

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 SEPTEMBER 30, 2023 AND 2022
AND FOR THE NINE-MONTH PERIODS THEN ENDED**

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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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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 September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated statements of changes in equity and cash flows for the nine-month periods then ended, and 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 certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT\$524,421 thousand and NT\$520,622 thousand, constituting 1.91% and 1.81% of the consolidated total assets, and total liabilities of NT\$20,543 thousand and NT\$44,484 thousand, constituting 0.23% and 0.42% of the consolidated total liabilities as of September 30, 2023 and 2022, respectively ; and total comprehensive income of NT\$(21,047) thousand, NT\$6,200 thousand, NT\$(18,082) thousand and NT\$35,111 thousand, constituting (2.67)%, 0.58%, (1.45)% and 1.30% of the consolidated total comprehensive income for the three-month and nine-month periods ended September 30, 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 certain insignificant consolidated subsidiaries been reviewed by independent auditors 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 September 30, 2023 and 2022, and their consolidated financial performance for the three-month and nine-month periods then ended and cash flows for the nine-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Cheng, Ching-Piao

Chang, Chih-Ming

Ernst & Young

November 3th, 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 September 30, 2023, December 31, 2022 and September 30, 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of september 30, 2023		As of December 31, 2022		As of september 30, 2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$4,131,826	15	\$5,423,876	19	\$5,456,196	19
1110	Financial assets at fair value through profit or loss	6(2)	10,909	-	-	-	42,051	-
1136	Financial assets measured at amortized cost	6(4), 8	83,352	-	203,775	1	68,569	-
1150	Notes receivable, net	6(5), 6(23), 8	9,960	-	21,815	-	29,420	-
1170	Accounts receivable, net	6(6), 6(23)	2,002,623	7	2,452,105	9	2,836,217	10
1200	Other receivables		52,146	-	88,535	-	60,758	-
1310	Inventories, net	6(7)	2,977,261	11	3,089,355	11	2,796,945	10
1410	Prepayments	6(8)	303,842	1	338,561	1	359,707	1
1470	Other current assets		23,855	-	41,907	-	69,247	-
11xx	Total current assets		<u>9,595,774</u>	<u>34</u>	<u>11,659,929</u>	<u>41</u>	<u>11,719,110</u>	<u>40</u>
	Non-current assets							
1510	Financial assets at fair value through profit or loss	6(2), 6(17)	-	-	119	-	179	-
1517	Financial asset at fair value through OCI	6(3)	123,888	-	112,141	-	102,790	-
1536	Financial assets measured at amortized cost	6(4), 8	21,967	-	21,967	-	9,967	-
1600	Property, plant and equipment, net	6(9), 8, 9	15,768,316	58	15,310,321	53	15,077,584	53
1755	Right-of-use assets, net	6(24), 8	975,336	4	1,035,899	4	844,859	3
1780	Intangible assets, net	6(10)	52,220	-	56,389	-	55,380	-
1840	Deferred income tax assets	4	43,715	-	43,433	-	48,659	-
1915	Prepayment for equipment		770,527	4	400,119	2	747,236	4
1920	Refundable deposits	9	89,017	-	79,222	-	85,836	-
1990	Other non-current assets	9	25,624	-	48,904	-	51,870	-
15xx	Total non-current assets		<u>17,870,610</u>	<u>66</u>	<u>17,108,514</u>	<u>59</u>	<u>17,024,360</u>	<u>60</u>
1xxx	Total Assets		<u>\$27,466,384</u>	<u>100</u>	<u>\$28,768,443</u>	<u>100</u>	<u>\$28,743,470</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 September 30, 2023, December 31, 2022 and September 30, 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of september 30, 2023		As of December 31, 2022		As of september 30, 2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	6(11), 8	\$1,127,191	4	\$999,704	3	\$1,400,802	5
2110	Short-term notes and bills payable	6(12)	20,000	-	-	-	-	-
2120	Financial liabilities at fair value through profit or loss	6(13)	3,590	-	-	-	-	-
2170	Accounts payable		386,465	1	806,031	3	769,119	3
2200	Other payables	6(14)	983,327	4	1,316,480	5	1,283,816	4
2230	Current income tax liabilities	4	410,072	1	629,560	2	608,530	2
2322	Current portion of long-term loans	6(18), 8	1,483,100	6	1,092,611	4	1,027,700	4
2281	Lease liability	6(24)	70,979	-	64,352	-	49,964	-
2399	Other current liabilities	6(15),6(22)	3,705	-	4,744	-	13,663	-
21xx	Total current liabilities		<u>4,488,429</u>	<u>16</u>	<u>4,913,482</u>	<u>17</u>	<u>5,153,594</u>	<u>18</u>
	Non-current liabilities							
2527	Contract liability	6(22), 9	533,105	2	708,608	2	690,008	2
2530	Bonds payable	6(17)	291,635	1	288,510	1	287,465	1
2540	Long-term loans	6(18), 8	2,696,848	10	3,239,631	11	3,627,679	13
2570	Deferred income tax liabilities	4	95,161	-	-	-	7,293	-
2581	Lease liability	6(24)	406,497	2	447,953	2	257,997	1
2630	Long-term deferred revenue	6(16)	347,105	1	357,556	1	377,260	1
2640	Accrued pension liabilities	4	26,014	-	29,694	-	46,902	-
2645	Deposits received		55,423	-	66,765	-	70,803	-
25xx	Total non-current liabilities		<u>4,451,788</u>	<u>16</u>	<u>5,138,717</u>	<u>17</u>	<u>5,365,407</u>	<u>18</u>
2xxx	Total liabilities		<u>8,940,217</u>	<u>32</u>	<u>10,052,199</u>	<u>34</u>	<u>10,519,001</u>	<u>36</u>
31xx	Equity attributable to shareholders of the parent							
3100	Capital	6(20)						
3110	Common stock		5,418,836	20	5,409,336	19	5,409,336	19
3130	Bond conversion entitlement certificates		-	-	-	-	-	-
3200	Capital surplus	6(20)	4,105,199	15	4,074,419	14	4,074,419	14
3300	Retained earnings							
3310	Legal reserve		718,608	3	500,513	2	500,513	2
3320	Special reserve		265,458	1	326,457	1	326,457	1
3350	Unappropriated earnings		1,906,906	7	2,853,686	11	2,404,934	9
3400	Other components of equity		(210,789)	(1)	(265,458)	(1)	(198,757)	(1)
31xx	Equity attributable to the parent company		<u>12,204,218</u>	<u>45</u>	<u>12,898,953</u>	<u>46</u>	<u>12,516,902</u>	<u>44</u>
36xx	Non-controlling interests	6(20)	6,321,949	23	5,817,291	20	5,707,567	20
3xxx	Total equity		<u>18,526,167</u>	<u>68</u>	<u>18,716,244</u>	<u>66</u>	<u>18,224,469</u>	<u>64</u>
	Total liabilities and equity		<u>\$27,466,384</u>	<u>100</u>	<u>\$28,768,443</u>	<u>100</u>	<u>\$28,743,470</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 and nine-month periods ended September 30, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	For the three-month periods ended September 30, 2023		For the three-month periods ended September 30, 2022		For the nine-month periods ended September 30, 2023		For the nine-month periods ended September 30, 2022	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	6(22)	\$2,647,634	100	\$3,401,319	100	\$7,896,750	100	\$9,555,460	100
5000	Operating costs	6(7)	(1,921,451)	(72)	(2,059,402)	(60)	(5,263,434)	(67)	(5,647,660)	(59)
5900	Gross profit		726,183	28	1,341,917	40	2,633,316	33	3,907,800	41
6000	Operating expenses									
6100	Sales and marketing		(44,504)	(2)	(71,268)	(2)	(126,191)	(2)	(194,870)	(2)
6200	General and administrative		(191,986)	(7)	(212,329)	(6)	(577,849)	(7)	(552,252)	(6)
6300	Research and development		(228,427)	(9)	(228,200)	(7)	(733,626)	(9)	(620,731)	(6)
6450	Expected credit gains (losses)	6(23)	606	-	(1,671)	-	2,087	-	(1,741)	-
	Total operating expenses		(464,311)	(18)	(513,468)	(15)	(1,435,579)	(18)	(1,369,594)	(14)
6900	Operating income		261,872	10	828,449	25	1,197,737	15	2,538,206	27
7000	Non-operating incomes and expenses									
7100	Interest incomes	6(26)	13,054	-	9,093	-	47,263	-	19,910	-
7010	Other incomes	6(26)	143,077	5	23,773	1	218,296	3	97,723	1
7020	Other gains and losses	6(26)	39,564	1	506,742	15	63,914	1	573,305	6
7050	Finance costs	6(26)	(58,933)	(2)	(65,118)	(2)	(180,276)	(2)	(192,462)	(2)
	Total non-operating incomes and expenses		136,762	4	474,490	14	149,197	2	498,476	5
7900	Income before income tax		398,634	14	1,302,939	39	1,346,934	17	3,036,682	32
7950	Income tax expenses	4, 6(28)	(83,709)	(3)	(330,252)	(10)	(305,450)	(4)	(653,849)	(7)
8200	Net income		314,925	11	972,687	29	1,041,484	13	2,382,833	25
8300	Other comprehensive income (loss)	6(27)								
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)		(28,618)	-	(53,568)	(1)	(41,288)	-	(66,193)	(1)
8360	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign operations		502,319	19	150,611	3	248,192	3	374,013	4
	Total other comprehensive income (loss), net of tax		473,701	19	97,043	2	206,904	3	307,820	3
8500	Total comprehensive income		\$788,626	30	\$1,069,730	31	\$1,248,388	16	\$2,690,653	28
8600	Net income attributable to:									
8610	Stockholders of the parent		\$123,589	4	\$705,236	21	\$562,650	7	\$1,732,203	18
8620	Non-controlling interests		191,336	7	267,451	8	478,834	6	650,630	7
			\$314,925	11	\$972,687	29	\$1,041,484	13	\$2,382,833	25
8700	Total comprehensive income (loss) attributable to:									
8710	Stockholders of the parent		\$338,995	13	\$729,632	21	\$646,690	8	\$1,859,903	19
8720	Non-controlling interests		449,631	17	340,098	10	601,698	8	830,750	9
			\$788,626	30	\$1,069,730	31	\$1,248,388	16	\$2,690,653	28
9750	Earnings per share-basic (in NTD)	6(29)	\$0.23		\$1.30		\$1.04		\$3.20	
9850	Earnings per share-diluted (in NTD)	6(29)	\$0.23		\$1.29		\$1.03		\$3.16	

