

English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 6182

**WAFER WORKS CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF MARCH 31, 2023 AND 2022
AND FOR THE THREE-MONTH PERIODS THEN ENDED
(REVIEWED BUT UNAUDITED)**

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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English Translation of Financial Statements and a Report Originally Issued in Chinese

REVIEW REPORT OF INDEPENDENT AUDITORS

To The Board of Directors and Shareholders of
Wafer Works Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Wafer Works Corp.(the "Company") and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2023 and 2022 and the notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China 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 disclosed in Note 4(3), the financial statements of some non-significant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$485,427 thousand and NT\$470,519 thousand, constituting 1.70% and 1.66% of the consolidated total assets, and total liabilities of NT\$23,416 thousand and NT\$41,291 thousand, constituting 0.25% and 0.39% of the consolidated total liabilities as of March 31, 2023 and 2022, respectively ; and total comprehensive income of NT\$(2,772) thousand and NT\$10,675 thousand, constituting (0.66)% and 0.99% of the consolidated total comprehensive income for the three-month periods ended March 31, 2023 and 2022, respectively. The information related to above subsidiaries disclosed in Note 13 was also not reviewed by independent accountants.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries been reviewed by independent accountants described in the preceding paragraph, 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 Company and its subsidiaries as of March 31, 2023 and 2022, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Cheng, Ching-Piao

Chang, Chih-Ming

Ernst & Young

May 5, 2023

Taipei, Taiwan,

Republic of China

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Wafer Works Corp. and Subsidiaries

Consolidated Balance Sheets

As of March 31, 2023, December 31, 2022 and March 31, 2022 (March 31, 2023 and 2022 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of March 31, 2023		As of December 31, 2022		As of March 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$5,177,795	18	\$5,423,876	19	\$5,885,621	21
1110	Financial assets at fair value through profit or loss	6(2)	10,029	-	-	-	37,912	-
1136	Financial assets measured at amortized cost	6(4), 8	107,578	-	203,775	1	92,028	-
1150	Notes receivable, net	6(5), 6(21), 8	14,793	-	21,815	-	221,777	1
1170	Accounts receivable, net	6(6), 6(21)	2,175,012	8	2,452,105	9	2,513,327	9
1200	Other receivables		116,111	-	88,535	-	50,150	-
1310	Inventories, net	6(7)	3,144,101	11	3,089,355	11	2,459,150	9
1410	Prepayments	6(8)	334,665	1	338,561	1	298,648	1
1470	Other current assets		36,083	-	41,907	-	564,698	2
11xx	Total current assets		<u>11,116,167</u>	<u>38</u>	<u>11,659,929</u>	<u>41</u>	<u>12,123,311</u>	<u>43</u>
	Non-current assets							
1510	Financial assets at fair value through profit or loss	6(2), 6(15)	178	-	119	-	1,280	-
1517	Financial asset at fair value through OCI	6(3)	108,712	-	112,141	-	143,360	1
1536	Financial assets measured at amortized cost	6(4), 8	21,967	1	21,967	-	9,967	-
1600	Property, plant and equipment, net	6(9), 8	15,392,192	54	15,310,321	53	13,799,669	49
1755	Right-of-use assets, net	6(22), 8	995,011	4	1,035,899	4	608,073	2
1780	Intangible assets, net	6(10)	57,946	-	56,389	-	50,419	-
1840	Deferred income tax assets	4	43,386	-	43,433	-	41,021	-
1915	Prepayment for equipment		646,618	3	400,119	2	1,271,807	4
1920	Refundable deposits	8, 9	76,396	-	79,222	-	40,975	-
1990	Other non-current assets	9	42,865	-	48,904	-	293,508	1
15xx	Total non-current assets		<u>17,385,271</u>	<u>62</u>	<u>17,108,514</u>	<u>59</u>	<u>16,260,079</u>	<u>57</u>
1xxx	Total Assets		<u>\$28,501,438</u>	<u>100</u>	<u>\$28,768,443</u>	<u>100</u>	<u>\$28,383,390</u>	<u>100</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Wafer Works Corp. and Subsidiaries

Consolidated Balance Sheets-(Continued)

As of March 31, 2023, December 31, 2022 and March 31, 2022 (March 31, 2023 and 2022 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of March 31, 2023		As of December 31, 2022		As of March 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	6(11), 8	\$803,415	3	\$999,704	3	\$1,957,241	7
2130	Contract liability	6(20)	228	-	47	-	157,343	1
2170	Accounts payable		626,734	2	806,031	3	577,929	2
2200	Other payables	6(12)	1,004,596	4	1,316,480	5	1,124,083	4
2230	Current income tax liabilities	4	659,583	2	629,560	2	351,841	1
2322	Current portion of long-term loans	6(16), 8	804,330	3	1,092,611	4	785,361	3
2281	Lease liability	6(22)	65,251	-	64,352	-	5,716	-
2399	Other current liabilities	6(13)	6,610	-	4,697	-	3,313	-
21xx	Total current liabilities		<u>3,970,747</u>	<u>14</u>	<u>4,913,482</u>	<u>17</u>	<u>4,962,827</u>	<u>18</u>
	Non-current liabilities							
2527	Contract liability	6(20), 9	629,853	2	708,608	2	686,789	2
2530	Bonds payable	6(15)	289,536	1	288,510	1	285,397	1
2540	Long-term loans	6(16), 8	3,551,296	13	3,239,631	11	4,087,983	15
2570	Deferred income tax liabilities	4	24,721	-	-	-	-	-
2581	Lease liability	6(22)	431,557	2	447,953	2	42,514	-
2630	Long-term deferred revenue	6(14)	360,394	1	357,556	1	409,574	1
2640	Accrued pension liabilities	4	28,462	-	29,694	-	49,198	-
2645	Deposits received		62,699	-	66,765	-	92,299	-
25xx	Total non-current liabilities		<u>5,378,518</u>	<u>19</u>	<u>5,138,717</u>	<u>17</u>	<u>5,653,754</u>	<u>19</u>
2xxx	Total liabilities		<u>9,349,265</u>	<u>33</u>	<u>10,052,199</u>	<u>34</u>	<u>10,616,581</u>	<u>37</u>
31xx	Equity attributable to shareholders of the parent							
3100	Capital	6(18)						
3110	Common stock		5,409,336	19	5,409,336	19	5,409,336	19
3130	Bond conversion entitlement certificates		-	-	-	-	-	-
3200	Capital surplus	6(18)	4,074,419	14	4,074,419	14	4,147,189	15
3300	Retained earnings							
3310	Legal reserve		500,513	2	500,513	2	393,239	1
3320	Special reserve		326,457	1	326,457	1	383,893	2
3350	Unappropriated earnings		3,123,927	11	2,853,686	11	1,939,703	7
3400	Other components of equity		(244,309)	(1)	(265,458)	(1)	(149,925)	(1)
31xx	Equity attributable to the parent company		<u>13,190,343</u>	<u>46</u>	<u>12,898,953</u>	<u>46</u>	<u>12,123,435</u>	<u>43</u>
36xx	Non-controlling interests	6(18)	5,961,830	21	5,817,291	20	5,643,374	20
3xxx	Total equity		<u>19,152,173</u>	<u>67</u>	<u>18,716,244</u>	<u>66</u>	<u>17,766,809</u>	<u>63</u>
	Total liabilities and equity		<u>\$28,501,438</u>	<u>100</u>	<u>\$28,768,443</u>	<u>100</u>	<u>\$28,383,390</u>	<u>100</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 Wafer Works Corp. and Subsidiaries
 Consolidated Statements of Comprehensive Income
 For the three-month periods ended March 31, 2023 and 2022 (Reviewed but unaudited)
 (Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	For the three-month periods ended March 31,			
			2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	6(20)	\$2,705,087	100	\$3,037,670	100
5000	Operating costs	6(7)	(1,715,571)	(63)	(1,721,880)	(57)
5900	Gross profit		989,516	37	1,315,790	43
6000	Operating expenses					
6100	Sales and marketing		(41,214)	(2)	(61,385)	(2)
6200	General and administrative		(186,115)	(7)	(189,003)	(6)
6300	Research and development		(241,265)	(9)	(206,430)	(7)
6450	Expected credit gains (losses)	6(21)	79	-	1,491	-
	Total operating expenses		(468,515)	(18)	(455,327)	(15)
6900	Operating income		521,001	19	860,463	28
7000	Non-operating incomes and expenses					
7100	Interest incomes	6(24)	15,084	1	4,504	-
7010	Other incomes	6(24)	56,701	2	34,910	1
7020	Other gains or losses	6(24)	(39,289)	(2)	31,893	1
7050	Finance costs	6(24)	(62,244)	(2)	(54,845)	(2)
	Total non-operating incomes and expenses		(29,748)	(1)	16,462	-
7900	Income before income tax		491,253	18	876,925	28
7950	Income tax expenses	4, 6(26)	(117,615)	(4)	(178,906)	(5)
8200	Net income		373,638	14	698,019	23
8300	Other comprehensive income (loss)	6(25)				
8310	Item that not be reclassified to profit or loss					
8316	Unrealized gains or losses on financial assets at fair value through other comprehensive income (loss)		(2,173)	-	(10,530)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		51,398	2	393,237	13
	Total other comprehensive income (loss), net of tax		49,225	2	382,707	13
8500	Total comprehensive income		\$422,863	16	\$1,080,726	36
8600	Net income attributable to:					
8610	Stockholders of the parent		\$270,241	10	\$486,873	16
8620	Non-controlling interests		103,397	4	211,146	7
			\$373,638	14	\$698,019	23
8700	Total comprehensive income (loss) attributable to:					
8710	Stockholders of the parent		\$291,390	11	\$663,405	22
8720	Non-controlling interests		131,473	5	417,321	14
			\$422,863	16	\$1,080,726	36
9750	Earnings per share-basic (in NTD)	6(27)	\$0.50		\$0.90	
9850	Earnings per share-diluted (in NTD)	6(27)	\$0.49		\$0.89	

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Wafer Works Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2023 and 2022 (Reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	items	Equity Attributable to Shareholders of the Parent								Total	Non-controlling Interests	Total Equity
		Capital		Capital Surplus	Retained Earnings			Others				
		Common stock	Bond conversion entitlement certificates		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income (loss)			
A1	Balance as of January 1, 2022	\$5,408,984	\$352	\$4,147,189	\$393,239	\$383,893	\$1,452,830	\$(303,245)	\$(23,212)	\$11,460,030	\$5,221,172	\$16,681,202
I1	Shares from bonds converted	352	(352)							-	-	-
D1	Net income for the three-month period ended March 31, 2022						486,873			486,873	211,146	698,019
D3	Other comprehensive income, net of tax, for the three-month period ended March 31, 2022							187,062	(10,530)	176,532	206,175	382,707
D5	Total comprehensive income	-	-	-	-	-	486,873	187,062	(10,530)	663,405	417,321	1,080,726
O1	Non-controlling interests increase (decrease)										4,881	4,881
Z1	Balance as of March 31, 2022	\$5,409,336	\$-	\$4,147,189	\$393,239	\$383,893	\$1,939,703	\$(116,183)	\$(33,742)	\$12,123,435	\$5,643,374	\$17,766,809
A1	Balance as of January 1, 2023	\$5,409,336	\$-	\$4,074,419	\$500,513	\$326,457	\$2,853,686	\$(190,427)	\$(75,031)	\$12,898,953	\$5,817,291	\$18,716,244
D1	Net income for the three-month period ended March 31, 2023						270,241			270,241	103,397	373,638
D3	Other comprehensive income, net of tax, for the three-month period ended March 31, 2023							23,322	(2,173)	21,149	28,076	49,225
D5	Total comprehensive income	-	-	-	-	-	270,241	23,322	(2,173)	291,390	131,473	422,863
O1	Non-controlling interests increase (decrease)										13,066	13,066
Z1	Balance as of March 31, 2023	\$5,409,336	\$-	\$4,074,419	\$500,513	\$326,457	\$3,123,927	\$(167,105)	\$(77,204)	\$13,190,343	\$5,961,830	\$19,152,173

