

**FOXSEMICON INTERGRATED  
TECHNOLOGY INC. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 2023 AND 2022**

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

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Foxsemicon Intergrated Technology Inc.

### ***Introduction***

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

### ***Scope of Review***

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

## ***Conclusion***

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three-month periods and the nine-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Hsu, Sheng-Chung

Wu, Jen-Chieh

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 10, 2023

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

**FOXSEMICON INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets			September 30, 2023		December 31, 2022		September 30, 2022				
			Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%		
Current assets											
1100	Cash and cash equivalents	6(1)	\$	5,046,835	28	\$	8,543,988	43	\$	8,590,129	45
1110	Current financial assets at fair value through profit or loss	6(2)		381	-		-	-		-	
1136	Current financial assets at amortized cost	6(1)		4,258,115	23		1,268,520	7		178,920	1
1170	Accounts receivable	6(4) and 7		861,711	5		977,844	5		1,386,123	7
1200	Other receivables	7		25,060	-		10,624	-		24,289	-
130X	Inventory	6(5)		2,791,335	15		3,807,053	19		4,059,197	21
1410	Prepayments			133,651	1		198,677	1		286,553	2
11XX	Total current assets			13,117,088	72		14,806,706	75		14,525,211	76
Non-current assets											
1510	Non-current financial assets at fair value through profit or loss	6(2)		254,432	1		232,097	1		259,122	1
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		214,577	1		194,076	1		208,601	1
1550	Investments accounted for using equity method			99,039	1		76,383	-		80,511	1
1600	Property, plant and equipment	6(6) and 8		3,786,662	21		3,540,849	18		3,257,950	17
1755	Right-of-use assets	6(7) and 7		343,408	2		294,244	2		314,710	2
1760	Investment property	6(8)		34,275	-		35,874	-		36,408	-
1840	Deferred income tax assets			11,117	-		9,956	-		14,943	-
1900	Other non-current assets	6(1) and 8		462,350	2		500,007	3		434,219	2
15XX	Total non-current assets			5,205,860	28		4,883,486	25		4,606,464	24
1XXX	Total assets		\$	18,322,948	100	\$	19,690,192	100	\$	19,131,675	100

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**FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>							
2100	Short-term loans	6(9)	\$ 47,245	-	\$ 417,640	2	\$ 771,585	4
2120	Current financial liabilities at fair value through profit or loss	6(2)	-	-	1,336	-	-	-
2170	Accounts payable		893,966	5	1,438,868	7	1,717,585	9
2200	Other payables	6(10)	1,230,127	7	1,891,429	10	1,723,507	9
2230	Current tax liabilities		136,923	1	425,627	2	379,678	2
2280	Current lease liabilities	7	50,318	-	32,782	-	38,037	-
2320	Long-term liabilities, current portion	6(13)(14)	2,091,560	11	1,879,870	10	-	-
2399	Other current liabilities, others	6(11)	467,543	3	612,826	3	127,697	1
21XX	<b>Total current liabilities</b>		<u>4,917,682</u>	<u>27</u>	<u>6,700,378</u>	<u>34</u>	<u>4,758,089</u>	<u>25</u>
	<b>Non-current liabilities</b>							
2500	Non-current financial liabilities at fair value through profit or loss	6(2)	-	-	-	-	2,480	-
2530	Bonds payable	6(13)	-	-	-	-	1,843,894	10
2540	Long-term loans	6(14)	1,402,070	7	1,506,039	8	1,357,849	7
2570	Deferred income tax liabilities		49,473	-	38,837	-	38,003	-
2580	Non-current lease liabilities	7	306,525	2	269,089	1	283,323	1
2600	Other non-current liabilities	6(11)	547,468	3	344,692	2	406,234	2
25XX	<b>Total non-current liabilities</b>		<u>2,305,536</u>	<u>12</u>	<u>2,158,657</u>	<u>11</u>	<u>3,931,783</u>	<u>20</u>
2XXX	<b>Total Liabilities</b>		<u>7,223,218</u>	<u>39</u>	<u>8,859,035</u>	<u>45</u>	<u>8,689,872</u>	<u>45</u>
	<b>Equity</b>							
	<b>Equity attributable to owners of parent</b>							
	Share capital							
3110	Common stock	6(15)	971,595	6	967,921	5	966,475	5
3130	Certificate of entitlement to new shares from convertible bond		6	-	-	-	-	-
3140	Advance receipts for share capital		260	-	2,588	-	1,446	-
	Capital surplus	6(17)						
3200	Capital surplus		4,008,395	22	3,939,329	20	3,889,417	20
	Retained earnings	6(18)						
3310	Legal reserve		943,255	5	713,397	4	713,397	4
3320	Special reserve		6,336	-	6,336	-	6,336	-
3350	Unappropriated retained earnings		5,082,660	28	5,166,593	26	4,741,274	25
	Other equity interest							
3400	Other equity interest		87,223	-	34,993	-	122,583	1
31XX	<b>Equity attributable to owners of the parent</b>		<u>11,099,730</u>	<u>61</u>	<u>10,831,157</u>	<u>55</u>	<u>10,440,928</u>	<u>55</u>
36XX	<b>Non-controlling interests</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>875</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>11,099,730</u>	<u>61</u>	<u>10,831,157</u>	<u>55</u>	<u>10,441,803</u>	<u>55</u>
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9						
	Significant Events after the Balance Sheet Date	11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 18,322,948</u>	<u>100</u>	<u>\$ 19,690,192</u>	<u>100</u>	<u>\$ 19,131,675</u>	<u>100</u>