(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 nine-month periods ended September 30, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	items	Equity Attributable to Shareholders of the Parent									Non-controlling Interests	Total Equity	
		Capital		Capital Surplus	Retained Earnings			Others					Total
		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)	Unearned Employee Benefit			
3100	3130	3200	3310	3320	3350	3410	3420	3490	31xx	36xx	3xxx		
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
	Appropriation and distribution of 2021 earnings												
B1	Legal reserve				107,274		(107,274)				-		-
B3	Special reserve					(57,436)	57,436				-		-
B5	Cash dividends-common shares						(730,261)				(730,261)		(730,261)
II	Shares from bonds converted	352	(352)								-		-
M5	Difference between consideration and carrying amount of subsidiaries aquires or disposed			(72,770)							(72,770)	(224,326)	(297,096)
D1	Net income for the nine-month period ended September 30, 2022						1,732,203				1,732,203	650,630	2,382,833
D3	Other comprehensive income (loss), net of tax, for the nine-month period ended September 30, 2022							193,893	(66,193)		127,700	180,120	307,820
D5	Total comprehensive income (loss)	-	-	-	-	-	1,732,203	193,893	(66,193)	-	1,859,903	830,750	2,690,653
O1	Non-controlling interests increase (decrease)											(120,029)	(120,029)
Z1	Balance as of September 30, 2022	\$5,409,336	\$-	\$4,074,419	\$500,513	\$326,457	\$2,404,934	\$(109,352)	\$(89,405)	\$-	\$12,516,902	\$5,707,567	\$18,224,469
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
	Appropriation and distribution of 2022 earnings												
B1	Legal reserve				218,095		(218,095)				-		-
B3	Special reserve					(60,999)	60,999				-		-
B5	Cash dividends-common shares						(1,352,334)				(1,352,334)		(1,352,334)
D1	Net income for the nine-month period ended September 30, 2023						562,650				562,650	478,834	1,041,484
D3	Other comprehensive income (loss), net of tax, for the nine-month period ended September 30, 2023							125,328	(41,288)		84,040	122,864	206,904
D5	Total comprehensive income (loss)	-	-	-	-	-	562,650	125,328	(41,288)	-	646,690	601,698	1,248,388
O1	Non-controlling interests increase (decrease)											(97,040)	(97,040)
T1	Employee restricted shares for cancellation and others	9,500		30,780						(29,371)	10,909		10,909
Z1	Balance as of September 30, 2023	\$5,418,836	\$-	\$4,105,199	\$718,608	\$265,458	\$1,906,906	\$(65,099)	\$(116,319)	\$(29,371)	\$12,204,218	\$6,321,949	\$18,526,167

(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 nine-month periods ended September 30, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	For the nine-month periods ended September 30,		Code	Items	For the nine-month periods ended September 30,	
		2023	2022			2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$1,346,934	\$3,036,682	B00010	Disposal (acquisition) of financial asset at fair value through OCI	(45,500)	-
A20000	Adjustments:			B00040	Disposal (acquisition) of financial assets at amortised cost	120,423	7,045
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(1,660,360)	(2,632,977)
A20100	Depreciation (Including right of use assets)	1,225,735	1,132,140	B02800	Proceeds from disposal of property, plant and equipment	17,304	10,719
A20200	Amortization	9,854	7,975	B03700	Decrease (increase) in refundable deposits	(9,795)	(51,787)
A20300	Expected credit losses (gain on recovery)	(2,087)	1,741	B04500	Acquisition of intangible assets	(4,936)	(12,767)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	3,709	1,934	B07100	Increase in prepayments for equipment	(370,408)	287,692
A20900	Interest expense	180,276	192,462	B09900	Proceeds from disposal of right-of-use assets	24,239	-
A21200	Interest income	(47,263)	(19,910)	B09900	Other investing activities	29,400	22,360
A21900	Share-based payment	50,085	2,361	BBBB	Net cash provided by (used in) investing activities	(1,899,633)	(2,369,715)
A22500	Loss (gain) on disposal of property, plant and equipment	1,331	4,327				
A23700	Impairment loss on non-financial assets	11,785	(2,196)	CCCC	Cash flows from financing activities:		
A29900	Loss (gain) on government grants	(47,755)	(48,659)	C00100	Increase in (repayment of) short-term loans	127,487	(575,729)
A29900	Recognition of long-term prepayments for materials to loss	-	183,302	C00500	Increase (decrease) in short-term notes and bills payable	20,000	-
A29900	Recognition of Contract liabilities to income	-	(433,826)	C01600	Increase in long-term loans	287,401	79,920
A30000	Changes in operating assets and liabilities:			C01700	Repayment of long-term loans	(502,294)	(418,089)
A31115	Financial assets at fair value through profit or loss	(10,909)	(42,051)	C03000	Increase in guarantee deposits received	(11,342)	(25,188)
A31130	Notes receivable	11,855	190,381	C04020	Payments of lease liabilities	(62,980)	(46,136)
A31150	Accounts receivable	451,452	(436,250)	C04500	Payment of cash dividends	(1,352,334)	(730,261)
A31180	Other receivable	38,616	(11,469)	C05800	Increase (decrease) in non-controlling interests	(136,216)	(419,486)
A31200	Inventories	112,094	(437,195)	CCCC	Net cash provided by (used in) financing activities	(1,630,278)	(2,134,969)
A31230	Prepayment	57,999	52,779				
A31240	Other current assets	18,052	494,671	DDDD	Effect of exchange rate changes on cash and cash equivalents	128,581	282,248
A32125	Contract liabilities	(175,471)	299,391				
A32150	Accounts payable	(419,566)	97,872	EEEE	Net Increase (decrease) in cash and cash equivalents	(1,292,050)	(280,379)
A32180	Other payable	(142,536)	142,432	E00100	Cash and cash equivalents at beginning of period	5,423,876	5,736,575
A32230	Other current liabilities	(1,639)	2,163	E00200	Cash and cash equivalents at end of period	\$4,131,826	\$5,456,196
A32240	Accrued pension liabilities	(3,680)	(3,374)				
A33000	Cash generated from operations	2,668,871	4,407,683				
A33100	Interest received	45,592	18,835				
A33300	Interest paid	(171,020)	(180,273)				
A33500	Income tax paid	(434,163)	(304,188)				
AAAA	Net cash provided by (used in) operating activities	2,109,280	3,942,057				

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

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 and 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 nine-month periods ended September 30, 2023 and 2022 were authorized for issue by the board of directors on November 3, 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 endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

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Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) 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.

(b) 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.

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

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.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The Group

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assesses that there will be no significant impact on the Group’s financial statements then.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

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 for the nine-month periods ended September 30, 2023 and 2022 have been prepared in conformity 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 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		
			Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Wafer Works Corp.	Wafer Works Investment Corp.	Investment Holding Company	100.00%	100.00%	100.00%

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Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
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%	89.2615% (Note1)
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 Investment Corp.	Helitek Company Ltd.	Trading of semiconductor materials	100.00%	100.00%	100.00%
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	Wafer Works Epitaxial	R&D, production and sales	100.00%	100.00%	100.00%

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Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
(Shanghai) Co., Ltd.	Corp.	of semiconductor materials			
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)

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 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 certain insignificant consolidated subsidiaries were not reviewed by independent auditors. The total assets of these subsidiaries as of September 30, 2023 and 2022 are NT\$524,421 thousand and NT\$520,622 thousand. The total liabilities of these subsidiaries

as of September 30, 2023 and 2022 are NT\$20,543 thousand and NT\$44,484 thousand. The total comprehensive income of these subsidiaries for the three-month and nine-month periods ended September 30, 2023 and 2022 are NT\$(21,047) thousand, NT\$6,200 thousand, NT\$(18,082) thousand and NT\$35,111 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 accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the nine-month period ended September 30, 2023 as those applied in the Company's consolidated financial statements for the year ended December 31, 2022. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Company's consolidated financial statements for the year ended December

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31, 2022.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Cash on hand	\$444	\$629	\$454
Checking and savings	2,880,776	2,910,998	2,820,022
Time deposits	1,120,606	2,452,249	2,445,720
Resale agreements collateralized by corporate bonds	130,000	60,000	190,000
Total	\$4,131,826	\$5,423,876	\$5,456,196

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

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Mandatorily measured at fair value through profit or loss:			
Embedded derivative financial instruments	\$-	\$119	\$179
Stocks	10,909	-	42,051
Total	\$10,909	\$119	\$42,230
Current	\$10,909	\$-	\$42,051
Non-current	-	119	179
Total	\$10,909	\$119	\$42,230

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		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Equity instruments investments measured at fair value through other comprehensive income – Non-current:			
Listed companies stocks	\$179,911	\$171,485	\$177,102
Unlisted companies stocks	64,862	18,426	19,050
Valuation adjustment of financial assets as measured by fair value through profit and loss	(120,885)	(77,770)	(93,362)
Total	\$123,888	\$112,141	\$102,790

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

(4) Financial assets measured at amortized cost

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Certificate of deposit – restricted	\$105,319	\$225,742	\$78,536
Current	\$83,352	\$203,775	\$68,569
Non-current	21,967	21,967	9,967
Total	\$105,319	\$225,742	\$78,536

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.