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Wafer Works Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2023 and 2022 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	For the three-month periods ended March 31		Code	Items	For the three-month periods ended March 31	
		2023	2022			2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$491,253	\$876,925	B00040	Disposal (acquisition) of financial assets at amortised cost	96,197	(16,414)
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(801,722)	(769,193)
A20010	Profit or loss not effecting cash flows:			B02800	Proceeds from disposal of property, plant and equipment	92	10,650
A20100	Depreciation (Including right of use assets)	403,360	360,294	B03700	Decrease (increase) in refundable deposits	2,826	(6,926)
A20200	Amortization	3,364	2,396	B04500	Acquisition of intangible assets	(4,697)	(1,819)
A20300	Expected credit losses (gain on recovery)	(79)	(1,491)	B09900	Proceeds from disposal of right-of-use assets	24,420	-
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(59)	833	B09900	Other investing activities	16,821	22,546
A20900	Interest expense	62,244	54,845	BBBB	Net cash provided by (used in) investing activities	(666,063)	(761,156)
A21200	Interest income	(15,084)	(4,504)				
A21900	Share-based payment	13,066	4,881				
A22500	Loss (gain) on disposal of property, plant and equipment	1,985	1,990	CCCC	Cash flows from financing activities:		
A23700	Impairment loss on non-financial assets	(1,603)	(2,196)	C00100	Increase in (repayment of) short-term loans	(196,289)	(19,290)
A29900	Loss (gain) on government grants	(17,269)	(18,878)	C01600	Increase in long-term loans	128,690	6,000
A30000	Changes in operating assets and liabilities:			C01700	Repayment of long-term loans	(107,221)	(50,504)
A31115	Financial assets at fair value through profit or loss	(10,029)	(37,912)	C03000	Increase in guarantee deposits received	(4,066)	(3,692)
A31130	Notes receivable	7,022	(1,976)	C04020	Payments of lease liabilities	(20,826)	(1,711)
A31150	Accounts receivable	277,145	(110,032)	CCCC	Net cash provided by (used in) financing activities	(199,712)	(69,197)
A31180	Other receivable	(25,888)	(12,454)				
A31200	Inventories	(54,746)	(99,400)	DDDD	Effect of exchange rate changes on cash and cash equivalents	4,901	139,020
A31230	Prepayment	9,935	63,503				
A31240	Other current assets	5,824	(780)	EEEE	Net Increase (decrease) in cash and cash equivalents	(246,081)	149,046
A32125	Contract liabilities	(78,574)	12,223	E00100	Cash and cash equivalents at beginning of period	5,423,876	5,736,575
A32150	Accounts payable	(179,297)	(93,318)	E00200	Cash and cash equivalents at end of period	\$5,177,795	\$5,885,621
A32180	Other payable	(168,633)	(29,477)				
A32230	Other current liabilities	1,540	(431)				
A32240	Accrued pension liabilities	(1,232)	(1,078)				
A33000	Cash generated from operations	724,245	963,963				
A33100	Interest received	13,397	4,284				
A33300	Interest paid	(59,708)	(55,378)				
A33500	Income tax paid	(63,141)	(72,490)				
AAAA	Net cash provided by (used in) operating activities	614,793	840,379				

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Financial Statements and Footnotes Originally Issued in Chinese

WAFER WORKS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2023 and 2022 and for the three-month periods then ended

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

1. History and organization

Wafer Works Corp. (the “Company”) was incorporated on July 24, 1997. The Company’s major business activities are as follows:

- (1) R&D, design, manufacturing, trading or the distribution of semiconductor materials;
- (2) R&D, design, manufacturing, trading, and the processing of semiconductor wafer and one-step service;
- (3) Technique transfer and consulting business for above items.

The Company’s common shares were publicly listed on the Taiwan Gre Tai Securities Market on May 13, 2002. The Company’s registered office is at No.1, Pingguo Rd., Yang Mei Dist, Taoyuan City, Taiwan, R.O.C. The Company’s main business address is at No.100, Longyuan 1st Rd., Longtan Science Park, Taoyuan City, Taiwan, R.O.C.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and subsidiaries (“the Group”) for the three-month periods ended March 31, 2023 and 2022 were authorized for issue by the board of directors on May 5, 2023.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended, which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are not endorsed by FSC, and not yet adopted by the Group as at the

English Translation of Financial Statements and Footnotes Originally Issued in Chinese

WAFER WORKS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

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The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group assesses that there will be no significant impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

Except for the following 4(4)~4(5), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. For more details, please refer to Note 4 of the Company's consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT\$") unless otherwise specified.

(3) Basis of consolidation

The same principles of consolidation have been applied in the Group's consolidated financial statements as those applied in the Group's consolidated financial statements for the year ended

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December 31, 2022. For the principles of consolidation, please refer to Note 4(3) of the Group's consolidated financial statements for the year ended December 31, 2022.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Wafer Works Corp.	Wafer Works Investment Corp.	Investment Holding Company	100.00%	100.00%	100.00%
Wafer Works Corp.	Heli-Vantech Corp.	Design, trading and manufacturing of semiconductor materials	100.00%	100.00%	100.00%
Wafer Works Corp.	HuaXin (Shanghai) Technology Co., Ltd.	Trading of semiconductor materials	100.00%	100.00%	100.00%
Wafer Works Investment Corp.	Silicon Technology Investment (Cayman) Corp.	Investment Holding Company	89.2615%	89.2615% (Note1)	85.38%
Wafer Works Investment Corp.	Wafermaster Investment Corp.	Investment Holding Company	100.00%	100.00%	100.00%
Silicon Technology Investment (Cayman) Corp.	Wafer Works (Shanghai) Co., Ltd.	R&D, production and sales of semiconductor materials	53.6413%	53.6413%	53.6413%
Silicon Technology Investment (Cayman) Corp.	Sharp Right Limited	Trading company	100.00%	100.00%	100.00%
Wafermaster	Helitek Company Ltd.	Trading of semiconductor	100.00%	100.00%	100.00%

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Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Investment Corp.		materials			
Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Yangzhou) Corp.	R&D, production and sales of semiconductor materials	100.00%	100.00%	100.00%
Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	R&D, production and sales of semiconductor materials	100.00%	100.00%	100.00%
Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Zhengzhou) Corp.	R&D, production and sales of semiconductor materials	100.00%	100.00%	100.00%
Wafer Works (Shanghai) Co., Ltd.	Zhengzhou Airport Economy Zone WaferWorks Technology Corp.	R&D, production and sales of semiconductor materials	-%	-% (Note)	100.00%

Note : The Company's subsidiary, Wafer Works (Shanghai) Co., Ltd., resolved at its shareholder's meeting held on April 8, 2022 that its subsidiary, Wafer Works (Zhengzhou) Corp. merge with another subsidiary: Zhengzhou Airport Economy Zone Wafer Works Technology. Wafer Works (Zhengzhou) Corp. is the surviving company. Zhengzhou Airport Economy Zone Wafer Works Technology Corp. is the dissolved company. The cancellation of registration was completed on June 30, 2022.

Note1 : The Company, for the purpose of long-term business expansion strategy, was approved by the Board in a meeting held on March 23, 2022 to acquire the preferred B of Silicon Technology Investment (Cayman) Corp., one of the Company's subsidiaries, within the limit of 2,600,000 shares, the purchase price at USD4.8 per share and total acquisition cost of USD12,480,000. The Company's acquisition costs were

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USD9,600,000 and the additional equity percentage acquired 3.8815%. As a result, the Company's ownership interest in Silicon Technology Investment (Cayman) Corp. increases to 89.2615%. The legal registration procedures are completed as of December 31, 2022.

The financial statements of some non-significant subsidiaries were not reviewed by independent accountants. The total assets of these subsidiaries as of March 31, 2023 and 2022 are NT\$485,427 thousand and NT\$470,519 thousand. The total liabilities of these subsidiaries as of March 31, 2023 and 2022 are NT\$23,416 thousand and NT\$41,291 thousand. The total comprehensive income of these subsidiaries for the three-month periods ended March 31, 2023 and 2022 are NT\$(2,772) thousand and NT\$10,675 thousand.

(4) Post-employment benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(5) Income taxes

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in the interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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The same significant accounting judgments, estimates and assumptions have been applied in the Group's consolidated financial statements for the three-month periods ended March 31, 2023 as those applied in the Group's consolidated financial statements for the year ended December 31, 2022. For significant accounting judgments, estimates and assumptions, please refer to Note 5 to the Group's consolidated financial statements for the year ended December 31, 2022.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Cash on hand	\$516	\$629	\$527
Checking and savings	2,589,922	2,910,998	2,968,840
Time deposits	2,487,357	2,452,249	2,696,254
Resale agreements collateralized by corporate bonds	100,000	60,000	220,000
Total	<u>\$5,177,795</u>	<u>\$5,423,876</u>	<u>\$5,885,621</u>

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

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Mandatorily measured at fair value through profit or loss:			
Embedded derivative financial instruments	\$178	\$119	\$1,280
Stocks	10,029	-	37,912
Total	<u>\$10,207</u>	<u>\$119</u>	<u>\$39,192</u>
Current	\$10,029	\$-	\$37,912
Non-current	178	119	1,280
Total	<u>\$10,207</u>	<u>\$119</u>	<u>\$39,192</u>

Financial assets at fair value through profit or loss were not pledged.

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

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Equity instruments investments measured at fair value through other comprehensive income –			
Non-current:			
Listed companies stocks	\$170,081	\$171,485	\$160,224
Unlisted companies stocks	18,270	18,426	17,175
Valuation adjustment of financial assets as measured by fair value through profit and loss	(79,639)	(77,770)	(34,039)
Total	<u>\$108,712</u>	<u>\$112,141</u>	<u>\$143,360</u>

Financial assets at fair value through other comprehensive income were not pledged.

(4) Financial assets measured at amortized cost

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Certificate of deposit – restricted	<u>\$129,545</u>	<u>\$225,742</u>	<u>\$101,995</u>
Current	\$107,578	\$203,775	\$92,028
Non-current	21,967	21,967	9,967
Total	<u>\$129,545</u>	<u>\$225,742</u>	<u>\$101,995</u>

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

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(5)Notes receivable

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Notes receivable arising from operating activities	\$14,793	\$21,815	\$221,777
Less: loss allowance	-	-	-
Total	<u>\$14,793</u>	<u>\$21,815</u>	<u>\$221,777</u>

Please refer to Note 8 for more details on notes receivable under pledge.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(21) for more details on loss allowance and Note 12 for more details on credit risk management.

(6)Trade receivables

(a)Trade receivables, net consist of the follow:

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Trade receivables	\$2,183,391	\$2,460,536	\$2,605,768
Less: loss allowance	(8,379)	(8,431)	(92,441)
Total	<u>\$2,175,012</u>	<u>\$2,452,105</u>	<u>\$2,513,327</u>

(b)Accounts receivable were not pledged.

(c)Accounts receivable are generally on 60 to 90 day terms. The total carrying amounts were NT\$2,183,391 thousand, NT\$2,460,536 thousand and NT\$2,605,768 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively. Please refer to Note 6(21) for more details on loss allowance of accounts receivable for the three-month periods ended March 31, 2023 and 2022, respectively. Please refer to Note 12 for more details on credit risk management.

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(7)Inventories

(a)Inventories consist of the following:

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Raw materials	\$559,274	\$639,080	\$580,728
Supplies & parts	958,493	948,771	622,423
Work in progress	927,946	885,350	751,120
Finished goods	649,480	604,075	496,130
Merchandises	48,908	12,079	8,749
Total	<u>\$3,144,101</u>	<u>\$3,089,355</u>	<u>\$2,459,150</u>

(b)The cost of inventories recognized in expenses amounted to NT\$1,715,571 thousand and NT\$1,721,880 thousand for the three-month periods ended March 31, 2023 and 2022, respectively. The following losses were included in cost of sales :

Item	For the three-month periods ended March 31,	
	2023	2022
Loss (gains) from inventory market decline	\$12,157	\$25,397
Loss from inventory write-off obsolescence	-	192
Total	<u>\$12,157</u>	<u>\$25,589</u>

(c)Inventories were not pledged.