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

**FOXSEMICON INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19) and 7	\$ 2,976,728	100	\$ 4,055,096	100	\$ 9,671,457	100	\$ 10,662,020	100
5000 Operating costs	6(5)	( 2,220,426)	( 74)	( 2,827,139)	( 70)	( 7,182,290)	( 74)	( 7,573,183)	( 71)
5900 Gross profit from operations		<u>756,302</u>	<u>26</u>	<u>1,227,957</u>	<u>30</u>	<u>2,489,167</u>	<u>26</u>	<u>3,088,837</u>	<u>29</u>
Operating expenses	6(22)								
6100 Selling expenses		( 94,659)	( 3)	( 113,398)	( 3)	( 274,081)	( 3)	( 329,711)	( 3)
6200 Administrative expenses		( 125,308)	( 4)	( 142,340)	( 3)	( 378,937)	( 4)	( 363,956)	( 3)
6300 Research and development expenses		( 126,626)	( 5)	( 143,890)	( 4)	( 388,003)	( 4)	( 385,076)	( 4)
6450 Impairment (loss) gain	12(2)	<u>17</u>	<u>-</u>	<u>( 415)</u>	<u>-</u>	<u>2,964</u>	<u>-</u>	<u>( 54)</u>	<u>-</u>
6000 Total operating expenses		<u>( 346,576)</u>	<u>( 12)</u>	<u>( 400,043)</u>	<u>( 10)</u>	<u>( 1,038,057)</u>	<u>( 11)</u>	<u>( 1,078,797)</u>	<u>( 10)</u>
6900 Net operating income		<u>409,726</u>	<u>14</u>	<u>827,914</u>	<u>20</u>	<u>1,451,110</u>	<u>15</u>	<u>2,010,040</u>	<u>19</u>
Non-operating income and expenses									
7100 Interest income		51,160	2	24,748	-	169,183	2	38,292	-
7010 Other income	6(20)	25,709	1	26,169	1	108,022	1	73,639	1
7020 Other gains and losses	6(21)	123,050	4	117,885	3	168,709	2	278,403	2
7050 Finance costs		( 9,860)	( 1)	( 12,150)	-	( 33,354)	( 1)	( 26,675)	-
7060 Share of loss of associates and joint ventures accounted for using equity method		<u>( 2,624)</u>	<u>-</u>	<u>( 1,111)</u>	<u>-</u>	<u>( 6,031)</u>	<u>-</u>	<u>( 3,848)</u>	<u>-</u>
7000 Total non-operating revenue and expenses		<u>187,435</u>	<u>6</u>	<u>155,541</u>	<u>4</u>	<u>406,529</u>	<u>4</u>	<u>359,811</u>	<u>3</u>
7900 Profit (loss) before income tax		597,161	20	983,455	24	1,857,639	19	2,369,851	22
7950 Income tax expense	6(24)	( 123,806)	( 4)	( 192,696)	( 5)	( 372,105)	( 4)	( 442,510)	( 4)
8200 Profit for the period		<u>\$ 473,355</u>	<u>16</u>	<u>\$ 790,759</u>	<u>19</u>	<u>\$ 1,485,534</u>	<u>15</u>	<u>\$ 1,927,341</u>	<u>18</u>

