 727
Amortisation charges on intangible assets	\$ 88,448	\$ 91,203

(25) Employee benefit expenses

	Three-month periods ended September 30,	
	2022	2021
Wages and salaries	\$ 289,008	\$ 780,402
Labor and health insurance fees	16,316	13,661
Pension costs	10,665	9,256
Directors' remuneration	3,410	25,067
Other personnel expenses	6,677	5,389
	<u>\$ 326,076</u>	<u>\$ 833,775</u>

  

	Nine-month periods ended September 30,	
	2022	2021
Wages and salaries	\$ 1,449,754	\$ 1,733,222
Labor and health insurance fees	49,119	41,470
Pension costs	30,742	27,254
Directors' remuneration	29,884	52,503
Other personnel expenses	19,835	19,976
	<u>\$ 1,579,334</u>	<u>\$ 1,874,425</u>

A. In accordance with the Articles of Incorporation of the Company dated July 12, 2021, the profit before income tax of the current year and before covering employees' compensation and directors' remuneration, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be lower than 1% for directors' remuneration.

In accordance with the Articles of Incorporation of the Company dated June 15, 2022, the distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration, the ratio shall not be lower than 1% for employees' compensation and shall not be higher than 1% for directors' remuneration.

B. For the three-month and nine-month periods ended September 30, 2022 and 2021, employees' compensation was accrued at \$1,156, \$116,868, \$24,368 and \$235,739, respectively; directors' remuneration was accrued at \$1,156, \$23,374, \$24,368 and \$47,148, respectively. The aforementioned amounts were recognised in wages and salaries.

The employees' compensation and directors' remuneration were estimated and accrued based on 1% of distributable profit of current period for the nine-month periods ended September 30, 2022. The employees' compensation and directors' remuneration were estimated and accrued based on 5% and 1% of distributable profit of current period for the nine-month periods ended September 30, 2021, respectively.

C. The employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

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

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Three-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Current income tax:		
Current income tax on profit for the period	(\$ 13,772)	\$ 299,140
Prior year income tax underestimation	-	1,492
Total current income tax	( 13,772)	300,632
Deferred income tax:		
Origination and reversal of temporary differences	44,330	11,818
Income tax expense	<u>\$ 30,558</u>	<u>\$ 312,450</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Current income tax:		
Current income tax on profit for the period	\$ 334,764	\$ 605,003
Prior year income tax overestimation	( 122)	( 1,758)
Total current income tax	334,642	603,245
Deferred income tax:		
Origination and reversal of temporary differences	75,885	5,340
Income tax expense	<u>\$ 410,527</u>	<u>\$ 608,585</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 return through 2020 have been assessed and approved by the Tax Authority.

(27) Earnings per share

	<u>Three-month periods ended September 30, 2022</u>		
	<u>Amount after</u>	<u>Weighted average number</u>	<u>Earnings</u>
	<u>tax</u>	<u>of ordinary shares</u>	<u>per share</u>
		<u>outstanding (shares</u>	<u>(in dollars)</u>
		<u>in thousands)</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>
Assumed conversion of all dilutive			
potential ordinary shares			
Employee stock options		4	
Employees' compensation		<u>382</u>	
<u>Diluted earnings per share</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>Three-month periods ended September 30, 2021</u>			
	<u>Amount after</u>	<u>Weighted average number</u>	<u>Earnings</u>
	<u>tax</u>	<u>of ordinary shares</u>	<u>per share</u>
		<u>outstanding (shares</u>	<u>(in dollars)</u>
		<u>in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to ordinary			
shareholders of the parent company	<u>\$ 1,904,745</u>	280,287	<u>\$ 6.80</u>
Assumed conversion of all dilutive			
potential ordinary shares			
Employee stock options		9	
Employees' compensation		<u>1,800</u>	
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders			
of the parent company plus assumed			
conversion of all dilutive potential			
ordinary shares	<u>\$ 1,904,745</u>	<u>282,096</u>	<u>\$ 6.75</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>
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options		8	
Employees' compensation		<u>838</u>	
<u>Diluted earnings per share</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>