(8)Prepayments

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Office supplies	\$136,911	\$135,753	\$117,368
Other prepaid expenses	124,437	124,287	129,773
Prepayment for purchase	73,317	78,521	51,507
Total	<u>\$334,665</u>	<u>\$338,561</u>	<u>\$298,648</u>

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(9)Property, plant and equipment

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Owner occupied property, plant and equipment	\$15,392,192	\$15,310,321	\$13,799,669

(a)Owner occupied property, plant and equipment

	Land	Buildings	Machinery	Transportation	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2023	\$259,131	\$4,430,332	\$20,604,794	\$34,158	\$391,466	\$413,351	\$1,824,224	\$27,957,456
Additions	-	(1,368)	(1,888)	-	-	-	418,427	415,171
Reclassification	-	727	483,826	-	38,392	6,195	(529,140)	-
Disposals	-	-	(35,816)	-	(3,245)	(217)	(1,603)	(40,881)
Exchange differences	-	14,572	56,762	119	957	688	1,804	74,902
As of March 31, 2023	\$259,131	\$4,444,263	\$21,107,678	\$34,277	\$427,570	\$420,017	\$1,713,712	\$28,406,648
Depreciation and impairment:								
As of January 1, 2023	\$-	\$841,767	\$11,267,346	\$27,510	\$262,648	\$247,864	\$-	\$12,647,135
Depreciation	-	32,714	330,845	698	11,983	7,028	-	383,268
Reversal of impairment losses								
	-	-	(1,603)	-	-	-	-	(1,603)
Disposals	-	-	(35,516)	-	(3,080)	(207)	-	(38,803)
Exchange differences	-	1,885	21,650	89	505	330	-	24,459
As of March 31, 2023	\$-	\$876,366	\$11,582,722	\$28,297	\$272,056	\$255,015	\$-	\$13,014,456

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	Land	Buildings	Machinery	Transportation	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2022	\$259,131	\$3,365,549	\$17,939,345	\$34,831	\$294,882	\$354,546	\$2,348,516	\$24,596,800
Additions	-	-	-	-	-	-	402,601	402,601
Reclassification	-	938,459	807,927	-	11,264	26,887	(1,786,356)	(1,819)
Disposals	-	-	(57,278)	-	(70)	(675)	(8,956)	(66,979)
Exchange differences	-	72,849	361,777	930	5,021	4,192	74,927	519,696
As of March 31, 2022	\$259,131	\$4,376,857	\$19,051,771	\$35,761	\$311,097	\$384,950	\$1,030,732	\$25,450,299
Depreciation and impairment:								
As of January 1, 2022	\$-	\$683,955	\$10,040,119	\$26,788	\$224,235	\$219,641	\$-	\$11,194,738
Depreciation	-	30,505	310,135	858	7,926	5,784	-	355,208
Reversal of impairment								
losses	-	-	(2,196)	-	-	-	-	(2,196)
Disposals	-	-	(53,598)	-	(66)	(675)	-	(54,339)
Exchange differences	-	10,513	140,499	662	3,254	2,291	-	157,219
As of March 31, 2022	\$-	\$724,973	\$10,434,959	\$28,308	\$235,349	\$227,041	\$-	\$11,650,630
Net carrying amount as of:								
March 31, 2023	\$259,131	\$3,567,897	\$9,524,956	\$5,980	\$155,514	\$165,002	\$1,713,712	\$15,392,192
December 31, 2022	\$259,131	\$3,588,565	\$9,337,448	\$6,648	\$128,818	\$165,487	\$1,824,224	\$15,310,321
March 31, 2022	\$259,131	\$3,651,884	\$8,616,812	\$7,453	\$75,748	\$157,909	\$1,030,732	\$13,799,669

(b) For the three-month periods ended March 31, 2023 and 2022, the NT\$1,603 thousand and NT\$2,196 thousand gain on reversal of impairment loss represented the sold of certain property, plant and equipment in the Group, respectively. This has been recognized in the statement of comprehensive income.

(c) Please refer to Note 8 for more details on property, plant and equipment under pledge.

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(d) Significant components of PPE are depreciation over their useful lives.

(10) Intangible assets

	Computer software
Cost:	
As of January 1, 2023	\$77,869
Addition	4,697
Reduction	(950)
Exchange differences	304
As of March 31, 2023	<u>\$81,920</u>
Cost:	
As of January 1, 2022	\$63,766
Addition	1,819
Reduction	(1,180)
Exchange differences	2,055
As of March 31, 2022	<u>\$66,460</u>
Amortization:	
As of January 1, 2023	\$21,480
Amortization and Impairment	3,364
Decrease	(950)
Exchange differences	80
As of March 31, 2023	<u>\$23,974</u>
Amortization:	
As of January 1, 2022	\$14,409
Amortization and Impairment	2,396
Decrease	(1,180)
Exchange differences	416
As of March 31, 2022	<u>\$16,041</u>

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	Computer software
Net carrying amount as of:	
March 31, 2023	\$57,946
December 31, 2022	\$56,389
March 31, 2022	\$50,419

Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month periods ended March 31,	
	2023	2022
Operating costs	\$238	\$46
General and administrative	3,077	2,283
Research and development	49	67
Total	\$3,364	\$2,396

(11) Short-term loans

	Interest Rate (%)	As of		
		Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Unsecured financial structure loans	0.6131%~6.8%	\$803,415	\$901,481	\$1,579,334
Secured financial structure loans	1.6673%~2.76%	-	98,223	377,907
Total		\$803,415	\$999,704	\$1,957,241

The Group's unused short-term lines of credits amounted to NT\$8,143,844 thousand, NT\$6,804,412 thousand and NT\$5,529,181 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

Please refer to Note 8 for more details of assets pledged as collaterals.

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(12) Other payables

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Accrued expense	\$750,809	\$919,442	\$740,251
Payable on equipment	239,022	379,074	367,412
Accrued interest payable	14,765	17,964	16,420
Total	<u>\$1,004,596</u>	<u>\$1,316,480</u>	<u>\$1,124,083</u>

(13) Other current liabilities

(a) Other current liabilities consist of the following:

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Other current liabilities	\$5,421	\$3,881	\$2,800
Deferred government grants income	1,189	816	513
Total	<u>\$6,610</u>	<u>\$4,697</u>	<u>\$3,313</u>

(b) Please refer to Note 6(14) for more details on the change of the deferred government grants income for the three-month periods ended March 31, 2023 and 2022.

(c) Please refer to Note 6(16) for more details on interest rate of the deferred government grants income.

(14) Deferred revenue

Government grants

	For the three-month periods ended Mar. 31,	
	2023	2022
Beginning balance	\$358,372	\$392,894
Received during the period	18,731	21,465

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Released to the statement of comprehensive income	(17,269)	(18,878)
Exchange differences	<u>1,749</u>	<u>14,606</u>
Ending Balance	<u>\$361,583</u>	<u>\$410,087</u>

	As of		
	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Current	\$1,189	\$816	\$513
Non-current	<u>360,394</u>	<u>357,556</u>	<u>409,574</u>
Total	<u>\$361,583</u>	<u>\$358,372</u>	<u>\$410,087</u>

The Group obtain Government grants because the local semiconductor industry in mainland China develops and throws facilities for manufacture. The grants relates to assets, so it recognizes to deferred revenue and install to recognize to revenue.

(15)Bonds payable

A. The details of the bonds payable as of March 31, 2023, December 31, 2022 and March 31, 2022 are as follows:

	As of		
	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Liability component:			
Principal amount	\$297,600	\$297,600	\$297,600
Less: discounts on bonds payable	<u>(8,064)</u>	<u>(9,090)</u>	<u>(12,203)</u>
Subtotal	289,536	288,510	285,397
Less: current portion	-	-	-
Net	<u>\$289,536</u>	<u>\$288,510</u>	<u>\$285,397</u>
Embedded derivative - redemption, put options	<u>\$178</u>	<u>\$119</u>	<u>\$1,280</u>
Equity component - conversion right	<u>\$12,685</u>	<u>\$12,685</u>	<u>\$12,685</u>

For the details of the gain and loss from valuation through profit and loss on embedded derivative, redemption, put options, and the interest expense on the convertible bonds

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payable, please refer to Notes 6(24) to the consolidated financial statement.

B. On July 27, 2021, the Group issued the 7th unsecured domestic convertible bonds. The terms of the bonds are as follows:

(A) Issue amount: NT\$300,000 thousand

(B) Issue date: July 27, 2021

(C) Issue price: Issued at par value

(D) Coupon rate: 0%

(E) Period: July 27, 2021 to July 27, 2026

(F) Settlement: The convertible bonds' holder (hereinafter referred to as "bondholders") can convert the bond into the Company's common stock in accordance with Article 10 of the Company's conversion rules. The Company can also recall the bonds before maturity and buy back the cancellation from bonds dealer in accordance with Article 18 of the Company's conversion rules. Otherwise, the Company will repay the convertible bonds held by the bondholder in cash at 102.016% of the par value of the bonds (the actual annual yield is 0.4%) within 15 business days after maturity date of the convertible bonds.

(G) Conversion period: The bondholders will have the right to convert their bonds at any time during the conversion period commencing on October 28, 2021 (the 90th day following the closing date) and ending at the close of business on July 27, 2026 (the maturity date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under

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ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date on (and including) such record; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction; (iv) no request for conversion other than the starting date of the stop of the conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange.

(H) Conversion price and adjustment: The conversion price was originally at NT\$70 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

Due to the distribution of cash dividends on ordinary shares in 2021, the Company adjusted the conversion price in accordance with the Company's 7th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price was adjusted to 68.9 since August 15, 2021.

Due to the distribution of cash dividends on ordinary shares in 2022, the Company adjusted the conversion price in accordance with the Company's 7th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price was adjusted to 66.2 since July 25, 2022.

(I) Redemption clauses: (i) The Company may redeem the convertible bonds from the next day (October 28, 2021) following a three-month period after the bonds are issued to 40 days before the maturity date (June 17, 2026) if the following terms are met: when the closing price of the Company's common shares is 30% above the convertible price for 30 consecutive trading days, the Company may, within the following 30 business days (the aforesaid period shall start

from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the bond redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within eight business days after the bond recovery measurement date.

- (ii) The Company may redeem the convertible bonds from the next day (October 28, 2021) following a three-month period after the bonds are issued to 40 days before the maturity date (June 17, 2026) if the following terms are met: when the total value of outstanding convertible bonds becomes less than 10% of the total principal, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the bond redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value

and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within eight business days after the bond recovery measurement date.

(iii) The business day following the base date for the recovery of the convertible bonds is the Taipei Exchange termination date for the convertible bonds, and the deadline for the bondholders to request conversion is the second business day after the Taipei Exchange termination date, but the bondholders shall apply to the original trading broker to convert the convertible bonds into ordinary shares of the Company one business day after the date of termination of listing of the convertible bonds. If the bondholder does not apply for conversion within the aforesaid period, the Company will redeem the convertible bonds held by such bondholder at the bond face value. The converted bonds will be recovered in cash within eight days after the bond recovery base date. If the aforementioned date is the day when the Taipei Stock Exchange Market is closed, it will be postponed to the next business day.

C. The 7th secured convertible bonds in the amount of NT\$2,400 thousand have been converted to 35 thousand common shares as of March 31, 2023. The surplus due to the conversion amounted to NT\$1,938 thousand, recorded under additional paid-in capital.

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(16) Long-term loans

Details of long-term loan as of March 31, 2023, December 31, 2022 and March 31, 2022 are as follows:

Debtor	As of March 31, 2023	Maturity and Terms
Secured Long-Term Joint guarantee Loan from Land Bank of Taiwan and others	\$1,300,000	Effective January 16, 2023 to January 16, 2028. Grace period is 2 years from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 3 months since then. The remaining principal is repaid in installments of equal amount for 13 terms. Interest shall be paid monthly. The 1 st to 4 th payments will each repay 3% of the principal, 5 th to 8 th payments will be 5% each, 9 th to 12 th payments will be 7% each and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from Land Bank of Taiwan	90,282	Effective July 9, 2020 to June 15, 2027. Interest payments are due monthly for the first three years. Principal is prepaid from the fourth year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Land Bank of Taiwan	96,610	Effective June 9, 2021 to June 15, 2027. Interest payments are due monthly for the first two years. Principal is prepaid from the third year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	16,335	Effective October 19, 2020 to October 19, 2025. The principal will be paid monthly on the 15 th day of each month and interest shall be paid monthly.
Credit Long-Term Loan from	4,654	Effective March 10, 2022 to March 10, 2027.