(5) Notes receivable

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Notes receivable arising from operating activities	\$9,960	\$21,815	\$29,420

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	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Less: loss allowance	-	-	-
Total	\$9,960	\$21,815	\$29,420

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(23) 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		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Trade receivables	\$2,009,084	\$2,460,536	\$2,845,721
Less: loss allowance	(6,461)	(8,431)	(9,504)
Total	\$2,002,623	\$2,452,105	\$2,836,217

(b)Accounts receivable were not pledged.

(c)Accounts receivable are generally on 60 to 90 day terms. The total carrying amounts were NT\$2,009,084 thousand, NT\$2,460,536 thousand and NT\$2,845,721 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. Please refer to Note 6(23) for more details on loss allowance of accounts receivable for the nine-month periods ended September 30, 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		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Raw materials	\$468,038	\$639,080	\$572,149
Supplies & parts	956,307	948,771	815,153
Work in progress	845,322	885,350	848,514
Finished goods	686,043	604,075	531,477
Merchandises	21,551	12,079	29,652
Total	\$2,977,261	\$3,089,355	\$2,796,945

(b) The cost of inventories recognized in expenses amounted to NT\$1,921,451 thousand, NT\$2,059,402 thousand, NT\$5,263,434 thousand and NT\$5,647,660 thousand for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively. The following losses were included in cost of sales :

Item	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Loss (gains) from inventory market decline	\$(12,280)	\$(5,064)	\$22,847	\$25,689
Loss from inventory write- off obsolescence	-	-	-	192
Total	\$(12,280)	\$(5,064)	\$22,847	\$25,881

The Group recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed.

(c) Inventories were not pledged.

(8) Prepayments

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Office supplies	\$128,996	\$135,753	\$133,724

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Other prepaid expenses	103,079	124,287	135,290
Prepayment for purchase	71,767	78,521	90,693
Total	\$303,842	\$338,561	\$359,707

(9)Property, plant and equipment

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Owner occupied property, plant and equipment	\$15,768,316	\$15,310,321	\$15,077,584

(a)Owner occupied property, plant and equipment

	Land	Buildings	Machinery	Transportation	Construction in progress and			Total
					Office equipment	Other equipment	equipment awaiting examination	
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	-	(1,387)	1,975	-	-	-	1,473,723	1,474,311
Reclassification	-	737	1,382,058	-	82,872	28,783	(1,494,450)	-
Disposals	-	-	(121,589)	(547)	(8,266)	(6,280)	(1,604)	(138,286)
Exchange differences	-	56,980	220,874	452	3,886	2,905	7,055	292,152
As of September 30, 2023	\$259,131	\$4,486,662	\$22,088,112	\$34,063	\$469,958	\$438,759	\$1,808,948	\$29,585,633
Depreciation and impairment:								
As of January 1, 2023	\$-	\$841,767	\$11,267,346	\$27,510	\$262,648	\$247,864	\$-	\$12,647,135
Depreciation	-	97,103	1,006,765	1,979	37,731	21,936	-	1,165,514
Impairment loss	-	-	11,783	-	-	2	-	11,785
Disposals	-	-	(104,815)	(511)	(8,063)	(6,262)	-	(119,651)
Exchange differences	-	9,028	98,747	376	2,612	1,771	-	112,534
As of September 30, 2023	\$-	\$947,898	\$12,279,826	\$29,354	\$294,928	\$265,311	\$-	\$13,817,317

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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	-	-	-	-	-	-	2,469,026	2,469,026
Reclassification	-	931,212	1,893,393	265	93,733	35,096	(2,953,699)	-
Disposals	-	-	(124,612)	(2,014)	(5,167)	(778)	(8,955)	(141,526)
Exchange differences	-	56,686	280,890	708	4,167	3,550	58,333	404,334
As of September 30, 2022	\$259,131	\$4,353,447	\$19,989,016	\$33,790	\$387,615	\$392,414	\$1,940,221	\$27,355,634
Depreciation and impairment:								
As of January 1, 2022	\$-	\$683,955	\$10,040,119	\$26,788	\$224,235	\$219,641	\$-	\$11,194,738
Depreciation	-	98,108	940,153	2,325	24,946	18,302	-	1,083,834
Reversal of impairment losses								
losses	-	-	(2,196)	-	-	-	-	(2,196)
Disposals	-	-	(118,699)	(1,958)	(5,051)	(772)	-	(126,480)
Exchange differences	-	8,794	113,783	516	2,918	2,143	-	128,154
As of September 30, 2022	\$-	\$790,857	\$10,973,160	\$27,671	\$247,048	\$239,314	\$-	\$12,278,050
Net carrying amount as of:								
September 30, 2023	\$259,131	\$3,538,764	\$9,808,286	\$4,709	\$175,030	\$173,448	\$1,808,948	\$15,768,316
December 31, 2022	\$259,131	\$3,588,565	\$9,337,448	\$6,648	\$128,818	\$165,487	\$1,824,224	\$15,310,321
September 30, 2022	\$259,131	\$3,562,590	\$9,015,856	\$6,119	\$140,567	\$153,100	\$1,940,221	\$15,077,584

(b) For the three-month periods ended September 30, 2023, NT\$41 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. For the nine-month periods ended September 30, 2023, NT\$11,785 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income. The recoverable value is measured at usage values by the individual units.

For the three-month periods ended September 30, 2022 and for the nine-month periods ended September 30 2022, the NT\$0 thousand and NT\$2,196 thousand gain on reversal of

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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.

(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	4,936
Reduction	(3,421)
Exchange differences	1,189
As of September 30, 2023	<u>\$80,573</u>
Cost:	
As of January 1, 2022	\$63,766
Addition	12,767
Reduction	(2,500)
Exchange differences	1,599
As of September 30, 2022	<u>\$75,632</u>
Amortization:	
As of January 1, 2023	\$21,480
Amortization and Impairment	9,854
Decrease	(3,421)
Exchange differences	440
As of September 30, 2023	<u>\$28,353</u>
Amortization:	
As of January 1, 2022	\$14,409

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	Computer software
Amortization and Impairment	7,975
Decrease	(2,500)
Exchange differences	368
As of September 30, 2022	<u>\$20,252</u>

Net carrying amount as of:

September 30, 2023	<u>\$52,220</u>
December 31, 2022	<u>\$56,389</u>
September 30, 2022	<u>\$55,380</u>

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

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Operating costs	\$251	\$76	\$737	\$189
General and administrative	2,936	2,627	9,058	7,583
Research and development	5	70	59	203
Total	<u>\$3,192</u>	<u>\$2,773</u>	<u>\$9,854</u>	<u>\$7,975</u>

(11) Short-term loans

	Interest Rate (%)	As of		
		Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Unsecured financial structure loans	1.3169%~7.37%	\$1,127,191	\$901,481	\$1,104,797
Secured financial structure loans	1.667%~2.61%	-	98,223	296,005
Total		<u>\$1,127,191</u>	<u>\$999,704</u>	<u>\$1,400,802</u>

The Group's unused short-term lines of credits amounted to NT\$8,279,228 thousand, NT\$6,804,412 thousand and NT\$6,466,892 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

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

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(12) Short-term notes and bills payable

The Group had no balance of the short-term notes and bills payable as of December 31, 2022 and September 30, 2022. The details of the short-term notes and bills payable as of September 30, 2023 is as follows:

Debtor	As of Sep.30 ,2023	term	Interest Rate (%)	Collateral
Mega Bills Finance Corporation	<u>\$20,000</u>	Sep. 19, 2023 to Oct. 18, 2023	1.86%	None

(13) Financial liabilities at fair value through profit or loss

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Mandatorily measured at fair value through profit or loss:			
Forward exchange contracts	<u>\$3,590</u>	<u>\$-</u>	<u>\$-</u>
Current	\$3,590	\$-	\$-
Non-current	-	-	-
Total	<u>\$3,590</u>	<u>\$-</u>	<u>\$-</u>

(14) Other payables

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Accrued expense	\$776,906	\$919,442	\$912,160
Payable on equipment	193,025	379,074	353,992
Accrued interest payable	13,396	17,964	17,664
Total	<u>\$983,327</u>	<u>\$1,316,480</u>	<u>\$1,283,816</u>

(15) Other current liabilities

(a) Other current liabilities consist of the following:

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	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Contract liability	\$79	\$47	\$7,466
Other current liabilities	2,242	3,881	5,394
Deferred government grants income	1,384	816	803
Total	<u>\$3,705</u>	<u>\$4,744</u>	<u>\$13,663</u>

(b) Please refer to Note 6(16) for more details on the change of the deferred government grants income for the nine-month periods ended September 30, 2023 and 2022.

(c) Please refer to Note 6(18) for more details on interest rate of the deferred government grants income.

(16) Deferred revenue

Government grants

	For the nine-month periods ended Sep. 30,	
	2023	2022
Beginning balance	\$358,372	\$392,894
Received during the period	32,057	22,814
Released to the statement of comprehensive income	(47,755)	(48,659)
Exchange differences	5,815	11,014
Ending Balance	<u>\$348,489</u>	<u>\$378,063</u>

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Current	\$1,384	\$816	\$803
Non-current	347,105	357,556	377,260
Total	<u>\$348,489</u>	<u>\$358,372</u>	<u>\$378,063</u>

The Group obtain Government grants because the local semiconductor industry in mainland China develops and throws facilities for manufacture. The grants relates to

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assets, so it recognizes to deferred revenue and install to recognize to revenue.