	<u>Nine-month periods ended September 30, 2021</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>\$ 3,843,683</u>	280,126	<u>\$ 13.72</u>
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options		7	
Employees' compensation		<u>1,952</u>	
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 3,843,683</u>	<u>282,085</u>	<u>\$ 13.63</u>

(28) Transactions with non-controlling interest

A. For the purpose of the Group's resource integration, the subsidiary of the Company, Elite Semiconductor Memory Technology Inc. merged with Elite Silicon Technology Inc. Elite Semiconductor Memory Technology Inc. is the surviving company, and Elite Silicon Technology Inc. is the dissolved company. The effective date for the merger was set on June 30, 2022. As a result, the Group acquired an additional 1.9% of shares of Elite Silicon Technology Inc., for a total cash consideration of \$47 on June 30, 2022. The carrying amount of non-controlling interest in Elite Silicon Technology Inc. was \$18 at the acquisition date. This transaction resulted in a decrease in the equity attributable to owners of the parent company by \$29.

The effect of changes in interests in Elite Silicon Technology Inc. on the equity attributable to owners of the parent company for the year 2022 is shown below:

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

B. On August 25, 2021, the Group acquired an additional shares of its subsidiary-Elite Silicon Technology Inc. for a total cash consideration of \$28. The carrying amount of non-controlling interest in Elite Silicon Technology Inc. was \$1 at the acquisition date. This transaction resulted in a decrease in the equity attributable to owners of the parent by \$27.

The effect of changes in interests in Elite Silicon Technology Inc. on the equity attributable to owners of the parent for the year 2021 is shown below:

	<u>2021</u>
Carrying amount of non-controlling interest acquired	\$ 1
Consideration paid to non-controlling interest	( 28)
Capital surplus- recognition of changes in ownership interest in subsidiaries	<u>(\$ 27)</u>

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>Nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Purchase of property, plant and equipment (including transferred amount)	\$ 348,849	\$ 763,849
Add: Ending balance of prepayment for land, buildings and equipment	190,087	53,911
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	( 12,302)	( 68,535)
Add: Opening balance of payable on equipment	94,831	146,904
Less: Ending balance of payable on equipment	( 66,882)	( 63,421)
Cash paid during the period	<u>\$ 554,799</u>	<u>\$ 832,708</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Purchase of intangible assets (including transferred amount)	\$ 67,324	\$ 49,698
Less: Opening balance of prepayment for land, buildings and equipment being transferred to intangible assets	( 216)	-
Cash paid during the period	<u>\$ 67,108</u>	<u>\$ 49,698</u>

B. Changes in liabilities from financing activities:

	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Lease liabilities</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities- 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	-	-	19	-	19
At September 30, 2022	<u>\$ 2,750,000</u>	<u>\$ -</u>	<u>\$ 65,526</u>	<u>\$ 6,394</u>	<u>\$ 2,821,920</u>

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities- gross
At January 1, 2021	\$ 1,340,000	\$ 149,756	\$ 81,637	\$ 6,635	\$ 1,578,028
Changes in cash flow from financing activities	610,000	( 149,014)	( 9,243)	( 298)	451,445
Interest paid	-	-	( 886)	-	( 886)
Interest expense	-	-	886	-	886
Changes in other non-cash items	-	( 742)	5,702	-	4,960
Changes from lease modifications	-	-	( 124)	-	( 124)
At September 30, 2021	<u>\$ 1,950,000</u>	<u>\$ -</u>	<u>\$ 77,972</u>	<u>\$ 6,337</u>	<u>\$ 2,034,309</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
Canyon Semiconductor Inc.	Investments indirectly by the Company accounted for using equity method

### B. Key management compensation

	Three-month periods ended September 30,	
	2022	2021
Salaries and other short-term employee benefits	\$ 10,473	\$ 68,472
Post-employment benefits	144	108
Total	<u>\$ 10,617</u>	<u>\$ 68,580</u>

	Nine-month periods ended September 30,	
	2022	2021
Salaries and other short-term employee benefits	\$ 80,682	\$ 143,968
Post-employment benefits	360	324
Total	<u>\$ 81,042</u>	<u>\$ 144,292</u>