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**FOXSEMICON INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items		Notes	Three months ended September 30				Nine months ended September 30			
			2023		2022		2023		2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>										
8316	Unrealized gain on valuation of financial assets at fair value through the comprehensive	6(3)	(\$ 8,560)	(1)	(\$ 33,264)	(1)	\$ 16,255	-	(\$ 83,581)	(1)
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>										
8361	Financial statements translation difference of foreign operations		142,422	5	63,819	2	37,765	1	148,244	2
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		700	-	490	-	(1,790)	-	1,956	-
8360	Other comprehensive loss that will be reclassified to profit or loss		143,122	5	64,309	2	35,975	1	150,200	2
8300	<b>Other comprehensive income for the year</b>		<u>\$ 134,562</u>	<u>4</u>	<u>\$ 31,045</u>	<u>1</u>	<u>\$ 52,230</u>	<u>1</u>	<u>\$ 66,619</u>	<u>1</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 607,917</u>	<u>20</u>	<u>\$ 821,804</u>	<u>20</u>	<u>\$ 1,537,764</u>	<u>16</u>	<u>\$ 1,993,960</u>	<u>19</u>
Profit attributable to:										
8610	Owners of the parent		\$ 473,355	16	\$ 787,230	19	\$ 1,485,534	15	\$ 1,902,791	18
8620	Non controlling interest		-	-	3,529	-	-	-	24,550	-
			<u>\$ 473,355</u>	<u>16</u>	<u>\$ 790,759</u>	<u>19</u>	<u>\$ 1,485,534</u>	<u>15</u>	<u>\$ 1,927,341</u>	<u>18</u>
Total comprehensive income attributable to:										
8710	Owners of the parent		\$ 607,917	20	\$ 818,275	20	\$ 1,537,764	16	\$ 1,969,410	19
8720	Non controlling interest		-	-	3,529	-	-	-	24,550	-
			<u>\$ 607,917</u>	<u>20</u>	<u>\$ 821,804</u>	<u>20</u>	<u>\$ 1,537,764</u>	<u>16</u>	<u>\$ 1,993,960</u>	<u>19</u>
Earnings per share (in dollars)										
		6(25)								
9750	Basic earnings per share		<u>\$ 4.87</u>		<u>\$ 8.14</u>		<u>\$ 15.29</u>		<u>\$ 20.41</u>	
9850	Diluted earnings per share		<u>\$ 4.36</u>		<u>\$ 7.32</u>		<u>\$ 13.61</u>		<u>\$ 18.18</u>	