(17) Bonds payable

A. The details of the bonds payable as of September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Liability component:			
Principal amount	\$297,600	\$297,600	\$297,600
Less: discounts on bonds payable	(5,965)	(9,090)	(10,135)
Subtotal	291,635	288,510	287,465
Less: current portion	-	-	-
Net	\$291,635	\$288,510	\$287,465
Embedded derivative - redemption, put options	\$-	\$119	\$179
Equity component - conversion right	\$12,685	\$12,685	\$12,685

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 payable, please refer to Notes 6(26) 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 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.

Due to the distribution of cash dividends on ordinary shares in 2023, 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 62.7 since July 25, 2023.

(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

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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 September 30, 2023. The surplus due to the conversion amounted to NT\$1,938 thousand, recorded under additional paid-in capital.

(18) Long-term loans

Details of long-term loan as of September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

Debtor	As of September 30, 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.
Credit Long-Term Loan from Land Bank of Taiwan	5,120	Effective September 8, 2023 to September 8, 2026. The principal will be paid at maturity

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Debtor	As of September 30, 2023	Maturity and Terms
Secured Long-Term Loan from Land Bank of Taiwan	84,793	and interest shall be paid monthly. 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	90,736	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	12,019	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	4,065	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	166,092	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	12,317	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	4,820	Effective March 1, 2023 to February 15,

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Debtor	As of September 30, 2023	Maturity and Terms
Bank of Taiwan		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.
Credit Long-Term Loan from Chang Hwa Bank	16,606	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 15 th of each month.
Credit Long-Term Loan from Hua Nan Bank	11,177	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 15 th of each month.
Credit Long-Term Loan from Taiwan Business Bank	8,113	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 15 th of each month.
Secured Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	395,522	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.

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Debtor	As of September 30, 2023	Maturity and Terms
Credit Long-Term Joint Loan from Taiwan Cooperative Bank	460,314	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	788,796	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.
Credit Long-Term Loan from China Construction Bank	89,891	Effective May 24, 2023 to November 23, 2024. The principal will be paid at maturity and interest shall be paid quarterly.
Secured Long-Term Loan from China Development Bank	686,869	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	42,698	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

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Debtor	As of September 30, 2023	Maturity and Terms
		in installments of equal amount for 4 terms. Interest shall be paid quarterly.
Total	4,179,948	
Less: current portion	(1,483,100)	
Non-current portion	\$2,696,848	
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 payments will be 7% each and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from Land Bank of Taiwan	90,171	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.

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Debtor	As of December 31, 2022	Maturity and Terms
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 from the third 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	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 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	564,493	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.

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Debtor	As of December 31, 2022	Maturity and Terms
		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.
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	\$3,239,631	

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Debtor	As of September 30, 2022	Maturity and Terms
Secured Long-Term Joint guarantee Loan from Land Bank of Taiwan and others	\$1,365,000	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	90,051	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	96,324	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	17,743	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	5,242	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	28,857	Effective May 20, 2022 to May 20, 2027. Interest payments are due monthly for the first two years. Principal is prepaid form the third

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Debtor	As of September 30, 2022	Maturity and Terms
		year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	1,064,413	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	1,086,684	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	901,065	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>4,655,379</u>	
Less: current portion	<u>(1,027,700)</u>	
Non-current portion	<u>\$3,627,679</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 September 30, 2023, December 31, 2022 and September 30, 2022, the interest rate intervals for long-term loans were 1.20%~7.672%, 1.33%~5.70% and 1.20%~5.635%, respectively.

(e) The Company received a low-interest government loan from the Ministry of Economic Affairs in the amounting NT\$445,590 thousand with a term of 5~7 years and annual interest rates of 1.20%~1.50% 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.

(19) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended September 30, 2023 and 2022 were NT\$9,088 thousand and NT\$10,084 thousand, respectively, while for the nine-month periods ended September 30, 2023 and 2022 were NT\$27,460 thousand and NT\$29,211 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended September 30, 2023 and 2022 were NT\$138 and NT\$129 thousand, respectively, while for the nine-month periods ended September 30, 2023 and 2022 were NT\$413 and NT\$387 thousand, respectively.

(20) Equity

(a) Common stock

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Company's authorized capital were NT\$7,000,000 thousand, NT\$7,000,000 thousand and NT\$6,000,000 thousand, respectively, each share at par value of NT\$10, divided into 700,000 thousand shares, 700,000 thousand shares and 600,000 thousand shares, respectively. The Company's paid-in capital were NT\$5,418,836 thousand, NT\$5,409,336 thousand and NT\$5,409,336 thousand, respectively, divided into 541,884 thousand shares, 540,934 thousand shares and 540,934 thousand shares, respectively. Each share has one voting right and a right to receive dividends.

On March 23, 2022 and June 21, 2022, the Company's board of directors and shareholders' meetings resolved to increase the capital through an issuance of no more than 1,000 thousand shares of restricted stock for employees. The application has been governmentally approved by FSC in the Order No. Financial-Supervisory-Securities-Corporate-1110365780 issued on December 9, 2022. The Company's board of directors resolved the measurement date was on May 12, 2023. The issue price per share is NT\$10, and issued 950 thousand shares.

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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		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Additional paid-in capital	\$3,065,181	\$3,065,181	\$3,065,181
All changes in interests in subsidiaries	965,314	965,314	965,314
Stock options – convertible rights	12,685	12,685	12,685
Restricted stocks for employees	30,780	-	-
Other	31,239	31,239	31,239
Total	\$4,105,199	\$4,074,419	\$4,074,419

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 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,

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disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

As of September 30, 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 Year 2022 and 2021 were approved through the shareholders' meetings held on June 19, 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	\$218,095	\$107,274		
Special reserve	(60,999)	(57,436)		
Common stock – cash dividend	1,352,334	730,261	\$2.5	\$1.35
Total	<u>\$1,509,430</u>	<u>\$780,099</u>		

Please refer to 6(25) for detail on employees' compensation and remuneration to directors and supervisors.

(d) Non-controlling interests

	For the nine-month periods ended September 30,	
	2023	2022
Beginning balance	\$5,817,291	\$5,221,172
Profit attributable to non-controlling interests	478,834	650,630
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	122,864	180,120
Acquisition or disposal of subsidiaries	-	(224,326)
Issuance of employees share options by the subsidiary	39,176	2,361
Earning distribution to non-controlling interests	(136,216)	(122,390)

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Ending balance	\$6,321,949	\$5,707,567
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(21) 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 parent entity

Restricted stocks plan for employees

On June 21, 2022, the shareholders' meetings resolved to issue no greater than 1,000 thousand shares of restricted stocks and to be issued of charge for employees. The grantee is limited to employees who meet certain conditions. The restricted stocks have been approved by the Securities and Futures Bureau. On May 5, 2023, the board of directors resolved to issue 950 thousand shares. The measurement date was on May 12, 2023 and total shares issued were 950 thousand. The unit market price as of the granted date was NT\$42.4.

The employees who acquire the above shares can subscribe while the vesting conditions are as below.

Vesting conditions	Proportion of vested shares
Within 1 year starting the granted date	40%
Within 2 year starting the granted date	30%
Within 3 year starting the granted date	30%

Restriction on employee's right after granted but before vested:

A. After new shares of restricted stock are issued, the executives granted employee should immediately commit to the custodian institution, and not to ask the trustee to return the restricted stock in any other reasons or ways before achieving the vesting conditions.

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B. During each vesting period, no executives granted employee restricted stock awards, except for inheritance, may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested employee restricted stock awards.

C. Except for the restrictions in the preceding paragraph, before the vesting conditions are fulfilled, any other shareholder rights including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of ordinary shares of the Company in accordance with related regulations.

D. Attendance, proposals, speeches, voting rights and other matters related to shareholders' rights and interests at shareholders' meetings are entrusted to trust custodians.

E. During the vesting period, if the company carry out a capital reduction, RSAs will be cancelled proportionally. If the capital reduction is done by cash return, the returned cash should be kept under trustee designated by the Company, and be paid to the employees when vesting condition is fulfilled; if the employee does not meet the vesting condition, all shares the employees subscribed shall be bought back by the Company based on the original subscription price and canceled accordingly.

In cases of any voluntary leave, retirement and severance happens before vested, it is treated as failing to meet vesting conditions from the effective date. The Company would recall and cancel those employee restricted shares.

On May 12, 2023, the issuance of 950 thousand restricted shares for employees resulted in the increase of capital reserve—employee stock option amounting to NT\$ 30,780 thousand. As of September 30, 2023, the unearned employee compensation was NT\$ 29,371 thousand.

(b) 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

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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.

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

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

	For the year ended December 31, 2022	For the year ended December 31, 2020
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
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 nine-month periods ended September 30,			
	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	-	-	(1,040)	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	<u>11,064</u>	RMB 3.40	<u>7,040</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		-		-

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date (in dollars)

The information on the outstanding share options as of September 30, 2023, December 31, 2022 and September 30, 2022, are as follows:

	<u>exercise price</u>	<u>Weighted average remaining contractual life (Years)</u>
As at 30 September 2023		
share options outstanding at the end of the period	RMB 3.13	2.5 Years
share options outstanding at the end of the period	RMB 3.79	7.5 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 30 September 2022		
share options outstanding at the end of the period	RMB 3.13	3.5 Years

(c)The expense recognized for employee services received for the the nine-month periods ended September 30, 2023 and 2022, are shown in the following table:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Total expense arising from equity-settled share-based payment transactions	<u>\$50,085</u>	<u>\$2,361</u>

(d)No modification or cancellation of share-based payment plan has occurred during the nine-month periods ended September 30, 2023 and 2022, respectively.