## 8. PLEDGED ASSETS

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

<u>Assets item</u>	<u>Book value</u>			<u>Purposes</u>
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	
Time deposits (shown as "other non-current assets")	<u>\$ 3,969</u>	<u>\$ 3,969</u>	<u>\$ 3,969</u>	Guarantee deposits for land leasing

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

The Company entered into capacity reservation agreements with suppliers. According to the agreements, the supplier shall provide agreed production capacity with the Company after prepayment by the Company.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For the purpose of the Company's operation, the Board of Directors resolved to purchase real property amounting to \$756,950 located in Zhubei, Hsinchu on May 31, 2022. The Company completed the purchase transaction of the real estate and entered into a long-term secured loan agreement with the bank. The loan period is from October 7, 2022 to October 7, 2037 with the amount of \$643,400.

## 12. OTHERS

### (1) Capital management

Considering the current industry environment, future operating development, and changes in the external environment, the Group plans the future requirement of working capital, expenditure of research and development and dividends paid to shareholders to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders, to take care of the benefit of stakeholders, and to maintain an optimal capital structure, so as to promote the shareholders' value in the future.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders, or repurchase the Company's shares.

The equity to assets ratios on September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Total assets	\$ 20,796,062	\$ 20,237,379	\$ 18,662,507
Total liabilities	( 8,386,803)	( 7,577,819)	( 7,163,372)
Total equity	<u>\$ 12,409,259</u>	<u>\$ 12,659,560</u>	<u>\$ 11,499,135</u>
Equity to assets ratio	<u>60%</u>	<u>63%</u>	<u>62%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 206,403</u>	<u>\$ 359,686</u>	<u>\$ 370,002</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 19,308</u>	<u>\$ 35,394</u>	<u>\$ 42,422</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 5,806,716	\$ 9,790,722	\$ 9,216,312
Financial assets at amortised cost-current	-	110,720	111,400
Notes receivable	168	-	382
Accounts receivable	1,241,035	1,989,419	2,160,408
Other receivables	110,844	116,462	6,435
Time deposits (shown as "Other non-current assets")	3,969	3,969	3,969
Refundable deposits (shown as "Other non-current assets")	<u>959,138</u>	<u>842,417</u>	<u>6,320</u>
	<u>\$ 8,121,870</u>	<u>\$ 12,853,709</u>	<u>\$ 11,505,226</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 2,750,000	\$ 1,700,000	\$ 1,950,000
Notes payable	4,199	2,205	4,005
Accounts payable	3,007,557	2,980,701	2,851,896
Other payables	2,060,268	1,832,840	1,570,092
Guarantee deposits received (shown as "Other non-current liabilities")	<u>6,394</u>	<u>6,337</u>	<u>6,337</u>
	<u>\$ 7,828,418</u>	<u>\$ 6,522,083</u>	<u>\$ 6,382,330</u>
Lease liabilities	<u>\$ 65,526</u>	<u>\$ 74,829</u>	<u>\$ 77,972</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:

September 30, 2022			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(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
December 31, 2021			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 390,394	27.680	\$ 10,806,106
RMB:NTD	196,376	4.344	853,057
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 79,234	27.680	\$ 2,193,197
September 30, 2021			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 367,407	27.850	\$ 10,232,285
RMB:NTD	198,372	4.305	853,991
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 61,722	27.850	\$ 1,718,958

5. The total exchange gains (losses), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2022 and 2021, amounted to \$457,595, \$8,648, \$1,168,752 and (\$93,068), respectively.
6. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		<u>Nine-month periods ended September 30, 2022</u>		
		<u>Sensitivity analysis</u>		
		<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<b>(Foreign currency: functional currency)</b>				
<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)	\$ -
		<u>Nine-month periods ended September 30, 2021</u>		
		<u>Sensitivity analysis</u>		
		<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<b>(Foreign currency: functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	102,323	\$ -
RMB:NTD	1%		8,540	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	17,190)	\$ -

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, 2022 and 2021 would have increased/decreased by \$17,244 and \$33,034, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,931 and \$4,242, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

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

The Group's main interest rate risk arises from short-term borrowings and short-term notes and bills payable. Borrowings with floating rates expose the Group to cash flow interest rate risk, but the majority of risk is offset by cash and cash equivalents with floating rates. Borrowings with fixed rates expose the Group to fair value interest rate risk. The Group does not have significant risk of change of interest rate due to borrowings with floating rates are all with the borrowing period less than one year.