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Debtor	As of March 31, 2023	Maturity and Terms
Taiwan Cooperative Bank		The principal will be paid monthly on the 15 th day of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	101,379	Effective May 20, 2022 to May 20, 2027. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	12,299	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Bank of Taiwan	4,818	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Chang Hwa Bank	16,575	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Hua Nan Bank	11,161	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from	8,104	Effective March 1, 2023 to February 15,

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Debtor	As of March 31, 2023	Maturity and Terms
Taiwan Business Bank		2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15 th day of each month. Interest will be paid on the 15 th of each month.
Secured Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	438,689	Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1 st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1 st to 3 rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity.
Credit Long-Term Loan from Taiwan Cooperative Bank	510,553	Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1 st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1 st to 3 rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from China Development Bank	926,123	Effective September 25, 2018 to September 25, 2026. Grace period is 1 years. the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 15 terms. Interest shall be paid quarterly.

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Debtor	As of March 31, 2023	Maturity and Terms
Secured Long-Term Loan from China Development Bank	773,732	Effective October 23, 2019 to October 22, 2025. Grace period is 1 year from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 9 terms. Interest shall be paid quarterly.
Credit Long-Term Loan from China Construction Bank	44,312	Effective November 14, 2022 to November 13, 2024. Grace period is half year from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly.
Total	<u>4,355,626</u>	
Less: current portion	<u>(804,330)</u>	
Non-current portion	<u><u>\$3,551,296</u></u>	
Debtor	As of December 31, 2022	Maturity and Terms
Secured Long-Term Joint guarantee Loan from Land Bank of Taiwan and others	\$1,300,000	Effective March 23, 2020 to March 23, 2025. Grace period is 2 years from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 3 months since then. The remaining principal is repaid in installments of equal amount for 13 terms. Interest shall be paid monthly. The 1 st to 4 th payments will each repay 3% of the principal, 5 th to 8 th payments will be 5% each, 9 th to 12 th

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Debtor	As of December 31, 2022	Maturity and Terms
Secured Long-Term Loan from Land Bank of Taiwan	90,171	payments will be 7% each and the remaining principal will be repaid up at maturity. Effective July 9, 2020 to June 15, 2027. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Land Bank of Taiwan	96,491	Effective June 9, 2021 to June 15, 2027. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	16,316	Effective October 19, 2020 to October 19, 2025. The principal will be paid monthly on the 15 th day of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	4,948	Effective March 10, 2022 to March 10, 2027. The principal will be paid monthly on the 15 th day of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	28,780	Effective May 20, 2022 to May 20, 2027. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	485,037	Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1st term and the following

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Debtor	As of December 31, 2022	Maturity and Terms
Credit Long-Term Loan from Taiwan Cooperative Bank	564,493	terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1 st to 3 rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity. Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1 st to 3 rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from China Development Bank	921,571	Effective September 25, 2018 to September 25, 2026. Grace period is 1 years. the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 15 terms. Interest shall be paid quarterly.
Secured Long-Term Loan from China Development Bank	780,340	Effective October 23, 2019 to October 22, 2025. Grace period is 1 year from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 9 terms. Interest shall be paid quarterly.

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Debtor	As of December 31, 2022	Maturity and Terms
Credit Long-Term Loan from China Construction Bank	44,095	Effective November 14, 2022 to November 13, 2024. Grace period is half year from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly.
Total	4,332,242	
Less: current portion	(1,092,611)	
Non-current portion	<u>\$3,239,631</u>	
Debtor	As of March 31, 2022	Maturity and Terms
Secured Long-Term Joint guarantee Loan from Land Bank of Taiwan and others	\$1,455,000	Effective March 23, 2020 to March 23, 2025. Grace period is 2 years from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 3 months since then. The remaining principal is repaid in installments of equal amount for 13 terms. Interest shall be paid monthly. The 1 st to 4 th payments will each repay 3% of the principal, 5 th to 8 th payments will be 5% each, 9 th to 12 th payments will be 7% each and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from Land Bank of Taiwan	90,045	Effective July 9, 2020 to June 15, 2027. Interest payments are due monthly for the first three years. Principal is prepaid from the fourth year monthly on the 15 th day of each month. Interest will be paid on the 15 th of each month.

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Debtor	As of March 31, 2022	Maturity and Terms
Secured Long-Term Loan from Land Bank of Taiwan	96,602	Effective June 9, 2021 to June 15, 2027. Interest payments are due monthly for the first two years. Principal is prepaid from the third year monthly on the 15 th day of each month. Interest will be paid on the 15 th of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	20,667	Effective October 19, 2020 to October 19, 2025. The principal will be paid monthly on the 15 th day of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	5,826	Effective March 10, 2022 to March 10, 2027. The principal will be paid monthly on the 15 th day of each month and interest shall be paid monthly.
Secured Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	1,073,266	Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1 st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1 st to 3 rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from Taiwan Cooperative Bank	4,042	Effective May 9, 2019 to May 6, 2022. The first year pays interest on a quarterly basis. From the second year on, the principal is repayable in quarters in 8 installments. The 1 st to 4 th payments will each repay 8.33% of the principal, 5 th to 7 th payments will be 16.66% each and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from China Development Bank	1,249,035	Effective September 25, 2018 to September 25, 2026. Grace period is 1 years. the following

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Debtor	As of March 31, 2022	Maturity and Terms
		terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 15 terms. Interest shall be paid quarterly.
Secured Long-Term Loan from China Development Bank	878,501	Effective October 23, 2019 to October 22, 2025. Grace period is 1 year from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 9 terms. Interest shall be paid quarterly.
Total	<u>4,873,344</u>	
Less: current portion	<u>(785,361)</u>	
Non-current portion	<u>\$4,087,983</u>	

(a) On December 26, 2022, the Company has entered into a 5-year agreement of syndicated loans in credit line of NT\$3,360,000 thousand, with Land Bank of Taiwan and 9 other banks for the purpose of settling the unpaid loan balance mentioned above and replenishing operating capital.

In the event that the Company's financial statements do not meet with any of the criteria or restrictions specified, the Company shall improve it in five months starting from April 1 of the following year on the audited financial fiscal year. The improvement documentation proposed by the Company shall also be audited by certified public accountants. The Company will not be treated as a breach of the loan agreement during the period of improvement.

(b) The Group has entered into an agreement of syndicated loans in credit line of RMB370,000 thousand with Taiwan Cooperative Bank and 3 other banks on May 6, 2019. According to the agreement, the Company's annual consolidated financial statements should meet certain criteria with respect to liquidity ratio, liability ratio and interest expenditure

coverage, and the tangible net value shall not be less than RMB1,000,000 thousand.

(c) On September 19, 2019, the Group signed a loan contract with China Development Bank in credit line of USD50,000 thousand. According to the contract, the Company's financial statements should maintain a specific debt ratio during the loan period.

(d) As of March 31, 2023, December 31, 2022 and March 31, 2022, the interest rate intervals for long-term loans were 1.20%~7.05%, 1.33%~5.70% and 0.95%~5.70%, respectively.

(e) The Company received a low-interest government loan from the Ministry of Economic Affairs in the amounting NT\$381,890 thousand with a term of 5~7 years and annual interest rates of 1.20%~1.45% payable monthly on the 15th day each month. The government grant of the low-interest government loan was recorded under other liabilities-deferred government grants income. The Group shall recognize the government grant income when it is reasonably assured that the Group meets all the terms of the government grant agreement.

(f) Please refer to Note 8 for more detail of assets pledged as collaterals.

(17) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended March 31, 2023 and 2022 were NT\$9,231 thousand and NT\$9,284 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended March 31, 2023 and 2022 were NT\$138 thousand and NT\$129 thousand, respectively.

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(18)Equity

(a)Common stock

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company's authorized capital were NT\$6,000,000 thousand, each share at par value of NT\$10, divided into 600,000 thousand shares. The Company's paid-in capital were all NT\$5,409,336 thousand, divided into 540,934 thousand shares as of March 31, 2023, December 31, 2022 and March 31, 2022. Each share has one voting right and a right to receive dividends.

For the year ended December 31, 2021, the 7th unsecured convertible bonds in amount of NT\$2,400 thousand were converted into 35 thousand shares. The board of directors on March 23, 2022 resolved the measurement date was on March 24, 2022.

(b)Additional paid-in capital

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Additional paid-in capital	\$3,065,181	\$3,065,181	\$3,065,181
All changes in interests in subsidiaries	965,314	965,314	1,038,084
Stock options – convertible rights	12,685	12,685	12,685
Other	31,239	31,239	31,239
Total	<u>\$4,074,419</u>	<u>\$4,074,419</u>	<u>\$4,147,189</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c)Retained earnings and dividend policies

(1)Distribution of earnings

The Articles of Incorporation, current year's earnings, if any, shall be distributed in the

following order:

- i Payment of all taxes and dues;
- ii Offset prior years' operation losses;
- iii Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- iv The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

(2) Dividend policy

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets, as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The board of directors shall make the distribution proposal annually and present it at the shareholders' meeting for final approval. And by the Company's policy, the portion of cash dividend shall not be less than 10% of total shareholders' bonus.

(3) Legal reserve

According to the Company Act, the Company has to set aside an amount for legal reserve from current year's earnings until such legal reserve reaches the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital either by shares or by cash.

(4) Special reserve

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net

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deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

As of March 31, 2023 and 2022, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$175,749 thousand.

The appropriations of earnings for the years 2022 and 2021 were approved through the board of directors' meetings and shareholders' meetings held on March 15, 2023 and June 21, 2022, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2022	2021	2022	2021
Legal reserve	\$218,096	\$107,274		
Special reserve	(60,999)	(57,436)		
Common stock – cash dividend	1,352,334	730,261	\$2.5	\$1.35
Total	<u>\$1,509,431</u>	<u>\$780,099</u>		

Please refer to 6(23) for detail on employees' compensation and remuneration to directors and supervisors.

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(d) Non-controlling interests

	For the three-month periods ended March 31,	
	2023	2022
Beginning balance	\$5,817,291	\$5,221,172
Profit attributable to non-controlling interests	103,397	211,146
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	28,076	206,175
Issuance of employees share options by the subsidiary	13,066	4,881
Ending balance	<u>\$5,961,830</u>	<u>\$5,643,374</u>

(19) Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(a) Share-based payment plan for employees of the subsidiary

On May 15, 2020, the subsidiary was authorized by the Shareholders' meeting to issue employee share options with a total number of 8,080 thousands units. Each unit entitles an optionee to subscribe for one share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 12 months and after the completion of the initial public offering and listing of the company from the grant date.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

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The contractual term of each option granted is six years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

On November 7, 2022, the subsidiary was authorized by the Extraordinary Shareholders' meeting to issue employee share options with a total number of 4,450 thousands units. Each unit entitles an optionee to subscribe for one share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 12 months and after the completion of the initial public offering and listing of the company from the grant date.

The fair value of the share options is estimated at the grant date using a Black-Scholes-model, taking into account the terms and conditions upon which the share options were granted.