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

(22) Operating revenue

	For the three-month		For the nine-month	
	periods ended September 30,		periods ended September 30,	
	2023	2022	2023	2022
Revenue from customer contracts				
Sales of goods	\$2,647,634	\$3,401,319	\$7,896,750	\$9,555,460

Analysis of revenue from contracts with customer during the nine-month periods ended September 30, 2023 and 2022 are as follows:

(a) Disaggregation of revenue

	Single Segment		Single Segment	
	For the three-month		For the nine-month	
	periods ended September 30,		periods ended September 30,	
	2023	2022	2023	2022
Sale of goods	\$2,647,634	\$3,401,319	\$7,896,750	\$9,555,460
Timing of revenue recognition:				
At a point in time	\$2,647,634	\$3,401,319	\$7,896,750	\$9,555,460

(b) Contract balances

A. Contract liabilities

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Sales of goods	\$533,184	\$708,655	\$697,474
Current	\$79	\$47	\$7,466

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Non-current	<u>533,105</u>	<u>708,608</u>	<u>690,008</u>
Total	<u>\$533,184</u>	<u>\$708,655</u>	<u>\$697,474</u>

Analysis of contract liabilities during the nine-month periods ended September 30, 2023 are as follows:

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(182,556)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	7,085

Analysis of contract liabilities during the nine-month periods ended September 30, 2022 are as follows:

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(616,449)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	482,014

(23) Expected credit losses (gains)

	<u>For the three-month periods ended September 30,</u>		<u>For the nine-month periods ended September 30,</u>	
	2023	2022	2023	2022
Operating expenses – Expected credit losses (gains)				
Account receivables	<u>\$(606)</u>	<u>\$1,671</u>	<u>\$(2,087)</u>	<u>\$1,741</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 September 30, 2023, December 31, 2022 and September

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30, 2022, respectively, are 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 September 30, 2023

	Neither past due (Note)	Past due					Total
		<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	
Gross carrying amount	\$1,827,929	\$182,395	\$6,023	\$1,216	\$543	\$958	\$2,019,044
Loss ratio	0.16%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(2,984)	(1,824)	(301)	(122)	(272)	(958)	(6,461)
Carrying amount of trade receivables	\$1,824,945	\$180,551	\$5,722	\$1,094	\$271	\$-	\$2,012,583

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

As of September 30, 2022

	Neither past	Past due				Total
		<=90 days	91-120	121-180	181-365	

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	due (Note)		days	days	days	>=365 days	
Gross carrying amount	\$2,471,239	\$386,374	\$156	\$17,372	\$-	\$-	\$2,875,141
Loss ratio	0.16%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(3,895)	(3,864)	(8)	(1,737)	-	-	(9,504)
Carrying amount of trade receivables	\$2,467,344	\$382,510	\$148	\$15,635	\$-	\$-	\$2,865,637

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 nine-month periods ended September 30, 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	-	(2,087)
Write off for the current period	-	-
Effect of exchange rate	-	117
Ending balance as of September 30, 2023	\$-	\$6,461
Beginning balance as of January 1, 2022	\$-	\$93,742
Addition (reversal) for the current period	-	1,741
Write off for the current period	-	(86,266)
Effect of exchange rate	-	287
Ending balance as of September 30, 2022	\$-	\$9,504

(24) Leases

(a) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and other 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.

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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	Machinery	Other equipment	Total
Cost:					
As of January 1, 2023	\$852,605	\$27,610	\$-	\$295,154	\$1,175,369
Additions	-	-	10,112	-	10,112
Reclassification	-	-	-	-	-
Disposals	(27,184)	-	-	-	(27,184)
Other changes	(987)	-	-	89	(898)
Exchange differences	10,849	1,403	-	(3,536)	8,716
As of September 30, 2023	<u>\$835,283</u>	<u>\$29,013</u>	<u>\$10,112</u>	<u>\$291,707</u>	<u>\$1,166,115</u>
Depreciation and impairment:					
As of January 1, 2023	\$84,031	\$2,114	\$-	\$53,325	\$139,470
Depreciation	22,674	3,769	337	33,441	60,221
Reclassification	-	-	-	-	-
Disposals	(2,945)	-	-	-	(2,945)
Exchange differences	1,228	270	-	(7,465)	(5,967)
As of September 30, 2023	<u>\$104,988</u>	<u>\$6,153</u>	<u>\$337</u>	<u>\$79,301</u>	<u>\$190,779</u>
Cost:					
As of January 1, 2022	\$652,150	\$-	\$-	\$-	\$652,150
Additions	5,969	-	-	288,272	294,241
Reclassification	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange differences	17,547	-	-	-	17,547
As of September 30, 2022	<u>\$675,666</u>	<u>\$-</u>	<u>\$-</u>	<u>\$288,272</u>	<u>\$963,938</u>

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	Land	Buildings	Machinery	Other equipment	Total
Depreciation and impairment:					
As of January 1, 2022	\$59,910	\$-	\$-	\$-	\$59,910
Depreciation	15,815	-	-	32,491	48,306
Reclassification	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange differences	1,358	-	-	9,505	10,863
As of September 30, 2022	<u>\$77,083</u>	<u>\$-</u>	<u>\$-</u>	<u>\$41,996</u>	<u>\$119,079</u>
Net carrying amount:					
September 30, 2023	<u>\$730,295</u>	<u>\$22,860</u>	<u>\$9,775</u>	<u>\$212,406</u>	<u>\$975,336</u>
December 31, 2022	<u>\$768,574</u>	<u>\$25,496</u>	<u>\$-</u>	<u>\$241,829</u>	<u>\$1,035,899</u>
September 30, 2022	<u>\$598,583</u>	<u>\$-</u>	<u>\$-</u>	<u>\$246,276</u>	<u>\$844,859</u>

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

(ii) Lease liabilities

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Lease liabilities	<u>\$477,476</u>	<u>\$512,305</u>	<u>\$307,961</u>
Current	\$70,979	\$64,352	\$49,964
Non-current	406,497	447,953	257,997
Total	<u>\$477,476</u>	<u>\$512,305</u>	<u>\$307,961</u>

Please refer to Note 6(26)(d) for the interest on lease liabilities recognized during the nine-month periods ended September 30, 2023 and 2022, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as on September 30, 2023, December 31, 2022 and September 30, 2022.

B. Income and costs relating to leasing activities

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	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
	Short-term leased expense (rental expense)	\$8,479	\$27,854	\$22,371

As of September 30, 2023, December 31, 2022, and September 30, 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 nine-month periods ended September 30, 2023 and 2022, the Group's total cash outflow for leases amounting to NT\$85,351 thousand and NT\$109,123 thousand, respectively.

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

	For the three-month periods ended September 30,					
	2023			2022		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries & wages	\$234,996	\$117,340	\$352,336	\$287,167	\$187,804	\$474,971
Labor and health insurance	19,135	4,695	23,830	20,616	3,857	24,473
Pension	6,949	2,277	9,226	8,152	2,061	10,213
Other employee benefits	35,032	7,512	42,544	46,503	6,764	53,267
Depreciation	336,087	83,548	419,635	318,319	61,151	379,470
Amortization	251	2,941	3,192	76	2,697	2,773

	For the nine-month periods ended September 30,					
	2023			2022		
	Cost of	Operating	Total	Cost of	Operating	Total

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	goods sold	expense		goods sold	expenses	
Employee benefits						
Salaries & wages	\$742,430	\$375,311	\$1,117,741	\$849,209	\$420,830	\$1,270,039
Labor and health insurance	55,483	12,799	68,282	58,600	11,260	69,860
Pension	21,254	6,619	27,873	23,435	6,163	29,598
Other employee benefits	116,116	22,584	138,700	151,270	19,920	171,190
Depreciation	985,522	240,213	1,225,735	942,050	190,090	1,132,140
Amortization	737	9,117	9,854	189	7,786	7,975

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 nine-month periods ended September 30, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the nine-month periods ended September 30, 2023 to be 5.284% of profit of the current year and 0.859% of profit of the current year, respectively. As such, employees' compensation and remuneration to directors and supervisors for the nine-month periods ended September 30, 2023 amount to NT\$41,500 thousand and NT\$6,750 thousand, respectively. The Company estimated the amounts of the employees's compensation and remuneration to directors and supervisors for the nine-month periods ended September 30, 2022 to be 7.385% of profit of the current year and 0.289% of profit of the current year, respectively. Employees' compensation and remuneration to directors and supervisors for the nine-month periods ended September 30, 2022 amount to NT\$172,000 thousand and NT\$6,750 thousand, respectively. For the three-month period ended September 30, 2023, the Company recorded the compensations to employees and directors in the amount of NT\$0 thousand and NT\$2,250 thousand, respectively, and, for the three-month period ended September 30, 2022, NT\$70,000 thousand and NT\$2,250 thousand, respectively. The employees's compensation

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

(26) Non-operating income and expenses

(a) Interest income

	For the three-month		For the nine-month	
	periods ended September 30,		periods ended September 30,	
	2023	2022	2023	2022
Financial assets measured at amortized cost				
Interest income	\$13,054	\$9,093	\$47,263	\$19,910

(b) Other incomes

	For the three-month		For the nine-month	
	periods ended September 30,		periods ended September 30,	
	2023	2022	2023	2022
Other income – others	\$143,077	\$23,773	\$218,286	\$97,723