#### (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 their 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 on 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, 2022, December 31, 2021 and September 30, 2021.
- ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	<u>2022</u>	<u>2021</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ -	\$ 5,713
Reversal for impairment loss	-	( 5,713)
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 headroom 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, 2022	<u>year</u>	<u>and 5 years</u>	<u>Over 5 years</u>
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.

<u>Non-derivative financial liabilities:</u>	Less than 1	Between 1	
December 31, 2021	<u>year</u>	<u>and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,700,000	\$ -	\$ -
Notes payable	2,205	-	-
Accounts payable	2,980,701	-	-
Other payables	1,832,840	-	-
Lease liabilities	12,516	22,592	48,666
Guarantee deposits received	-	-	6,337

Derivative financial liabilities: None.

<u>Non-derivative financial liabilities:</u>	Less than 1	Between 1	
September 30, 2021	<u>year</u>	<u>and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,950,000	\$ -	\$ -
Notes payable	4,005	-	-
Accounts payable	2,851,896	-	-
Other payables	1,570,092	-	-
Lease liabilities	13,558	23,610	49,818
Guarantee deposits received	-	-	6,337

Derivative financial liabilities: None.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and emerging stocks, beneficiary certificates and debt securities are included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value of the Group include cash and cash equivalents, time deposits (over three-month periods), notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, 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, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurement</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.				

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value				
through profit or loss				
Equity securities	\$ 227,877	\$ -	\$ 3,800	\$ 231,677
Beneficiary certificates	89,418	-	-	89,418
Debt securities	38,591	-	-	38,591
Financial assets at fair value				
through other comprehensive				
income				
Equity securities	-	-	35,394	35,394
Total	<u>\$ 355,886</u>	<u>\$ -</u>	<u>\$ 39,194</u>	<u>\$ 395,080</u>
Financial liabilities: None.				
September 30, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value				
through profit or loss				
Equity securities	\$ 235,989	\$ -	\$ 3,322	\$ 239,311
Beneficiary certificates	91,033	-	-	91,033
Debt securities	39,658	-	-	39,658
Financial assets at fair value				
through other comprehensive				
income				
Equity securities	-	-	42,422	42,422
Total	<u>\$ 366,680</u>	<u>\$ -</u>	<u>\$ 45,744</u>	<u>\$ 412,424</u>
Financial liabilities: None.				

- (b) The methods and assumptions 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 shares</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, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2022 and 2021:

	Equity instrument	
	2022	2021
At January 1	\$ 39,194	\$ 69,753
Valuation adjustment	( 19,339)	( 24,009)
At September 30	<u>\$ 19,855</u>	<u>\$ 45,744</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, 2022	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 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
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,800	Market comparable companies	Discount for lack of marketability	30%	The higher the discount of lack of marketability, the lower the fair value
Unlisted shares	35,394	Market comparable companies	Discount for lack of marketability	45%	The higher the discount of lack of marketability, the lower the fair value

	Fair value at September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 3,322	Market comparable companies	Discount for lack of marketability	30%	The higher the discount of lack of marketability, the lower the fair value
Unlisted shares	42,422	Market comparable companies	Discount for lack of marketability	45%	The higher the discount of lack of marketability, the lower the fair value

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		September 30, 2022				
		Recognised in profit or loss		Recognised in other comprehensive income		
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	\$ 23	(\$ 23)	\$ 1,580	(\$ 1,580)
			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	\$ 163	(\$ 163)	\$ 2,896	(\$ 2,896)

		September 30, 2021				
		Recognised in profit or loss		Recognised in other comprehensive income		
		Favorable change	Unfavorable change	Favorable change	Unfavorable change	
	Input	Change				
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	\$ 142	(\$ 142)	\$ 3,471	(\$ 3,471)

(4) Others

As of the reporting date, the Company has assessed that the Covid-19 pandemic has no adverse impact on the Company's overall operating activities and financial statements for the nine-month periods ended September 30, 2022. However, the Company will continue to monitor the development of the Covid-19 pandemic and assess its overall impact on the economic environment.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 2.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