The contractual term of each option granted is eight years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payment plan are as follows:

<u>Date of grant</u>	<u>Total number of share options granted (in thousands)</u>	<u>Exercise price of share options (in dollars)</u>
2020.05.15	8,080	RMB 3.13
2022.11.18	4,450	RMB 3.79

The following table lists the inputs to the model used for the plan granted during the period ended 31 December 2022 and 2020:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2020</u>
Expected volatility (%)	43.36%	52.3%~59.0%
Risk-free interest rate (%)	2.43%	1.54%~1.77%
Expected option life (Years)	8 years	6 years

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Option pricing model Black-Scholes-model Binomial option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	For the three-month periods ended March 31,			
	2023		2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (in dollars)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (in dollars)
Outstanding at beginning of period	11,064	RMB 3.40	8,080	RMB 3.13
Granted	-		-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	<u>11,064</u>	RMB 3.40	<u>8,080</u>	RMB 3.13
Exercisable at end of period	-		-	
For share options granted during the period, weighted average fair value of those options at the measurement date (in dollars)		-		-

The information on the outstanding share options as of March 31, 2023, December 31, 2022 and March 31, 2022, are as follows:

<u>exercise price</u>	<u>Weighted average remaining contractual life (Years)</u>
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As at 31 March 2023		
share options outstanding at the end of the period	RMB 3.13	3 Years
share options outstanding at the end of the period	RMB 3.79	7.75 Years
As at 31 December 2022		
share options outstanding at the end of the period	RMB 3.13	3 Years
share options outstanding at the end of the period	RMB 3.79	8 Years
As at 31 March 2022		
share options outstanding at the end of the period	RMB 3.13	4 Years

(b)The expense recognized for employee services received for the the three-month periods ended March 31, 2023 and 2022, are shown in the following table:

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Total expense arising from equity-settled share-based payment transactions	<u>\$13,066</u>	<u>\$4,881</u>

(c)No modification or cancellation of share-based payment plan has occurred during the three-month periods ended March 31, 2023 and 2022, respectively.

(d)Modification of share-based payment plan on June 28, 2022 .The contractual term of each option granted from six years to eight years.

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(20) Operating revenue

	For the three-month periods ended March 31,	
	2023	2022
Revenue from contracts with customer		
Sale of goods	\$2,705,087	\$3,037,670
Revenue arising from rendering of services	-	-
Total	<u>\$2,705,087</u>	<u>\$3,037,670</u>

Analysis of revenue from contracts with customer during the three-month periods ended March 31, 2023 and 2022 are as follows:

(a) Disaggregation of revenue

	Single Segment	
	For the three-month periods ended March 31,	
	2023	2022
Revenue from contracts with customer		
Sale of goods	\$2,705,087	\$3,037,670
Revenue arising from rendering of services	-	-
Total	<u>\$2,705,087</u>	<u>\$3,037,670</u>

Timing of revenue recognition:

At a point in time	<u>\$2,705,087</u>	<u>\$3,037,670</u>
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(b) Contract balances

A. Contract liabilities

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Sales of goods	<u>\$630,081</u>	<u>\$708,655</u>	<u>\$844,132</u>
Current	\$228	\$47	\$157,343

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Non-current	629,853	708,608	686,789
Total	<u>\$630,081</u>	<u>\$708,655</u>	<u>\$844,132</u>

Analysis of contract liabilities during the three-month periods ended March 31, 2023 are as follows:

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(78,755)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	181

Analysis of contract liabilities during the three-month periods ended March 31, 2022 are as follows:

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(75,915)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	88,138

(21)Expected credit losses (gains)

	<u>For the three-month periods ended</u>	
	<u>Mar. 31,</u>	
	<u>2023</u>	<u>2022</u>
Operating expenses – Expected credit losses (gains)		
Account receivables	<u>\$(79)</u>	<u>\$(1,491)</u>

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of March 31, 2023, December 31, 2022 and March 31, 2022,

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respectively, is as follows:

- A. The Group needs to consider the grouping of trade receivables by counter-parties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follow:

As of March 31, 2023

	Neither past due (Note)	Past due					Total
		<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	
Gross carrying amount	\$2,050,403	\$146,330	\$435	\$72	\$944	\$-	\$2,198,184
Loss ratio	0.31%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(6,415)	(1,463)	(22)	(7)	(472)	-	(8,379)
Carrying amount of trade receivables	\$2,043,988	\$144,867	\$413	\$65	\$472	\$-	\$2,189,805

As of December 31, 2022

	Neither past due (Note)	Past due					Total
		<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	
Gross carrying amount	\$2,021,936	\$459,295	\$180	\$91	\$849	\$-	\$2,482,351
Loss ratio	0.17%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(3,395)	(4,593)	(9)	(9)	(425)	-	(8,431)
Carrying amount of trade receivables	\$2,018,541	\$454,702	\$171	\$82	\$424	\$-	\$2,473,920

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As of March 31, 2022

	Neither past due (Note)	Past due					Total
		<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	
Gross carrying amount	\$2,566,350	\$173,385	\$1,538	\$7	\$-	\$86,265	\$2,827,545
Loss ratio	0.17%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(4,364)	(1,734)	(77)	(1)	-	(86,265)	(92,441)
Carrying amount of trade receivables	\$2,561,986	\$171,651	\$1,461	\$6	\$-	\$-	\$2,735,104

Note: all the Group's note receivables were not past due.

B. The movement in the provision for impairment of notes receivable and accounts receivable during the three-month periods ended March 31, 2023 and 2022 are as follows:

	Notes receivable	Accounts receivable
Beginning balance as of January 1, 2023	\$-	\$8,431
Addition (reversal) for the current period	-	(79)
Effect of exchange rate	-	27
Ending balance as of March 31, 2023	\$-	\$8,379
Beginning balance as of January 1, 2022	\$-	\$93,742
Addition (reversal) for the current period	-	(1,491)
Effect of exchange rate	-	190
Ending balance as of March 31, 2022	\$-	\$92,441

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(22)Leases

(a)Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment. The lease terms range from 1 to 50 years. The Group is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(i)Right-of-use assets

	Land	Buildings	Other equipment	Total
Cost:				
As of January 1, 2023	\$852,605	\$27,610	\$295,154	\$1,175,369
Additions	-	-	-	-
Reclassification	-	-	-	-
Disposals	(27,387)	-	-	(27,387)
Exchange differences	2,922	(234)	(7,646)	(4,958)
As of March 31, 2023	<u>\$828,140</u>	<u>\$27,376</u>	<u>\$287,508</u>	<u>\$1,143,024</u>
As of January 1, 2022	\$652,150	\$-	\$-	\$652,150
Additions	-	-	-	-
Reclassification	-	-	-	-
Disposals	-	-	-	-
Exchange differences	22,550	-	-	22,550
As of March 31, 2022	<u>\$674,700</u>	<u>\$-</u>	<u>\$-</u>	<u>\$674,700</u>
Depreciation and impairment:				
As of January 1, 2023	\$84,031	\$2,114	\$53,325	\$139,470

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	Land	Buildings	Other equipment	Total
Depreciation	7,649	1,227	11,216	20,092
Reclassification	-	-	-	-
Disposals	(2,967)	-	-	(2,967)
Exchange differences	272	(16)	(8,838)	(8,582)
As of March 31, 2023	<u>\$88,985</u>	<u>\$3,325</u>	<u>\$55,703</u>	<u>\$148,013</u>
As of January 1, 2022	\$59,910	\$-	\$-	\$59,910
Depreciation	5,086	-	-	5,086
Reclassification	-	-	-	-
Disposals	-	-	-	-
Exchange differences	1,631	-	-	1,631
As of March 31, 2022	<u>\$66,627</u>	<u>\$-</u>	<u>\$-</u>	<u>\$66,627</u>
Net carrying amount:				
March 31, 2023	<u>\$739,155</u>	<u>\$24,051</u>	<u>\$231,805</u>	<u>\$995,011</u>
December 31, 2022	<u>\$768,574</u>	<u>\$25,496</u>	<u>\$241,829</u>	<u>\$1,035,899</u>
March 31, 2022	<u>\$608,073</u>	<u>\$-</u>	<u>\$-</u>	<u>\$608,073</u>

Please refer to Note 8 for more details on right-of-use assets under pledge.

(ii) Lease liabilities

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Lease liabilities	<u>\$496,808</u>	<u>\$512,305</u>	<u>\$48,230</u>
Current	\$65,251	\$64,352	\$5,716
Non-current	431,557	447,953	42,514
Total	<u>\$496,808</u>	<u>\$512,305</u>	<u>\$48,230</u>

Please refer to Note 6(24)(d) for the interest on lease liabilities recognized during the

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three-month periods ended March 31, 2023 and 2022, and refer to Note12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as on March 31, 2023, December 31, 2022 and March 31, 2022.

B. Income and costs relating to leasing activities

	For the three-month periods ended March 31,	
	2023	2022
Short-term leased expense (rental expense)	\$5,843	\$21,601

As of March 31, 2023, December 31, 2022, and March 31, 2022, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT\$0.

C. Cash outflow relating to leasing activities

During the three-month periods ended March 31, 2023 and 2022, the Group's total cash outflow for leases amounting to NT\$26,669 thousand and NT\$23,312 thousand, respectively.

(23) Summary of employee benefits, depreciation and amortization by function is as follows:

	For the three-month periods ended March 31,					
	2023			2022		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries & wages	\$263,186	\$115,988	\$379,174	\$265,942	\$119,654	\$385,596
Labor and health insurance	18,825	3,947	22,772	18,873	3,692	22,565
Pension	7,282	2,087	9,369	7,399	2,014	9,413
Other employee benefits	42,506	7,043	49,549	53,210	6,431	59,641
Depreciation	326,336	77,024	403,360	292,844	67,450	360,294

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Amortization	238	3,126	3,364	46	2,350	2,396
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According to the resolution, no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors and no lower than 5% of profit of the current year is distributable as employees' compensation. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors' attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the three-month periods ended March 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2023 to be 6.994% of profit of the current year and 0.617% of profit of the current year, respectively. As such, employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2023 amount to NT\$25,500 thousand and NT\$2,250 thousand, respectively. The Company estimated the amounts of the employees's compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2022 to be 7.213% of profit of the current year and 0.353% of profit of the current year, respectively. Employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2022 amount to NT\$46,000 thousand and NT\$2,250 thousand, respectively. The employees's compensation and remuneration to directors and supervisors were recognized as salaries.

The Company's Board has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$150,000 thousand and NT\$10,500 thousand, respectively, in a meeting held on March 15, 2023. No differences exist between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors for the year ended December 31, 2022.

Actual distribution of employees' compensation and remuneration to directors and supervisors of 2022 amount to NT\$75,000 thousand and NT\$8,400 thousand, respectively. No differences exist between the estimated amount and the actual distribution of the employee

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bonuses and remuneration to directors for the year ended December 31, 2021.

(24) Non-operating income and expenses

(a) Interest income

	For the three-month periods ended March 31,	
	2023	2022
Financial assets measured at amortized cost		
Interest income	<u>\$15,084</u>	<u>\$4,504</u>

(b) Other incomes

	For the three-month periods ended March 31,	
	2023	2022
Other income – others	<u>\$56,701</u>	<u>\$34,910</u>

(c) Other gains and losses

	For the three-month periods ended March 31,	
	2023	2022
Gains (losses) on disposal of property, plant and equipment	\$(1,985)	\$(1,990)
Foreign exchange gains (losses), net	(37,287)	35,089
Gains (losses) on financial assets at fair value through profit or loss	59	(833)
Others	(1,679)	(2,569)
Reversal of impairment loss on property, plant and equipment	1,603	2,196
Total	<u>\$(39,289)</u>	<u>\$31,893</u>

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(d) Finance costs

	For the three-month periods ended March 31,	
	2023	2022
Interest on borrowings from bank	\$56,910	\$53,529
Interests on lease liabilities	4,308	304
Interests on bonds payable	1,026	1,012
Total	<u>\$62,244</u>	<u>\$54,845</u>

(25) Components of other comprehensive income

For the three-month periods ended March 31, 2023

	Arising during the period	Reclassification during the period	Other comprehensive income, pre- tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	\$(2,173)	\$-	\$(2,173)	\$-	\$(2,173)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	51,398	-	51,398	-	51,398
Total of other comprehensive income	<u>\$49,225</u>	<u>\$-</u>	<u>\$49,225</u>	<u>\$-</u>	<u>\$49,225</u>

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For the three-month periods ended March 31, 2022

	Arising during the period	Reclassification during the period	Other comprehensive income, pre- tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	\$ (10,530)	\$ -	\$ (10,530)	\$ -	\$ (10,530)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	393,237	-	393,237	-	393,237
Total of other comprehensive income	<u>\$382,707</u>	<u>\$-</u>	<u>\$382,707</u>	<u>\$-</u>	<u>\$382,707</u>