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

**FOXSEMICON INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Equity attributable to owners of the parent											Non-controlling interests	Total equity
		Capital			Retained Earnings			Other equity interest						
		Common stock	Certificate of entitlement to new shares from convertible bond	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total			
<u>For the nine-month period ended September 30, 2022</u>														
Balance at January 1, 2022		\$ 878,008	\$ -	\$ 1,056	\$ 2,093,841	\$ 558,372	\$ 6,336	\$ 3,863,061	(\$ 59,831)	\$ 115,795	\$ 7,456,638	\$ 67,251	\$ 7,523,889	
Profit for the nine-month period		-	-	-	-	-	-	1,902,791	-	-	1,902,791	24,550	1,927,341	
Other comprehensive income (loss) for the nine-month period		-	-	-	-	-	-	-	150,200	( 83,581)	66,619	-	66,619	
Total comprehensive income		-	-	-	-	-	-	1,902,791	150,200	( 83,581)	1,969,410	24,550	1,993,960	
Appropriations of 2021 earnings	6(18)													
Legal reserve		-	-	-	-	155,025	-	( 155,025)	-	-	-	-	-	
Cash dividends		-	-	-	-	-	-	( 840,021)	-	-	( 840,021)	-	( 840,021)	
Issuance of shares		81,172	-	-	1,625,238	-	-	-	-	-	1,706,410	-	1,706,410	
Conversion of convertible bonds	6(17)	3,769	-	-	64,847	-	-	-	-	-	68,616	-	68,616	
Executive employee stock options	6(17)	3,526	-	390	56,691	-	-	-	-	-	60,607	-	60,607	
Change for non controlling interest		-	-	-	-	-	-	( 29,532)	-	-	( 29,532)	( 91,676)	( 121,208)	
Share-based payment	6(16)(17)	-	-	-	48,800	-	-	-	-	-	48,800	750	49,550	
Balance at September 30, 2022		<u>\$ 966,475</u>	<u>\$ -</u>	<u>\$ 1,446</u>	<u>\$ 3,889,417</u>	<u>\$ 713,397</u>	<u>\$ 6,336</u>	<u>\$ 4,741,274</u>	<u>\$ 90,369</u>	<u>\$ 32,214</u>	<u>\$ 10,440,928</u>	<u>\$ 875</u>	<u>\$ 10,441,803</u>	
<u>For the nine-month period ended September 30, 2023</u>														
Balance at January 1, 2023		\$ 967,921	\$ -	\$ 2,588	\$ 3,939,329	\$ 713,397	\$ 6,336	\$ 5,166,593	\$ 14,747	\$ 20,246	\$ 10,831,157	\$ -	\$ 10,831,157	
Profit for the nine-month period		-	-	-	-	-	-	1,485,534	-	-	1,485,534	-	1,485,534	
Other comprehensive income (loss) for the nine-month period		-	-	-	-	-	-	-	35,975	16,255	52,230	-	52,230	
Total comprehensive income		-	-	-	-	-	-	1,485,534	35,975	16,255	1,537,764	-	1,537,764	
Appropriations of 2022 earnings	6(18)													
Legal reserve		-	-	-	-	229,858	-	( 229,858)	-	-	-	-	-	
Cash dividends		-	-	-	-	-	-	( 1,339,609)	-	-	( 1,339,609)	-	( 1,339,609)	
Conversion of convertible bonds	6(17)	-	6	-	91	-	-	-	-	-	97	-	97	
Executive employee stock options	6(17)	3,674	-	( 2,328)	14,671	-	-	-	-	-	16,017	-	16,017	
Share-based payment	6(16)(17)	-	-	-	54,075	-	-	-	-	-	54,075	-	54,075	
Change in equity of associates and joint ventures accounted for using equity method	6(17)	-	-	-	229	-	-	-	-	-	229	-	229	
Balance at September 30, 2023		<u>\$ 971,595</u>	<u>\$ 6</u>	<u>\$ 260</u>	<u>\$ 4,008,395</u>	<u>\$ 943,255</u>	<u>\$ 6,336</u>	<u>\$ 5,082,660</u>	<u>\$ 50,722</u>	<u>\$ 36,501</u>	<u>\$ 11,099,730</u>	<u>\$ -</u>	<u>\$ 11,099,730</u>	