(c) Other gains and losses

	For the three-month		For the nine-month	
	periods ended September 30,		periods ended September 30,	
	2023	2022	2023	2022
Gains (losses) on disposal of property,	\$611	\$(2,247)	\$(1,331)	\$(4,327)

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plant and equipment				
Foreign exchange gains (losses), net	44,554	136,135	86,763	213,662
Gains (losses) on financial assets at fair value through profit or loss	(3,305)	(178)	(3,709)	(1,934)
Others	(2,255)	(26,063)	(6,024)	(35,387)
Reversal of impairment gains (losses) on property, plant and equipment	(41)	-	(11,785)	2,196
Recognition of long-term prepayments for materials to loss	-	(183,302)	-	(183,302)
Recognition of contract liabilities to income	-	433,826	-	433,826
Compensation income	-	148,571	-	148,571
Total	<u>\$39,564</u>	<u>\$506,742</u>	<u>\$63,914</u>	<u>\$573,305</u>

(d) Finance costs

	<u>For the three-month periods ended September 30,</u>		<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on borrowings from bank	\$53,809	\$60,704	\$164,657	\$179,291
Interests on lease liabilities	4,067	3,372	12,494	10,091
Interests on bonds payable	1,057	1,042	3,125	3,080
Total	<u>\$58,933</u>	<u>\$65,118</u>	<u>\$180,276</u>	<u>\$192,462</u>

(27) Components of other comprehensive income

For the three-month periods ended September 30, 2023

	Reclassification during the period	Other comprehensive income, pre- tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Arising during the period				

Not to be reclassified to profit or loss in

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subsequent periods:

Unrealized gain (losses) from equity

instruments investments measured at fair

value through other comprehensive

income

\$ (28,618)	\$ -	\$ (28,618)	\$ -	\$ (28,618)
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May be reclassified to profit or loss in

subsequent periods:

Exchange differences arising on translating

of a foreign operations

502,319	-	502,319	-	502,319
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Total of other comprehensive income

<u>\$473,701</u>	<u>\$-</u>	<u>\$473,701</u>	<u>\$-</u>	<u>\$473,701</u>
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For the three-month periods ended September 30, 2022

	Reclassification	Other	Tax relating to	Other	
	Arising during	during the	components of	comprehensive	
	the period	period	other	income, net of	
			comprehensive	income, net of	
			income	tax	
			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	\$ (53,568)	\$ -	\$ (53,568)	\$ -	\$ (53,568)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	150,611	-	150,611	-	150,611
Total of other comprehensive income	<u>\$97,043</u>	<u>\$-</u>	<u>\$97,043</u>	<u>\$-</u>	<u>\$97,043</u>

For the nine-month periods ended September 30, 2023

	Reclassification	Other	Tax relating to	Other
	Arising during	during the	components of	comprehensive
	the period	period	other	income, net of
			comprehensive	income, net of
			income, pre-	tax
			tax	

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			tax	comprehensive income	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	\$ (41,288)	\$ -	\$ (41,288)	\$ -	\$ (41,288)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	248,192	-	248,192	-	248,192
Total of other comprehensive income	\$206,904	\$-	\$206,904	\$-	\$206,904

For the nine-month periods ended September 30, 2022

			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	\$ (66,193)	\$ -	\$ (66,193)	\$ -	\$ (66,193)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	374,013	-	374,013	-	374,013
Total of other comprehensive income	\$307,820	\$-	\$307,820	\$-	\$307,820

(28) Income tax

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

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Income tax expense (income) recognized in profit or loss

	For the three-month		For the nine-month	
	periods ended September 30,		periods ended September 30,	
	2023	2022	2023	2022
Current income tax expense (income):				
Current income tax charge	\$48,968	\$315,247	\$251,605	\$657,414
Adjustments in respect of current income tax of prior periods	(34)	15,005	(41,316)	(3,565)
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	34,775	-	95,161	-
Total income tax expense	<u>\$83,709</u>	<u>\$330,252</u>	<u>\$305,450</u>	<u>\$653,849</u>

(b)The assessment of income tax returns

As of September 30, 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 2021

(29)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.

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	For the three-month		For the nine-month	
	periods ended September		periods ended September	
	30,		30,	
	2023	2022	2023	2022
(a) Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$123,589	\$705,236	\$562,650	\$1,732,203
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	540,934	540,934	540,934	540,934
Basic earnings per share (in NT\$)	\$0.23	\$1.30	\$1.04	\$3.20
(b) Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$123,589	\$705,236	\$562,650	\$1,732,203
Gain or loss on valuation of redemption	48	881	95	1,548
Interest expense from convertible bonds	845	833	2,500	2,464
Net income attributable to common shareholders of the parent after dilution (in thousand NT\$)	\$124,482	\$706,950	\$565,245	\$1,736,215
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	540,934	540,934	540,934	540,934
Effect of dilution:				
Employee bonus — stock (in thousand shares)	943	4,360	1,836	4,652
Restricted stocks (in thousand shares)	111	-	58	-
Convertible bonds (in thousand shares)	4,746	4,495	4,746	4,495
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	546,734	549,789	547,574	550,081
Diluted earnings per share (in NT\$)	\$0.23	\$1.29	\$1.03	\$3.16

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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.

(30) 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		
		Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Silicon Technology Investment (Cayman) Corp.	Cayman	10.74%	10.74%	14.62%
Wafer Works (Shanghai) Co., Ltd.	China	46.36%	46.36%	46.36%

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Accumulated balances of material non-controlling interest:			
Silicon Technology Investment (Cayman) Corp.	\$687,093	\$635,697	\$623,772
Wafer Works (Shanghai) Co., Ltd.	\$5,634,856	\$5,181,594	\$5,083,795

	For the nine-month periods ended September 30,	
	2023	2022
Profit(loss) allocated to material non-controlling interest:		
Silicon Technology Investment (Cayman) Corp.	\$51,111	\$84,698
Wafer Works (Shanghai) Co., Ltd.	\$427,723	\$565,932

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

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Silicon Technology Investment (Cayman) Corp. and Wafer Works (Shanghai) Co., Ltd. summarized information of profit or loss for the nine-month periods ended September 30, 2023 and 2022, respectively, are as follows:

	For the nine-month periods ended September 30,			
	2023		2022	
	Wafer Works (Shanghai)		Wafer Works (Shanghai)	
	Silicon	Co., Ltd.	Silicon	Co., Ltd.
Operating revenue	\$4,694,499	\$4,694,499	\$5,133,208	\$5,133,208
Profit/loss from continuing operation	903,685	922,639	1,167,941	1,220,768
Total comprehensive income	1,130,124	1,153,708	1,473,503	1,537,994

Silicon Technology Investment (Cayman) Corp. summarized information of financial position as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, is as follows:

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Current assets	\$5,248,169	\$5,171,463	\$5,257,745
Non-current assets	11,575,631	11,288,117	11,562,007
Current liabilities	2,942,096	2,342,174	2,643,058
Non-current liabilities	1,964,084	3,126,080	3,397,936

Wafer Works (Shanghai) Co., Ltd. summarized information of financial position as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, is as follows:

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Current assets	\$5,106,460	\$5,153,642	\$5,145,345
Non-current assets	11,575,631	11,288,117	11,562,007
Current liabilities	2,724,924	2,249,360	2,453,917
Non-current liabilities	1,964,084	3,126,080	3,397,936

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Silicon Technology Investment (Cayman) Corp. and Wafer Works (Shanghai) Co., Ltd. summarized information of cash flows for the nine-month periods ended September 30, 2023 and 2022, respectively, are as follows:

	For the nine-month periods ended September 30,			
	2023		2022	
	Wafer Works (Shanghai)		Wafer Works (Shanghai)	
	Silicon	Co., Ltd.	Silicon	Co., Ltd.
Operating activities	\$1,770,866	\$1,670,996	\$2,867,024	\$2,924,350
Investing activities	(849,949)	(849,949)	(827,220)	(827,220)
Financing activities	(556,572)	(579,685)	(1,642,047)	(1,772,084)
Net increase(decrease) in cash and cash equivalents	314,909	191,926	345,264	272,552

7. Related party transactions

(a) Key management personnel compensation

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
	Short-term employee benefits	\$24,164	\$19,848	\$39,799
Post-employment benefits	196	253	553	559
Total	\$24,360	\$20,101	\$40,352	\$36,855

8. Assets pledged as collateral

Item	Carrying Amount As of			Secured liabilities
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022	
Notes receivable	\$-	\$6,093	\$10,225	Short-term loans
Financial assets measured at amortized cost-current	41,818	47,291	17,340	Customs duty guarantee and loans

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Item	Carrying Amount As of			Secured liabilities
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022	
Financial assets measured at amortized cost-current	41,534	156,484	51,229	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	2,731,728	2,810,003	2,873,014	Long-term loans
Property, plant and equipment – machinery and equipment	1,619,212	1,780,174	1,865,867	Long-term loans
Property, plant and equipment –office equipment	1,430	2,457	2,849	Long-term loans
Property, plant and equipment –other equipment	2,355	3,456	3,892	Long-term loans
Right-of-use assets – land	262,862	263,911	269,691	Long-term loans
Right-of-use assets – land	210,631	274,089	279,558	Performance guarantee
Total	\$5,192,668	\$5,625,056	\$5,642,793	

9. Significant contingencies and unrecognized contract commitments

(a) The Group's unused letters of credit (LC) as of September 30, 2023 were as follows:

Currency	LC Amount	Security
USD	USD 881 thousand	RMB 200 thousand
USD	USD 756 thousand	USD 227 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 September 30, 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	\$424,345	\$318,178	\$106,167
Equipment	2,214,999	1,792,659	422,340

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Total	<u>\$2,639,344</u>	<u>\$2,110,837</u>	<u>\$528,507</u>
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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 A for the period from August 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 B 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 September 30, 2023, the Group's contracts are as follows:

<u>Customer</u>	<u>Contract period</u>	<u>Contract liability balance</u>
Customer A	2022.04.26 to 2024.12.31	\$248,447
Customer B	2022.01.01 to 2024.12.31	119,326
Customer C	2022.01.01 to 2024.12.31	65,301
Customer D	2022.01.01 to 2024.12.31	55,677
Customer E	2022.01.01 to 2023.12.01	23,790
Customer F	2021.10.01 to 2023.09.30	20,534
Total		<u>\$533,105</u>

(f)As of September 30, 2023, the Group issued a tariff guarantee of NT\$37,000 thousand to the bank for the purpose of importing goods.