(26) Income tax

(a) The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the three-month periods ended March 31,	
	2023	2022
Current income tax expense (income):		
Current income tax charge	\$93,000	\$178,906
Adjustments in respect of current income tax of prior periods	(106)	-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	24,721	-

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Total income tax expense	<u>\$117,615</u>	<u>\$178,906</u>
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(b)The assessment of income tax returns

As of March 31, 2023, the assessment status of income tax returns of the Company and subsidiaries are as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2021
Subsidiary- Heli-Vantech Corp.	Assessed and approved up to 2020

(27)Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$270,241</u>	<u>\$486,873</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	<u>540,934</u>	<u>540,934</u>
Basic earnings per share (in NT\$)	<u>\$0.50</u>	<u>\$0.90</u>

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	For the three-month periods ended March 31,	
	2023	2022
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$270,241	\$486,873
Gain or loss on valuation of redemption	(48)	667
Interest expense from convertible bonds	821	809
Net income attributable to common shareholders of the parent after dilution (in thousand NT\$)	<u>\$271,014</u>	<u>\$488,349</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	540,934	540,934
Effect of dilution:		
Employee bonus – stock (in thousand shares)	3,236	1,974
Convertible bonds (in thousand shares)	4,495	4,319
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	<u>548,665</u>	<u>547,227</u>
Diluted earnings per share (in NT\$)	<u>\$0.49</u>	<u>\$0.89</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(28) Subsidiary that has material non-controlling interests

Financial information of subsidiary in which the Group has material non-controlling interests are as below:

Proportion of equity interest held by non-controlling interests:

Name	Country	As of		
		Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Silicon Technology Investment (Cayman) Corp.	Cayman	10.74%	10.74%	14.62%

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Wafer Works (Shanghai) Co., Ltd.	China	46.36%	46.36%	46.36
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	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Accumulated balances of material non-controlling interest:			
Silicon Technology Investment (Cayman) Corp.	\$650,187	\$635,697	\$802,986
Wafer Works (Shanghai) Co., Ltd.	\$5,311,643	\$5,181,594	\$4,840,388

	For the three-month periods ended March 31,	
	2023	2022
Profit(loss) allocated to material non-controlling interest:		
Silicon Technology Investment (Cayman) Corp.	\$11,327	\$26,769
Wafer Works (Shanghai) Co., Ltd.	\$92,070	\$184,377

The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Silicon Technology Investment (Cayman) Corp. and Wafer Works (Shanghai) Co., Ltd. summarized information of profit or loss for the three-month periods ended Mar. 31, 2023 and 2022, respectively, are as follows:

	For the three-month periods ended March 31,			
	2023		2022	
	Silicon	Wafer Works (Shanghai) Co., Ltd.	Silicon	Wafer Works (Shanghai) Co., Ltd.
Operating revenue	\$1,510,446	\$1,510,446	\$1,631,577	\$1,631,577
Profit/loss from continuing operation	197,551	198,605	367,440	397,719

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Total comprehensive income	252,860	253,281	747,966	775,716
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Silicon Technology Investment (Cayman) Corp. summarized information of financial position as of Mar. 31, 2023, December 31, 2022 and Mar. 31, 2022, respectively, is as follows:

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Current assets	\$4,994,906	\$5,171,463	\$4,929,914
Non-current assets	11,341,162	11,288,117	11,278,371
Current liabilities	2,128,900	2,342,174	2,908,662
Non-current liabilities	2,949,916	3,126,080	3,043,195

Wafer Works (Shanghai) Co., Ltd. summarized information of financial position as of Mar. 31, 2023, December 31, 2022 and Mar. 31, 2022, respectively, is as follows:

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Current assets	\$4,978,607	\$5,153,642	\$4,925,086
Non-current assets	11,341,162	11,288,117	11,278,371
Current liabilities	2,037,187	2,249,360	2,822,101
Non-current liabilities	2,949,916	3,126,080	3,043,195

Silicon Technology Investment (Cayman) Corp. and Wafer Works (Shanghai) Co., Ltd. summarized information of cash flows for the three-month periods ended Mar. 31, 2023 and 2022, respectively, is as follows:

	For the three-month periods ended March 31,			
	2023		2022	
	Silicon	Wafer Works (Shanghai) Co., Ltd.	Silicon	Wafer Works (Shanghai) Co., Ltd.
Operating activities	\$328,248	\$329,618	\$492,008	\$527,844
Investing activities	(223,019)	(223,019)	(205,100)	(205,100)

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Financing activities	(15,771)	(15,771)	(362,201)	(362,201)
Net increase(decrease) in cash and cash equivalents	92,257	93,628	(72,818)	(41,863)

7. Related party transactions

(a) Key management personnel compensation

	For the three-month periods ended March 31,	
	2023	2022
Short-term employee benefits	\$7,781	\$9,376
Post-employment benefits	167	166
Total	\$7,948	\$9,542

8. Assets pledged as collateral

Item	Carrying Amount As of			Secured liabilities
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022	
Refundable deposits	\$-	\$-	\$3,872	Litigation deposit
Notes receivable	-	6,093	120,282	Short-term loans
Financial assets measured at amortized cost-current	62,071	47,291	35,499	Customs duty guarantee and loans
Financial assets measured at amortized cost-current	45,507	156,484	56,529	Long-term loans
Financial assets measured at amortized cost-noncurrent	21,967	21,967	9,967	Land leased
Property, plant and equipment – land	259,131	259,131	259,131	Long-term loans
Property, plant and equipment – buildings	2,793,281	2,810,003	2,485,138	Long-term loans
Property, plant and equipment – machinery and equipment	1,727,298	1,780,174	2,004,754	Long-term loans
Property, plant and equipment –office equipment	2,116	2,457	3,592	Long-term loans

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Item	Carrying Amount As of			Secured liabilities
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022	
Property, plant and equipment –other equipment	3,089	3,456	4,705	Long-term loans
Property, plant and equipment – construction in progress and equipment awaiting inspection	-	-	448,840	Long-term loans
Right-of-use assets – land	237,776	263,911	276,044	Long-term loans
Right-of-use assets – land	274,913	274,089	285,075	Performance guarantee
Total	\$5,427,149	\$5,625,056	\$5,993,428	

9. Significant contingencies and unrecognized contract commitments

(a)The Group’s unused letters of credit (LC) as of March 31, 2023 were as follows:

Currency	LC Amount	Security
USD	USD 1,111 thousand	RMB 1,900 thousand
USD	USD 1,449 thousand	USD 435 thousand
JPY	JPY 24,000 thousand	RMB 3,190 thousand

The security were classified under financial assets measured at amortized cost-current.

(b)As of March 31, 2023, outstanding contracts related to the purchased property, plant and equipment were as follows:

Type of Asset	Total Amount	Amount paid to date	Amount outstanding
Construction in progress	\$557,553	\$393,776	\$163,777
Equipment	2,307,886	1,653,622	654,264
Total	\$2,865,439	\$2,047,398	\$818,041

The above amount paid are classified under prepayment for equipment, construction in progress and equipment awaiting examination.

(c)The Company signed a 3-year purchase contracts with Supplier B for the period from August

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16, 2021 through August 16, 2024 for stabilizing the material sources and to enhance the relationship with the supplier. Under the agreements, installment prepayments which are to be offset by the Company's future purchase orders were agreed and paid by the Company.

(d)The Company signed a 3-year purchase contracts with Supplier C for the period from August 15, 2022 through December 31, 2025 for stabilizing the material sources and to enhance the relationship with the supplier. Under the agreements, installment prepayments which are to be offset by the Company's future purchase orders were agreed and paid by the Company.

(e)To develop long-term business and establishing long-term strategic alliances relation with ownstream suppliers. The Company is entitled to receive in advance specific payments in an installment basis while customers shall put their purchase orders in compliance with the regulation within the agreement by using its prepayment. As of March 31, 2023, the Group's contracts are as follows:

<u>Customer</u>	<u>Contract period</u>	<u>Contract liability balance</u>
Customer B	2018.10.01~2022.12.31	\$2,494
Customer C	2022.01.01~2024.12.31	136,773
Customer D	2021.10.01~2023.09.30	23,328
Customer E	2022.01.01~2024.12.31	75,120
Customer F	2022.01.01~2023.12.01	41,869
Customer G	2022.01.01~2024.12.31	58,071
Customer H	2022.04.26~2024.12.31	292,198
Total		<u><u>\$629,853</u></u>

(f)As of March 31, 2023, the Group issued a tariff guarantee of NT\$29,000 thousand to the bank for the purpose of importing goods.

10. Significant disaster loss

None.

11. Significant subsequent events

In accordance with a resolution proposed by Board in a meeting held on March 15, 2022 and

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approved by Shareholders in the annual general meeting held on June 21, 2022, the Company shall execute 2023 restricted stocks plan and the number of shares to be issued shall not exceed 1,000 thousands shares. The issuance is approved by Financial Supervisory Commission ("FSC") on December 9, 2023 in an FSC's letter numbered 1110365780.

The Board meeting on May 5, 2023 resolves to issue 950,000 restricted shares at unit share price of NT\$0 with the record date of issuance on May 12, 2023.

12. Others

(1) Categories of financial instruments

Financial assets

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Financial asset at fair value through P/L:			
Mandatorily measured at fair value through P/L	\$10,207	\$119	\$39,192
Financial assets at fair value through OCI	108,712	112,141	143,360
Financial assets measured at amortized cost			
Cash and petty cash	5,177,795	5,423,876	5,885,621
Restricted assets	129,545	225,742	101,995
Notes receivables	14,793	21,815	221,777
Accounts receivables	2,175,012	2,452,105	2,513,327
Other receivables	116,111	88,535	50,150
Total	<u>\$7,732,175</u>	<u>\$8,324,333</u>	<u>\$8,955,422</u>

Financial liabilities

	As of		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Financial liabilities at amortized cost:			
Short-term loans	\$803,415	\$999,704	\$1,957,241
Payable	1,631,330	2,122,511	1,702,012
Long-term loans (current portion included)	4,355,626	4,332,242	4,873,344

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Bonds payable	289,536	288,510	285,397
Lease liabilities (current portion included)	496,808	512,305	48,230
Total	<u>\$7,576,715</u>	<u>\$8,255,272</u>	<u>\$8,866,224</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the board of directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign

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currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the three-month periods ended March 31, 2023 and 2022 would decreased/increased by NT\$20,918 thousand and NT\$9,248 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the three-month periods ended March 31, 2023 and 2022 would increased/decreased by NT\$11,029 thousand and NT\$19,900 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the three-month periods ended March 31, 2023 and 2022 to decrease/increase by NT\$5,159 thousand and NT\$6,696 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities, including fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT\$1,087 and NT\$1,434 on the equity attributable to the Group for the three-month periods ended March 31, 2023 and 2022, respectively.