As at September 30, 2022, the Company had no shareholders who hold over 5% (including 5%) of the Company's shares.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

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

	Three-month periods ended September 30,	
	2022	2021
Revenue from external customers	\$ 3,500,631	\$ 6,843,255
Segment income before income tax	\$ 176,131	\$ 2,269,810

  

	Nine-month periods ended September 30,	
	2022	2021
Revenue from external customers	\$ 13,541,121	\$ 17,989,858
Segment income before income tax	\$ 2,453,713	\$ 4,501,655

  

	September 30, 2022	September 30, 2021
Segment assets	\$ 20,796,062	\$ 18,662,507
Segment liabilities	\$ 8,386,803	\$ 7,163,372

(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, 2022

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Name and category of marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2022				Footnote
				Number of shares	Book value (Note 1)	Ownership (%)	Fair value (Note 1)	
Elite Semiconductor Microelectronics Technology Inc.	Arima Lasers Corporation stock	Note 2	Financial assets at fair value through profit or loss	256,700	\$ 7,445	0.83	\$ 7,445	
Elite Semiconductor Microelectronics Technology Inc.	King Yuan Electronics Corporation stock	None	Financial assets at fair value through profit or loss	10,000	308	0.00	308	
Elite Semiconductor Microelectronics Technology Inc.	HSBC FRN PERPETUAL bond	None	Financial assets at fair value through profit or loss	1,000,000	23,190	Not applicable	23,190	
Elite Semiconductor Microelectronics Technology Inc.	ANZ FRN PERPETUAL bond	None	Financial assets at fair value through profit or loss	500,000	10,777	Not applicable	10,777	
Elite Semiconductor Microelectronics Technology Inc.	BGF RENMINBI BOND FUND	None	Financial assets at fair value through profit or loss	127,986	56,321	Not applicable	56,321	
Elite Semiconductor Microelectronics Technology Inc.	Turning Point Lasers Ltd, preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	9,654	8.06	9,654	
Elite Investment Services Ltd.	HSBC ALL CHINA BOND FUND - AC (2802)	None	Financial assets at fair value through profit or loss	600,000	32,107	Not applicable	32,107	
Charng Feng Investment Ltd.	Arima Lasers Corporation stock	Note 3	Financial assets at fair value through profit or loss	997,700	28,933	3.22	28,933	
Charng Feng Investment Ltd.	King Yuan Electronics Corporation stock	None	Financial assets at fair value through profit or loss	10,000	308	0.00	308	
Charng Feng Investment Ltd.	M2 Communication Inc. stock	None	Financial assets at fair value through profit or loss	201,084	547	1.61	547	
Charng Feng Investment Ltd.	Powership Semiconductor Manufacturing Corporation	None	Financial assets at fair value through profit or loss	1,630,426	46,467	0.04	46,467	
Charng Feng Investment Ltd.	Turning Point Lasers Ltd, preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	9,654	8.06	9,654	
Jie Yong Investment Ltd.	Elite Semiconductor Microelectronics Technology Inc. stock	Parent Company	Financial assets at fair value through other comprehensive income	13,354,000	851,985	4.67	851,985	

Note 1: Valuation adjustment of financial assets and cumulative translation differences are included.

Note 2: The Company's subsidiary is a director of the company.

Note 3: Charng Feng Investment Ltd. is a director of the company.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Nine-month periods ended September 30, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate			Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction				
Elite Semiconductor Microelectronics Technology Inc.	Land and building	May 31, 2022	\$756,950	Paid in cash	Madison Asset Management Corporation	None	-	-	-	\$ -	The appraised amount is \$771,715 based on the appraisal report issued by the appraisers.	Self-used office	None

Table 2

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, 2022

Table 3

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	\$ 902,731	6.67%	monthly payment in 15 days	-	-	\$ 134,982	10.88%	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

September 30, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2022	Turnover (times)	Overdue receivables		Amount collected subsequent to the balance date	Allowance for doubtful accounts
					Amount	Action taken		
CHI Microelectronics Limitd	Elite Semiconductor Microeletronics Technology Inc.	Ultimate parent company	\$ 134,982	12.83	\$ -	-	\$ 134,982	\$ -

Table 4

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Nine-month periods ended September 30, 2022

Table 5

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	\$ 902,731	Note 4	6.67%

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

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The transaction terms are decided by the two parties through negotiation.