10. Significant disaster loss

None.

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11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Financial asset at fair value through P/L:			
Mandatorily measured at fair value through P/L	\$10,909	\$119	\$42,230
Financial assets at fair value through OCI	123,888	112,141	102,790
Financial assets measured at amortized cost			
Cash and petty cash	4,131,826	5,423,876	5,456,196
Restricted assets	105,319	225,742	78,536
Notes receivables	9,960	21,815	29,420
Accounts receivables	2,002,623	2,452,105	2,836,217
Other receivables	52,146	88,535	60,758
Total	<u>\$6,436,671</u>	<u>\$8,324,333</u>	<u>\$8,606,147</u>

Financial liabilities

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Financial liabilities at fair value through P/L:			
Mandatorily measured at fair value through P/L	\$3,590	\$-	\$-
Financial liabilities at amortized cost:			
Short-term loans	1,127,191	999,704	1,400,802
Short-term notes and bills payable	20,000	-	-
Payable	1,369,792	2,122,511	2,052,935
Long-term loans (current portion included)	4,179,948	4,332,242	4,655,379
Bonds payable	291,635	288,510	287,465
Lease liabilities (current portion included)	477,476	512,305	307,961

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Total	<u>\$7,469,632</u>	<u>\$8,255,272</u>	<u>\$8,704,542</u>
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(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 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 nine-month periods ended September 30, 2023 and 2022 would decreased/increased by NT\$23,736 thousand and NT\$22,888 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the nine-month periods ended September 30, 2023 and 2022 would increased/decreased by NT\$9,482 thousand and NT\$18,462 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 nine-month periods ended September 30, 2023 and 2022 to decrease/increase by NT\$5,307 thousand and NT\$6,046 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\$784 and NT\$1,029 on the equity attributable to the Group for the nine-month periods ended September 30, 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 September 30, 2023, December 31, 2022 and September 30, 2022, trade receivables from top ten customers represented 63.05%, 62.01% and 48.99% of the total trade receivables of the 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

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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 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over than 5 years	Total
As of Sep. 30, 2023							
Loans	\$2,804,671	\$999,405	\$683,771	\$550,473	\$637,923	\$18,020	\$5,694,263
Short-term notes and bills payable	20,000	-	-	-	-	-	20,000
Payables	1,369,792	-	-	-	-	-	1,369,792
Bonds payable	-	-	297,600	-	-	-	297,600
Lease Liabilities	85,667	85,848	84,069	59,726	30,978	204,230	550,518
As of Dec. 31, 2022							
Loans	\$2,302,065	\$2,022,727	\$1,238,233	\$166,116	\$33,504	\$-	\$5,762,645

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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 Sep. 30, 2022							
Loans	\$2,649,843	\$2,007,654	\$1,385,106	\$463,198	\$51,831	\$-	\$6,557,632
Payables	2,052,935	-	-	-	-	-	2,052,935
Bonds payable	-	-	-	297,600	-	-	297,600
Lease Liabilities	61,113	61,113	61,113	61,054	38,734	67,142	350,269

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the nine-month periods ended September 30, 2023:

	Short-term borrowings	Short-term notes and bills payable	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	127,487	20,000	-	(214,893)	(11,342)	(62,980)	(141,728)
Non-cash changes							
Lease range changes	-	-	-	-	-	9,214	9,214
Interests on lease liabilities	-	-	-	-	-	12,494	12,494
Interest expense	-	-	3,125	-	-	-	3,125
Other	-	-	-	(1,296)	-	-	(1,296)
Currency rate change	-	-	-	63,895	-	6,443	70,338
As of September 30, 2023	\$1,127,191	\$20,000	\$291,635	\$4,179,948	\$55,423	\$477,010	\$5,877,974

Movement schedule of liabilities for the nine-month periods ended September 30, 2022:

	Short-term borrowings	Bonds payable	Long-term borrowings	Guarantee deposit received	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	\$1,976,531	\$284,385	\$4,800,867	\$95,991	\$49,637	\$7,207,411
Cash flows	(575,729)	-	(338,169)	(25,188)	(46,136)	(985,222)

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Non-cash changes						
Lease range changes	-	-	-	-	292,241	294,241
Interests on lease						
liabilities	-	-	-	-	10,091	10,091
Interest expense	-	3,080	-	-	-	3,080
Other	-	-	356	-	-	356
Currency rate change	-	-	192,325	-	128	192,453
As of September 30, 2022	<u>\$1,400,802</u>	<u>\$287,465</u>	<u>\$4,655,379</u>	<u>\$70,803</u>	<u>\$307,961</u>	<u>\$6,722,410</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.
- 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.

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(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		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Financial liabilities:			
Bonds payable	\$291,635	\$288,510	\$287,465
	Fair value		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Financial liabilities:			
Bonds payable	\$287,333	\$282,512	\$278,167

(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 September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments.

The table below lists the information related to forward currency contracts:

Items	Notional Amount	Contract Period
As of September 30, 2023		

Forward exchange contract Sell USD 9,300 thousand July 20, 2023 to November 23, 2023

As of December 31, 2022

None.

As of September 30, 2022

None.

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

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

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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 September 30, 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				
Stock	\$10,909	\$-	\$-	\$10,909
Financial assets at fair value through other comprehensive income				
Equity instruments investments measured at fair value through other comprehensive income	\$73,065	\$-	\$50,823	\$123,888
Financial liabilities:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$3,590	\$-	\$3,590

As of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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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 September 30, 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	\$-	\$-	\$179	\$179
Stock	\$42,051	\$-	\$-	\$42,051
Financial assets at fair value through other comprehensive income				
Equity instruments investments measured at fair value through other comprehensive income	\$97,552	\$-	\$5,238	\$102,790

Transfers between Level 1 and Level 2 during the period

For the nine-month periods ended September 30, 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:

	<u>Assets</u>	
	<u>At fair value</u>	<u>At fair value</u>

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	<u>through OCI</u>	<u>through P/L</u>
	Stock	Derivative financial instruments
Beginning balances as of January 1, 2023	\$5,066	\$119
Total gains and losses recognized for the nine-month periods ended September 30, 2023:		
Amount recognized in profit or loss (presented in “ Other gains and losses ”)	-	(119)
Amount recognized in OCI(presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-	-
Acquisition for the nine-month periods ended September 30, 2023	45,500	-
Currency rate change	257	-
Ending balances as of September 30, 2023	<u>\$50,823</u>	<u>\$-</u>
Beginning balances as of January 1, 2022	\$4,566	\$2,113
Total gains and losses recognized for the nine-month periods ended September 30, 2022:		
Amount recognised in profit or loss (presented in “ Other gains and losses ”)	-	(1,934)
Amount recognized in OCI(presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-	-
Currency rate change	672	-
Ending balances as of September 30, 2022	<u>\$5,238</u>	<u>\$179</u>

Total gains and losses recognized in profit or loss for the nine-month periods ended September 30, 2023 and 2022 in the table above contain gains and losses related to assets or liabilities on hand in the amount of NT\$(119) thousand and NT\$(1,934) thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value

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measurements categorized within Level 3 of the fair value hierarchy are as below:

As of September 30, 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\$5,082 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	26.13%	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

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:					

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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
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Relationship

Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
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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 September 30, 2022

Relationship

Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
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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\$524 thousand
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	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	48.06%	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\$25 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 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 September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Please refer to 6(17))	\$-	\$-	\$287,333	\$287,333

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As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Please refer to 6(17))	\$-	\$-	\$282,512	\$282,512

As of September 30, 2022:

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Please refer to 6(17))	\$-	\$-	\$278,167	\$278,167

(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					
	September 30, 2023			December 31, 2022		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$108,542	32.27	\$3,502,647	\$138,917	30.71	\$4,266,148
RMB	\$364,842	4.49	\$1,639,695	\$241,001	4.41	\$1,063,314
<u>Financial liabilities</u>						
Monetary items:						
USD	\$34,989	32.27	\$1,129,043	\$60,297	30.71	\$1,851,739
RMB	\$575,798	4.49	\$2,587,947	\$621,638	4.41	\$2,741,070

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	As of		
	September 30, 2022		
	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$146,993	31.75	\$4,667,998
RMB	\$241,301	4.48	\$1,080,262
 <u>Financial liabilities</u>			
Monetary items:			
USD	\$74,918	31.75	\$2,379,198
RMB	\$654,157	4.47	\$2,926,420

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

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\$86,763 thousand and NT\$213,662 thousand for the nine-month periods ended September 30, 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.