Please refer to Note12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4)Credit risk management

Credit risk is the risk that the counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of March 31, 2023, December 31, 2022 and March 31, 2022, trade receivables from top ten customers represented 59.28%, 62.01% and 50.28% of the total trade receivables of the

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Group, respectively. The credit concentration risk of other trade receivable is relatively insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5)Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1					Over than	
	year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years	Total
As of Mar. 31, 2023							
Loans	\$1,806,002	\$1,537,476	\$847,785	\$470,956	\$823,946	\$-	\$5,486,165
Payables	1,631,330	-	-	-	-	-	1,631,330

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Bonds payable	-	-	-	297,600	-	-	297,600
Lease Liabilities	80,925	81,093	81,266	80,972	34,395	218,693	577,344
As of Dec. 31, 2022							
Loans	\$2,302,065	\$2,022,727	\$1,238,233	\$166,116	\$33,504	\$-	\$5,762,645
Payables	2,122,511	-	-	-	-	-	2,122,511
Bonds payable	-	-	-	297,600	-	-	297,600
Lease Liabilities	80,614	80,824	80,998	80,883	46,922	226,746	596,987
As of Mar. 31, 2022							
Loans	\$2,941,892	\$1,279,605	\$2,339,080	\$607,385	\$167,619	\$-	\$7,335,581
Payables	1,702,012	-	-	-	-	-	1,702,012
Bonds payable	-	-	-	-	297,600	-	297,600
Lease Liabilities	6,846	6,846	6,846	6,846	6,846	18,827	53,057

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the three-month periods ended March 31, 2023:

	Short-term borrowings	Bonds payable	Long-term borrowings	Guarantee deposit received	Lease liabilities	Total liabilities from financing activities
As of January 1, 2023	\$999,704	\$288,510	\$4,332,242	\$66,765	\$512,305	\$6,199,526
Cash flows	(196,289)	-	21,469	(4,066)	(20,826)	(199,712)
Non-cash changes						
Lease range changes	-	-	-	-	4,308	4,308
Interest expense	-	1,026	-	-	-	1,026
Other	-	-	(1,428)	-	-	(1,428)
Currency rate change	-	-	3,343	-	1,021	4,364
As of March 31, 2023	\$803,415	\$289,536	\$4,355,626	\$62,699	\$496,808	\$6,008,084

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Movement schedule of liabilities for the three-month periods ended March 31, 2022:

	Short-term	Bonds payable	Long-term	Guarantee	Lease	Total liabilities
	borrowings		borrowings	deposit	liabilities	from financing
				received		activities
As of January 1, 2022	\$1,976,531	\$284,385	\$4,800,867	\$95,991	\$49,637	\$7,207,411
Cash flows	(19,290)	-	(44,504)	(3,692)	(1,711)	(69,197)
Non-cash changes						
Lease range changes	-	-	-	-	304	304
Interest expense	-	1,012	1,338	-	-	2,350
Other	-	-	115,643	-	-	115,643
As of March 31, 2022	<u>\$1,957,241</u>	<u>\$285,397</u>	<u>\$4,873,344</u>	<u>\$92,299</u>	<u>\$48,230</u>	<u>\$7,256,511</u>

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- i. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value.
- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- iii. The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

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iv. The fair value of other financial assets and liabilities is determined using discounted cash flow analysis. The interest rate and discount rate are selected with reference to those of similar financial instruments.

(b) Fair value of financial instruments measured at amortized cost

Other than the item is listed in the table below, the carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value:

	Carrying amount		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Financial liabilities:			
Bonds payable	\$289,536	\$288,510	\$285,397

	Fair value		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Financial liabilities:			
Bonds payable	\$284,357	\$282,512	\$281,381

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of March 31, 2023, December 31, 2022 and March 31, 2022 are as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for

further information on this transaction.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				

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Embedded derivative	\$-	\$-	\$178	\$178
Stock	\$10,029	\$-	\$-	\$10,029

Financial assets at fair value through
other comprehensive income

Equity instruments investments measured at fair value through other comprehensive income	\$103,689	\$-	\$5,023	\$108,712
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As of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Embedded derivative	\$-	\$-	\$119	\$119
Financial assets at fair value through other comprehensive income				
Equity instruments investments measured at fair value through other comprehensive income	\$107,075	\$-	\$5,066	\$112,141

As of March 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Embedded derivative	\$-	\$-	\$1,280	\$1,280
Stock	\$37,912	\$-	\$-	\$37,912
Financial assets at fair value through other comprehensive income				
Equity instruments investments	\$138,638	\$-	\$4,722	\$143,360

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measured at fair value through
other comprehensive income

Transfers between Level 1 and Level 2 during the period

For the three-month periods ended March 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets	
	At fair value through OCI	At fair value through P/L
	Stock	Derivative financial instruments
Beginning balances as of January 1, 2023	\$5,066	\$119
Total gains and losses recognized for the three-month periods ended March 31, 2023:		
Amount recognized in profit or loss (presented in “ Other gains and losses ”)	-	59
Amount recognized in OCI(presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-	-
Currency rate change	(43)	-
Ending balances as of March 31, 2023	<u>\$5,023</u>	<u>\$178</u>
Beginning balances as of January 1, 2022	\$4,566	\$2,113
Total gains and losses recognized for the three-month periods ended March 31, 2022:		
Amount recognised in profit or loss (presented in “ Other gains and losses ”)	-	(833)
Amount recognized in OCI(presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-	-

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Currency rate change	156	-
Ending balances as of March 31, 2022	<u>\$4,722</u>	<u>\$1,280</u>

Total gains and losses recognized in profit or loss for the three-month periods ended March 31, 2023 and 2022 in the table above contain gains and losses related to assets or liabilities on hand in the amount of NT\$59 thousand and NT\$(833) thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy are as below:

As of March 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through OCI					
Stock	Market approach	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$502 thousand

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for	Volatility	39.53%	The higher the volatility, the	5% increase (decrease) in the volatility would result

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valuation of convertible bonds		higher the fair value of the embedded derivatives	in increase (decrease) in the Group's profit or loss by NT\$15 thousand
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As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through OCI					
Stock	Market approach	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$507 thousand

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	43.08%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$10 thousand

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As of March 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through OCI					
Stock	Market approach	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$472 thousand

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	55.12%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$120 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Financial Department analyses the movements in the values of assets and liabilities which are required to be re-measured or

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re-assessed as per the Group's accounting policies at each reporting date.

(C) Fair value measurement hierarchy of the Group's liabilities not measured at fair value but for which the fair value is disclosed

As of March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Please refer to 6(15))	\$-	\$-	\$284,357	\$284,357

As of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Please refer to 6(15))	\$-	\$-	\$282,512	\$282,512

As of March 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Please refer to 6(15))	\$-	\$-	\$281,381	\$281,381

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(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of					
	March 31, 2023			December 31, 2022		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$109,211	30.45	\$3,325,473	\$138,917	30.71	\$4,266,148
RMB	\$360,061	4.43	\$1,595,503	\$241,001	4.41	\$1,063,314
<u>Financial liabilities</u>						
Monetary items:						
USD	\$40,516	30.45	\$1,233,701	\$60,297	30.71	\$1,851,739
RMB	\$608,947	4.43	\$2,698,367	\$621,638	4.41	\$2,741,070
<u>As of</u>						
<u>March 31, 2022</u>						
	Foreign currencies	Exchange rate	NTD			
<u>Financial assets</u>						
Monetary items:						
USD	\$129,839	28.63	\$3,717,233			
RMB	\$259,032	4.51	\$1,167,303			
<u>Financial liabilities</u>						
Monetary items:						
USD	\$97,560	28.62	\$2,792,397			
RMB	\$700,188	4.51	\$3,157,253			

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

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The Company's functional currency is variety. It can not be disclosed the foreign exchange gains or losses on monetary financial assets and financial liabilities with each significant influence. The Foreign exchange gains or losses of the Company amounted to NT\$(37,287) thousand and NT\$35,089 thousand for the three-month periods ended March 31, 2023 and 2022, respectively.

(11)Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1)Information on significant transactions:

- a. Financing provided to others for the three-month periods ended March 31, 2023: None.
- b. Endorsement/Guarantee provided to others for the three-month periods ended March 31, 2023: None.
- c. Securities held as of March 31, 2023 (excluding subsidiaries, associates and joint ventures): None.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the three-month periods ended March 31, 2023: None.
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the three-month periods ended March 31, 2023: None.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or

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20 percent of capital stock for the three-month periods ended March 31, 2023: None.

- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the three-month periods ended March 31, 2023: Please refer to Attachment 2.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of March 31, 2023: Please refer to Attachment 3.
- i. Financial instruments and derivative transactions: None.
- j. Other: Significant intercompany transactions between the parent with subsidiaries or among subsidiaries were disclosed in Attachment 8.

(2) Information on investees:

- A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 4.
- B. If an investee is controlled by an investor, the related information for the investee shall be disclosed as the same as Note 13(1):
 - (a) Financing provided to others for the three-month periods ended March 31, 2023: None.
 - (b) Endorsement/Guarantee provided to others for the three-month periods ended March 31, 2023: Please refer to Attachment 1.
 - (c) Securities held as of March 31, 2023 (excluding subsidiaries, associates and joint ventures): Please refer to Attachment 5.
 - (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the three-month periods ended March 31, 2023: None.

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- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the three-month periods ended March 31, 2023: None.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the three-month periods ended March 31, 2023: None.
- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the three-month periods ended March 31, 2023: Please refer to Attachment 6.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of March 31, 2023: Please refer to Attachment 7.
- (i) Financial instruments and derivative transactions: None.

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(3) Information on investments in Mainland China:

- A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), book value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Amount in thousand; Currency denomination in NTD unless otherwise specified

Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Mar. 31, 2023	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Mar. 31, 2023	Accumulated Inward Remittance of Earnings as of Mar. 31, 2023
					Outflow	Inflow						
Wafer Works (Shanghai) Co., Ltd. (Note10)	R&D, production and sales of semiconductor materials	\$2,640,353 (Note1&3)	-	\$510,951	\$-	\$-	\$510,951	\$198,951	47.88%	\$95,260 (Note3,4&12)	\$5,372,061 (Note3,4&12)	\$-

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Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Mar. 31, 2023	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Mar. 31, 2023	Accumulated Inward Remittance of Earnings as of Mar. 31, 2023
					Outflow	Inflow						
Wafer Works Epitaxial Corp.	R&D, production and sales of semiconductor materials	\$2,162,648 (Note3&6)	-	\$516,782	\$-	\$-	\$516,782	\$179,392	47.88%	\$179,392 (Note3,4&12)	\$1,788,069 (Note3,4&12)	\$-
Wafer Works (Yangzhou) Corp.	R&D, production and sales of semiconductor materials	\$483,002 (Note3&7)	Note 2	\$-	\$-	\$-	\$-	\$(2,815)	47.88%	\$(2,815) (Note3&12)	\$236,710 (Note3&12)	\$-
Wafer Works (Zhengzhou) Corp.	R&D, production and sales of semiconductor materials	\$4,519,830 (Note3&8)	Note 8	\$-	\$-	\$-	\$-	\$101,201	47.88%	\$101,201 (Note3,4&12)	\$2,435,372 (Note3,4&12)	\$-

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Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Mar. 31, 2023	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Mar. 31, 2023	Accumulated Inward Remittance of Earnings as of Mar. 31, 2023
					Outflow	Inflow						
HuaXin (Shanghai) Technology Co., Ltd.	Selling business	\$30,211 (Note10)	Note 11	\$30,211	\$-	\$-	\$30,211	\$(1,028)	100.00%	\$(1,028) (Note3,4&12)	\$(69,530) (Note3,4&12)	\$-

Investee company	Accumulated Investment in Mainland China as of Mar. 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Wafer Works (Shanghai) Co., Ltd.	\$510,951	\$681,037	Note 5
Wafer Works Epitaxial Corp.	\$516,782	\$1,484,699	Note 5
Wafer Works (Yangzhou) Corp.	\$-	\$-	Note 5
Wafer Works (Zhengzhou) Corp.	\$-	\$-	Note 5
HuaXin (Shanghai) Technology Co., Ltd.	\$30,211	\$30,211	Note 5

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Note 1: 53.6413% shares of Wafer Works (Shanghai) Co., Ltd. owned by Silicon Technology Investment (Cayman) Corp. But 89.2615% shares of Silicon Technology Investment (Cayman) Corp. owned by Wafer Works Investment Corp. Therefore, Wafer Works (Shanghai) Co., Ltd. indirectly invested by Wafer Works Corp.

Note 2: Wafer Works (Shanghai) Co., Ltd. invested directly to Wafer Works (Yangzhou) Corp.

Note 3: Foreign currencies were converted into New Taiwan dollars based on exchanged rate on March 31, 2023.

Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.

Note 5: The Company qualified and approved by Taiwan, R.O.C. government to be operation headquarter in Taiwan, thus there are no limitation of investee in mainland China.

Note 6: It was a wholly-owned subsidiary by the Company's indirect subsidiary, Silicon Technology Investment (Cayman) Corp. The Company's board in a meeting held on November 10, 2016 has resolved that Silicon Technology Investment (Cayman) Corp. participates in a cash addition conducted by Wafer Works (Shanghai) Co., Ltd. by using all ownership interest on Wafer Works Epitaxial Corp. As a result of the capital addition, Wafer Works (Shanghai) Co., Ltd. owns 100% interest of Wafer Works Epitaxial Corp.