Note 5: If it's assets and liabilities account, the disclosure requirement for the above disclosed amount is 1% of the consolidated total assets. If it's profit and loss account, the disclosure requirement for the above disclosed amounts is 1% of the consolidated total revenue.

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, 2022

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net profit (loss) of the investee for the nine-month periods ended September 30, 2022	Investment income (loss) recognised by the Company for the nine-month periods ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	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	\$ 29,311	\$ 14,865	\$ 14,865	
Elite Semiconductor Microelectronics Technology Inc.	Charng Feng Investment Ltd.	Taiwan	General investment	500,000	500,000	50,000,000	100	540,085 (	47,295) (	47,295)	
Elite Semiconductor Microelectronics Technology Inc.	Elite Investment Services Ltd.	British Virgin Islands	General investment	476,250	476,250	15	100	680,723	68,623	68,623	
Elite Semiconductor Microelectronics Technology Inc.	Jie Yong Investment Ltd.	Taiwan	General investment	270,000	270,000	3,600,000	41.86	189,670	106,953	51	
Elite Semiconductor Microelectronics Technology Inc.	Eon Silicon Solutions, Inc. USA	U.S.A.	Product design, development and test	13,304	13,304	200,000	100	1,720	3,401	3,401	
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	21,469 (	143) (	143)	
Charng Feng Investment Ltd.	Elite Silicon Technology Inc.	Taiwan	Product design, wholesale and retail of electronic materials, manufacturing of electronic compenents, information software services and international trade	-	61,229	-	-	-	1,046	1,027	Note 3
Charng Feng Investment Ltd.	Canyon Semiconductor Inc.	Taiwan	International trade, manufacturing of electronic components, product design and information software services	80,337	80,337	8,350,000	37.28	101,767	55,599	22,086	
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	2,354	2,354	200	100	827	96	96	
Charng Feng Investment Ltd.	CHI Microelectronics Limited	Hong Kong	General trading	404	404	10,000	100	372 (	339) (	339)	
Charng Feng Investment Ltd.	HHHtech Co., Ltd.	Taiwan	Information software services, product design, management consultant and international trade	-	15,000	-	-	- (	324) (	242)	Note 2

Note 1: The foreign investment amount was translated at the exchange rate as at September 30, 2022

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

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Information on investments in Mainland China  
 Nine-month periods ended September 30, 2022

Table 7

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in Capital (Note 4)	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine-month periods ended September 30, 2022		Accumulated amount of remittance from Taiwan to Mainland China as at September 30, 2022	Net income (loss) of investee for the nine-month periods ended September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine- month periods ended September 30, 2022 (Note 2)	Book value of investment in Mainland China as at September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as at September 30, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	Trading of goods or technical services, develop and sale products of networking system, storage, and peripherals, technical consulting services of integrated circuit, and after - sales services	\$ 96,504	(1)	\$ 96,504	\$ -	\$ -	\$ 96,504	(\$ 3,704)	100	(\$ 3,704)	\$ 84,247	\$ -	Note 5
Elite Semiconductor Microelectronics Technology (Shanghai) Inc.	Product design, wholesale and retail of electronic materials, software design services and international trade	6,350	(1)	6,350	-	-	6,350	1,649	100	1,649	8,659	-	Note 6
Company name	Accumulated amount of remittance from Taiwan to Mainland China as at September 30, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
Charng Feng Investment Ltd.	\$ 102,854	\$ 102,854	\$ 324,150										

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, 2022.

Note 5: The Company's subsidiary, Charng Feng Investment Ltd., obtained the revised investment amount of USD 39,485.42, USD 2,500,000, and USD 500,000 approved by the Investment Commission, MOEA on February 6, 2020, July 10, 2020 and November 30, 2021, respectively.

Note 6: The Company's subsidiary, Charng Feng Investment Ltd., obtained the investment amount of USD 200,000 approved by the Investment Commission of MOEA in May 20, 2020.