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13. Other disclosure

(1) Information on significant transactions:

- a. Financing provided to others for the nine-month periods ended September 30, 2023: None.
- b. Endorsement/Guarantee provided to others for the nine-month periods ended September 30, 2023: None.
- c. Securities held as of September 30, 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 nine-month periods ended September 30, 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 nine-month periods ended September e 30, 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 nine-month periods ended September 30, 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 nine-month periods ended September 30, 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 September 30, 2023: Please refer to Attachment 3.
- i. Financial instruments and derivative transactions: Please refer to Note 12(8).
- 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 nine-month periods ended September 30, 2023: None.
- (b) Endorsement/Guarantee provided to others for the nine-month periods ended September 30, 2023: Please refer to Attachment 1.
- (c) Securities held as of September 30, 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 nine-month periods ended September 30, 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 nine-month periods ended September 30, 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 nine-month periods ended September 30, 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 nine-month periods ended September 30, 2023: Please refer to Attachment 6.

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- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 30, 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 Sep. 30, 2023	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Sep. 30, 2023	Accumulated Inward Remittance of Earnings as of Sep. 30, 2023
					Outflow	Inflow						
Wafer Works (Shanghai) Co., Ltd. (Note10)	R&D, production and sales of semiconductor materials	\$2,193,571 (Note1&3)	-	\$510,951	\$-	\$-	\$510,951	\$962,570	47.88%	\$719,960 (Note3,4&12)	\$5,672,913 (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 Sep. 30, 2023	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Sep. 30, 2023	Accumulated Inward Remittance of Earnings as of Sep. 30, 2023
					Outflow	Inflow						
Wafer Works Epitaxial Corp.	R&D, production and sales of semiconductor materials	\$2,678,107 (Note3&6)	-	\$516,782	\$-	\$-	\$516,782	\$719,960	47.88%	\$418,194 (Note3,4&12)	\$1,757,039 (Note3,4&12)	\$-
Wafer Works (Yangzhou) Corp.	R&D, production and sales of semiconductor materials	\$489,908 (Note3&7)	Note 2	\$-	\$-	\$-	\$-	\$(17,659)	47.88%	\$(17,659) (Note3&12)	\$222,462 (Note3&12)	\$-
Wafer Works (Zhengzhou) Corp.	R&D, production and sales of semiconductor materials	\$4,584,457 (Note3&8)	Note 8	\$-	\$-	\$-	\$-	\$417,512	47.88%	\$417,512 (Note3,4&12)	\$2,427,271 (Note3,4&12)	\$-
HuaXin (Shanghai) Technology Co., Ltd.	Selling business	\$30,211 (Note10)	Note 11	\$30,211	\$-	\$-	\$30,211	\$(2,307)	100.00%	\$(2,307) (Note3,4&12)	\$(71,839) (Note3,4&12)	\$-

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WAFER WORKS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

Investee company	Accumulated Investment in Mainland China as of Sep. 30, 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

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 September 30, 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

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WAFER WORKS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

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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WAFER WORKS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

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 nine-month periods ended September 30, 2023)

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

WAFER WORKS CORP. AND SUBSIDIARIES

No.	<u>Receiving party</u>			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	
	Endorser/Guarantor	Company name	Relationship (Note2)										
1	Wafer Works (Shanghai) Corp.	Wafer Works (ZhengZhou) Corp.	Affiliated Company	\$4,881,687	\$929,005	\$774,833	\$774,833	\$-	6.35%	\$4,881,687	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 nine-month periods ended September 30, 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 balances(%)		
Wafer Works Corp.	Helitek Company Ltd.	Affiliated Company	Sales	\$972,812	27.29%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	\$144,283	15.57%	Note
Wafer Works Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Sales	\$237,023	6.65%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	\$56,661	6.11%	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 September 30, 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 \$144,283 (Note)	6.01	\$-	-	\$31,202	\$-

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

(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 September 30, 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%	\$5,987,428	\$456,137	\$456,137	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%	3,354	14	14	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%	5,595,672	475,961	424,851	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%	204,317	3,920	3,920	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%	(99,758)	-	-	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%	204,308	3,920	3,920	Note

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

ATTACHMENT 5 (Securities held as of September 30, 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 September 30, 2023							
Holding Company	Securities Type and Name	Relationship	Financial Statement Account	Shares/Units	Book Value	Percentage of ownership (%)	Fair value
Wafer Works Corp.	GaN Power Technology Co., Ltd. Loss: financial assets at fair value through other comprehensive income,valuation adjustments Net	-	Financial asset at fair value through OCI, noncurrent	4,550,000	\$45,500 -	10.00%	<u>\$45,500</u>
					<u>\$45,500</u>		
Wafer Works Investment Corp.	Can Yang Investments Limited Loss: financial assets at fair value through other comprehensive income,valuation adjustments Net	-	Financial asset at fair value through OCI, noncurrent	153,488	\$19,362 (14,039)	0.20%	<u>\$5,323</u>
					<u>\$5,323</u>		
Wafer Works Investment Corp.	Solargiga Energy Holdings Limited Loss: financial assets at fair value through other comprehensive income,valuation adjustments Net	-	Financial asset at fair value through OCI, noncurrent	96,227,822	\$174,289 (103,271)	2.90%	<u>\$71,018</u>
					<u>\$71,018</u>		
Heli-Vantech Corp.	New Solar Power Corp. Loss: financial assets at fair value through other comprehensive income,valuation adjustments Net	-	Financial asset at fair value through OCI, noncurrent	138,747	\$5,622 (3,575)	0.01%	<u>\$2,047</u>
					<u>\$2,047</u>		
Helitek Company Ltd.	SCHWAB VARIABLE SHARE PR:SVUXX Loss: financial assets at fair value through profit or loss,valuation adjustments Net	-	Financial assets at fair value through profit or loss, current	337,952	\$10,909 -	-%	<u>\$10,909</u>
					<u>\$10,909</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 nine-month period ended September 30, 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)		
				Amount	Percentage of total purchases (sales) (%)	Term	Unit Price	Term	Balance	Percentage of total balances(%)	Note
Wafer Works (Shanghai) Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Sales	\$174,785	80.36%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	\$39,499	80.78%	Note
Wafer Works (Zhengzhou) Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Sales	\$1,825,117	90.64%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	\$411,095	95.95%	Note
Wafer Works Epitaxial Corp.	Wafer Works Corp.	Affiliated Company	Purchases	\$237,023	9.18%	Paid at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	\$(56,661)	(9.86)%	Note
Helitek Company Ltd.	Wafer Works Corp.	Affiliated Company	Purchases	\$972,812	98.79%	Paid at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	\$(144,283)	(99.43)%	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 September 30, 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	Affiliated Company	Accounts receivable	5.53	\$-	-	\$-	\$-
	Epitaxial Corp.		\$411,095					
			(Note)					

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>2023.01.01~2023.09.30</u>						
0	Wafer Works Corp.	HuaXin (Shanghai) Technology Co., Ltd.	1	Operating income	\$16,694	Received at 150 days after shipment arrival by using telegraphic transfer (T/T)	0.21%
0	Wafer Works Corp.	Wafer Works Epitaxial Corp.	1	Operating income	237,023	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	3.00%
0	Wafer Works Corp.	Helitek Company Ltd.	1	Operating income	972,812	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	12.32%
0	Wafer Works Corp.	Wafer Works (ZhengZhou) Corp.	1	Operating income	86,876	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.10%
0	Wafer Works Corp.	Wafer Works (YangZhou) Corp.	1	Purchases	80,060	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.01%
0	Wafer Works Corp.	HuaXin (Shanghai) Technology Co., Ltd.	1	Accounts receivable	94,388	Received at 150 days after shipment arrival by using telegraphic transfer (T/T)	0.34%
0	Wafer Works Corp.	Wafer Works Epitaxial Corp.	1	Accounts receivable	56,661	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.21%
0	Wafer Works Corp.	Helitek Company Ltd.	1	Accounts receivable	144,283	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.53%
0	Wafer Works Corp.	Sharp Right Limited Co., Ltd.	1	Accounts receivable	45,676	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.17%
0	Wafer Works Corp.	Sharp Right Limited Co., Ltd.	1	Other receivables	51,294	-	0.19%
0	Wafer Works Corp.	Wafer Works Investment Corp.	1	Dividend receivables	106,789	-	0.39%
1	Wafer Works Investments Corp	Silicon Technology Investment (Cayman) Corp.	3	Dividend receivables	106,789	-	0.39%
2	Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	3	Operating income	174,785	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	2.21%
2	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (YangZhou) Corp.	3	Operating income	12,741	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.16%
2	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (ZhengZhou) Corp.	3	Operating income	29,706	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.38%
2	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (YangZhou) Corp.	3	Purchases	27,627	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.35%
2	Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	3	Accounts receivable	39,499	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	2.53%
2	Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	3	Dividend receivables	656,207	-	2.39%
2	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (YangZhou) Corp.	3	Dividend receivables	22,023	-	0.08%
2	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (ZhengZhou) Corp.	3	Dividend receivables	582,496	-	2.12%
3	Wafer Works Epitaxial Corp.	Wafer Works (ZhengZhou) Corp.	3	Operating income	77,346	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.98%
3	Wafer Works Epitaxial Corp.	Wafer Works (ZhengZhou) Corp.	3	Purchases	1,825,117	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	23.11%
3	Wafer Works Epitaxial Corp.	Wafer Works (ZhengZhou) Corp.	3	Accounts receivable	10,738	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.04%
3	Wafer Works Epitaxial Corp.	Wafer Works (ZhengZhou) Corp.	3	Accounts payable	411,095	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.50%
4	Wafer Works (YangZhou) Corp.	Wafer Works (ZhengZhou) Corp.	3	Operating income	34,044	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.43%
4	Wafer Works (YangZhou) Corp.	Wafer Works (ZhengZhou) Corp.	3	Other payables	23,303	-	0.08%

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 NTS10,000 thousand have been disclosed.