Note 7: The Company's board in a meeting held on November 10, 2016 resolved that Wafer Works (Shanghai) Co., Ltd. participates in a cash addition conducted by Wafer Works (Yangzhou) Corp. for 30% ownership interest.

Note 8: The Company's board has resolved on February 16, 2017 Wafer Works (Zhengzhou) Corp. to be established through Wafer Works (Shanghai) Co., Ltd.'s investment.

Note 9: Wafer Works (Shanghai) Co., Ltd. applied for a shareholding restructuring to become a company limited by shares in September 2019. The registration procedures were completed on December 17, 2019.

Note 10: The paid-in capital is USD1,000 thousand, equivalent to NT\$30,211 thousand.

Note 11: The Company invested directly to Huaxin (Shanghai) Technology Co. Ltd.

Note 12: Transactions between consolidated entities are eliminated in the consolidated financial statements.

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B. Significant transactions with the investees in mainland China:

- (a) Purchase and accounts payable with the related parties: Please refer to Attachment 8.
- (b) Sales and receivables with the related parties: Please refer to Attachment 8.
- (c) Property transaction amounts and resulting gain or loss: None.
- (d) The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: Please refer to Attachment 1.
- (e) The amount of maximum financing, the balance interest rates, and lump sum interest expense: None.
- (f) The other events' impact over current profit or loss or the significant influence of transaction events over the financial conditions: Please refer to Attachment 8.
- (g) The aforementioned transaction had been eliminated in the consolidated financial statements: Please refer to Attachment 8.

(4) Information on major shareholders:

None.

14. Segment information

The major operating revenues of the Group come from manufacturing and sales of semiconductor wafer. The chief operating decision maker reviewed the overall operating results to make a decision about resources to be allocated and evaluated the overall performance. Therefore, the Group was aggregated into a single segment.

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the three-month periods ended March 31, 2023)

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WAFER WORKS CORP. AND SUBSIDIARIES

No.	Endorser/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount (Note3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Company name	Relationship (Note2)										
1	Wafer Works (Shanghai) Corp.	Wafer Works (ZhengZhou) Corp.	Affiliated Company	\$4,874,100	\$929,005	\$926,079	\$926,079	\$-	7.02%	\$4,874,100	N	N	Y

Note1 : Wafer Works Corp. and its subsidiaries are coded as follows:

- 1.Wafer Works Corp. is coded "0".
- 2.The subsidiaries are coded consecutively beginning from "1" in the order presented in the above table.

Note2 : The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

- 1.The company with business contacts.
- 2.The company directly and indirectly holds more than 50% of the shares with voting rights.
- 3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.
- 4.The company directly and indirectly holds more than 90% of the shares with voting rights.
- 5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.
- 6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
- 7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note3 : According to the procedures of Endorsement and Guarantee, the limitation of endorsement or guarantee for other subsidiaries shall not exceed 40% of the current net value of the Company. Also, the limitation of endorsement or guarantee for one of the subsidiaries shall not exceed 10% of the current net value of Company, but the limitation of endorsement or guarantee for the Company shall be up to 40% of the current net value of one of subsidiaries.

ATTACHMENT 2 (Related party transactions for purchases and sales amounts exceeding the lower of 100 million dollars or 20 percent of capital stock for the three-month periods ended March 31, 2023)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

Company	Related party	Relationship	Purchases (Sales)	Transactions		Details of non-arm's length transaction		Notes and accounts receivables(payable)		Note	
				Amount	Percentage of total purchases (sales)(%)	Unit Price	Term	Balance	Percentage of total receivables(%)		
Wafer Works Corp.	Helitek Company Ltd.	Affiliated Company	Sales	\$421,097	31.23%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	\$299,543	25.91%	Note

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 3 (Receivables from related parties with amounts exceeding the lower of 100 million dollars or 20 percent of capital stock as of March 31, 2023)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

Company	Related party	Relationship with the Company	Ending Balance	Turnover rate(times)	Overdue receivables		Amounts received in subsequent period	Allowance for doubtful accounts
					Amount	Collection status		
Wafer Works Corp.	Helitek Company Ltd.	Affiliated Company	Accounts receivable \$299,543 (Note)	5.74	\$-	-	\$146,213	\$-
Wafer Works Corp.	HuaXin (Shanghai) Technology Co., Ltd.	Affiliated Company	Accounts receivable \$101,006 (Note)	0.14	\$-	-	\$2,317	\$-

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 4 (If an investor has the ability to exercise significant influence on investee or has material controlling power on investee as of March 31, 2023) (Not including investment in Mainland China)

(All the currencies are denominated in Thousands of New Taiwan Dollars, HKD, and USD unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investments as of 31 March 2023					Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book Value	Net income (loss)of investee company	Investment income (loss) recognized	
Wafer Works Corp.	Wafer Works Investment Corp.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	Investment Holding Company	USD 66,566	USD 66,566	66,566,226	100.00%	\$5,697,930	\$124,632	\$124,632	Note
Wafer Works Corp.	Heli-Vantech Corp.	No.1, Ln. 445, Sec. 2 , Meishih Rd., Yangmei Township , Taoyuan County, Taiwan	Design, trading and manufacturing of semiconductor materials.	5,000	5,000	500,000	100.00%	4,201	-	-	Note
Wafer Works Investment Corp.	Silicon Technology Investment (Cayman) Corp.	Grand Pavilion, Hibiscus Way, P.O.Box 31119, Grand Cayman, KY1-1205, Cayman Islands	Investment Holding Company	USD 53,141	USD 53,141	Common stock 1 Preferred stockA 6,970,327 Preferred stockB 38,991,198	89.26%	5,295,422	105,480	94,153	Note
Wafer Works Investment Corp.	Wafermaster Investment Corp.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	Investment Holding Company	USD 5,084	USD 5,084	5,083,900	100.00%	193,373	4,430	4,430	Note
Silicon Technology Investment (Cayman) Corp.	Sharp Right Limited Co., Ltd.	Rooms 2006-8.20/F., Two Chinachem Exchange Square, 338 King's Road	Trading Company	HKD 10	HKD 10	-	100.00%	(94,132)	-	-	Note
Wafermaster Investment Corp.	Helitek Company Ltd.	4033 Clipper CT Fremint, CA 94538-6540	Manufacturing and trading of semiconductor materials.	USD 2,200	USD 2,200	3,400,000 (Preferred stock 2,000,000)	100.00%	193,364	4,430	4,430	Note

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 5 (Securities held as of March 31, 2023) (excluding subsidiaries, associates and joint ventures)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

							As of March 31, 2023	
Holding Company	Securities Type and Name	Relationship	Financial Statement Account	Shares/Units	Book Value	Percentage of ownership (%)	Fair value	
Wafer Works Investment Corp.	Can Yang Investments Limited	-	Financial asset at fair value through OCI, noncurrent	153,488	\$18,270	0.20%	<u>\$5,023</u>	
	Loss: financial assets at fair value through other comprehensive income,valuation adjustments				(13,247)			
	Net				<u>\$5,023</u>			
Wafer Works Investment Corp.	Solargiga Energy Holdings Limited	-	Financial asset at fair value through OCI, noncurrent	96,227,822	\$164,459	2.90%	<u>\$100,782</u>	
	Loss: financial assets at fair value through other comprehensive income,valuation adjustments				(63,677)			
	Net				<u>\$100,782</u>			
Heli-Vantech Corp.	New Solar Power Corp.	-	Financial asset at fair value through OCI, noncurrent	138,747	\$5,622	0.01%	<u>\$2,907</u>	
	Loss: financial assets at fair value through other comprehensive income,valuation adjustments				(2,715)			
	Net				<u>\$2,907</u>			
Helitek Company Ltd.	SCHWAB VARIABLE SHARE PR:SVUXX	-	Financial assets at fair value through profit or loss, current	329,330	\$10,029	-%	<u>\$10,029</u>	
	Loss: financial assets at fair value through profit or loss,valuation adjustments				-			
	Net				<u>\$10,029</u>			

ATTACHMENT 6 (Related party transactions for purchases and sales amount exceeding the lower of 100 million dollars or 20 percent of capital stock for the three-month period ended March 31, 2023)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

Purchase (sales) company	Counterparty	Relationship	Purchases (Sales)	Transactions		Details of non-arm's length transaction			Notes and accounts receivables(payable)		Note
				Amount	Percentage of total purchases (sales) (%)	Term	Unit Price	Term	Balance	Percentage of total receivables(%)	
Wafer Works (Zhengzhou) Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Sales	\$569,775	85.01%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	\$385,337	88.66%	Note
Helitek Company Ltd.	Wafer Works Corp.	Affiliated Company	Purchases	\$421,097	99.11%	Paid at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	\$(299,543)	(99.49)%	Note

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 7 (Receivable from related parties with amounts exceeding the lower of 100 million dollars or 20 percent of capital stock as of March 31, 2023)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

Company	Counterparty	Relationship	Ending Balance	Turnover Rate (times)	Overdue Receivables		Subsequent collection	Allowance for doubtful accounts
					Amount	Actions taken		
Wafer Works (Zhengzhou) Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Accounts receivable \$385,337 (Note)	5.33	\$-	-	\$-	\$-

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

(All the currencies are denominated in Thousands of New Taiwan Dollars)

WAFER WORKS CORP. AND SUBSIDIARIES

No (Note1)	Company name	Counter party	Nature of relationship (Note 2)	Intercompany transactions			Percentage of consolidated total gross sales or total assets (Note3)
				Financial Statement Account	Amount	Terms	
	<u>2023.01.01~2023.03.31</u>						
0	Wafer Works Corp.	Wafer Works Epitaxial Corp.	1	Operating income	\$78,919	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	2.92%
0	Wafer Works Corp.	Helitek Company Ltd.	1	Operating income	421,097	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	15.57%
0	Wafer Works Corp.	Wafer Works (ZhengZhou) Corp.	1	Operating income	23,365	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.86%
0	Wafer Works Corp.	Wafer Works (YangZhou) Corp.	1	Purchases	33,384	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.23%
0	Wafer Works Corp.	HuaXin (Shanghai) Technology Co., Ltd.	1	Accounts receivable	101,006	Received at 150 days after shipment arrival by using telegraphic transfer (T/T)	0.35%
0	Wafer Works Corp.	Wafer Works Epitaxial Corp.	1	Accounts receivable	54,206	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.19%
0	Wafer Works Corp.	Helitek Company Ltd.	1	Accounts receivable	299,543	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.05%
0	Wafer Works Corp.	Sharp Right Limited Co., Ltd.	1	Accounts receivable	43,100	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.15%
0	Wafer Works Corp.	Wafer Works (ZhengZhou) Corp.	1	Accounts receivable	23,321	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.08%
0	Wafer Works Corp.	Sharp Right Limited Co., Ltd.	1	Other receivables	48,969	-	0.17%
0	Wafer Works Corp.	Wafer Works (YangZhou) Corp.	1	Accounts payable	16,626	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.06%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	3	Operating income	45,216	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.67%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	3	Accounts receivable	31,530	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.11%
2	Wafer Works Epitaxial Corp.	Wafer Works (ZhengZhou) Corp.	3	Operating income	39,807	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.47%
2	Wafer Works Epitaxial Corp.	Wafer Works (ZhengZhou) Corp.	3	Purchases	569,775	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	21.06%
2	Wafer Works Epitaxial Corp.	Wafer Works (ZhengZhou) Corp.	3	Accounts receivable	39,876	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.14%
2	Wafer Works Epitaxial Corp.	Wafer Works (ZhengZhou) Corp.	3	Accounts payable	385,337	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.35%
3	Wafer Works (YangZhou) Corp.	Wafer Works (ZhengZhou) Corp.	3	Accounts receivable	10,483	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.04%

Note 1: Wafer Works Corp. and its subsidiaries are coded as follows:

1. Wafer Works Corp. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows :

1. Investor to investee.
2. Investee to investor.
3. Investee to investee.

Note 3: The percentage base with respect to the total consolidated revenue-weighted average (about income statement accounts) or total assets (about balance sheet accounts).

Note 4: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 5: Transactions exceeding NT\$10,000 thousand have been disclosed.