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

**FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Nine months ended September 30	
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,857,639	\$ 2,369,851
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property and right-of-use assets)	6(8)(22)	290,625	216,771
Amortization expense	6(22)	7,627	9,922
Share-based payments	6(16)	54,075	49,550
Additional provision recognized	6(11)	42,389	27,540
Share of loss of associates and joint ventures accounted for using equity method		6,031	3,849
Expected credit (gains) losses recognized	12(2)	( 2,964 )	54
Loss on financial assets at fair value through profit or loss	6(21)	( 23,599 )	47,280
Loss on disposal of property, plant and equipment	6(21)	2,533	717
Interest income		( 169,183 )	( 38,292 )
Interest expense		33,354	26,675
Dividend income		( 4,023 )	( 2,709 )
Realized profit of deferred income of government		( 46,881 )	( 2,236 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss, mandatorily		411	-
Accounts receivable net		88,941	305,854
Accounts receivable related parties		83,847	279,528
Other receivable		( 8,604 )	( 12,976 )
Other receivable related parties		( 1,647 )	( 1,435 )
Inventories		1,017,232	( 1,121,318 )
Prepayment		19,119	( 124,736 )
Changes in operating liabilities			
Accounts payable		( 546,377 )	( 578,158 )
Other payable		( 645,609 )	584,216
Other payable related parties		( 8,749 )	7,130
Other current liabilities		80,865	( 39,937 )
Accrued pension liabilities		( 981 )	( 637 )
Cash inflow generated from operations		2,126,071	2,006,503
Income taxes paid		( 619,364 )	( 395,338 )
Net cash flows from operating activities		<u>1,506,707</u>	<u>1,611,165</u>

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**FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Nine months ended September 30 2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Disposal of financial assets at amortized cost		\$ -	\$ 1,381,720
Acquisition of financial assets at amortized cost		( 2,989,595 )	-
Acquisition of financial assets at fair value through profit or loss	12(3)	-	( 6,843 )
Acquisition of financial assets at fair value through other comprehensive		-	( 49,170 )
Acquisition of Investments accounted for using equity method		( 30,230 )	( 82,060 )
Acquisition of property, plant and equipment	6(27)	( 468,610 )	( 1,691,332 )
Proceeds from disposal of property, plant and equipment		341	79
Interest received		169,183	38,292
Receive dividends		4,023	2,709
Decrease in other non-current assets		268	14,870
Net cash flows used in investing activities		( 3,314,620 )	( 391,735 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		( 18,137 )	( 11,607 )
Inssuance of common stock	6(15)	-	1,706,410
Increase in short-term loans	6(28)	901,572	539,338
Decrease in short-term loans	6(28)	( 1,270,902 )	-
Payments of lease liabilities	6(28)	( 35,232 )	( 16,519 )
Acquisition of supplemental loan		-	44,809
Repayments of supplemental loan		( 43,288 )	-
Proceeds from long-term debt	6(28)	91,839	933,024
Payment of cash dividends	6(18)	( 1,339,609 )	( 840,021 )
Change for non controlling interest	6(27)	-	( 121,208 )
Executive employee stock options		16,017	60,607
Net cash flows (used in) from financing activities		( 1,697,740 )	2,294,833
Effect of changes in foreign currency exchange rates on cash		8,500	7,889
Net (decrease) increase in cash and cash equivalents		( 3,497,153 )	3,522,152
Cash and cash equivalents at beginning of period		8,543,988	5,067,977
Cash and cash equivalents at end of period		<u>\$ 5,046,835</u>	<u>\$ 8,590,129</u>

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

FOXSEMICON INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

- (1) Foxsemicon Integrated Technology Inc. (the “Company”) was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on April 26, 2001, and in accordance with the “Act for Establishment and Administration of Science Parks”, the investment in the science park was approved in April 2003. The company was listed on the Taiwan Stock Exchange Corporation (the “TSEC”) in July 28, 2015.
- (2) The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in research, development, design, manufacturing and sales of subsystems and system integration of semiconductor equipment, subsystems and system integration of TFT-LCD, nano equipment, LED lighting, LED display product and other application product, photoelectric, communication wafer materials and medical devices.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on November 10, 2023.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current Liabilities with Covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the

International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
  - (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and Unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
  - (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
  - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture.

Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
Foxsemicon Integrated Technology Inc.	FOXSEMICON INTEGRATED TECHNOLOGY INC. (SAMOA)	Holding company of overseas reinvestment business	100	100	100	
Foxsemicon Integrated Technology Inc.	FOXSEMICON LLC. (LLC)	A company engaged in import and export freight forwarding business	100	100	100	
Foxsemicon Integrated Technology Inc.	FOX AUTOMATION TECHNOLOGY INC.	Manufacture of machinery, equipment and electronic components	100	100	99.88	(2)
Foxsemicon Integrated Technology Inc.	Frontier Integrated Global Solutions, Inc.	Manufacture of machinery, equipment and electronic components	100	100	100	
Foxsemicon Integrated Technology Inc.	Kainova Technology Inc.	Manufacture of machinery, equipment and electronic components	100	100	100	
Foxsemicon Integrated Technology Inc.	FOXSEMICON INNOVATIONS HOLDING INC.	Holding company of overseas reinvestment business	100	100	100	
Foxsemicon Integrated Technology Inc.	UNIEQ TECHNOLOGY PTE.LTD	Holding company of overseas reinvestment business	100	-	-	(3)
FOXSEMICON INNOVATIONS HOLDING INC.	FOXSEMICON TECHNOLOGY, LLC	Research and development and manufacture of machinery, equipment and	100	100	100	
Kainova Technology Inc.	Kaivaco Technology Nanjing Inc.	Manufacture of machinery, equipment and electronic components	100	100	100	(4)
FOXSEMICON INTEGRATED TECHNOLOGY INC.	MINDTECH CORPORATION (MINDTECH)	Holding company of overseas reinvestment business	100	100	100	
FOXSEMICON INTEGRATED TECHNOLOGY INC.	SUCCESS PRAISE CORPORATION (SUCCESS PRAISE)	A location for overseas trading for some companies in Mainland China	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
FOXSEMICON INTEGRATED TECHNOLOGY INC.	SMART ADVANCE CORPORATION (SMART ADVANCE)	A location for overseas trading for some companies in Mainland China	100	100	100	(1)
FOXSEMICON INTEGRATED TECHNOLOGY INC.	EVER DYNAMIC CORP (EVER DYNAMIC)	A location for overseas trading for some companies in Mainland China	100	100	100	(1)
FOXSEMICON INTEGRATED TECHNOLOGY INC.	LOYAL NEWS INTERNATIONAL LIMITED (LOYAL NEWS)	A location for overseas trading for some companies in Mainland China	100	100	100	(1)
MINDTECH CORPORATION	Foxsemicon Integrated Technology (Shanghai) Inc.	Production and sales of electronic special equipment, test instruments, and industrial molds	100	100	100	(4)
Foxsemicon Integrated Technology (Shanghai) Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	Develop and produce new alloy materials and electronic special equipment for production and sales	100	100	100	
Foxsemicon Integrated Technology (Shanghai) Inc.	Shanghai EnvoFox Integrated Technology Limit Inc.	Operation of environmental protection automatic control system and environmental engineering production and sales business	100	100	100	

(1) The Company's shareholding ratio in EVER DYNAMIC CORP, LOYAL NEWS INTERNATIONAL LIMITED and SMART ADVANCE CORPORATION was 100%. However, all the companies mentioned above ceased operation in 2014.

(2) For the year ended December 31, 2022, the company purchased the equity of the subsidiary FOX AUTOMATION TECHNOLOGY INC. from non-controlling interests, and the shareholding ratio was increased to 99.88% and 100% in September 30, 2022 and December 31, 2022, respectively. Please refer to Note 6(26).

(3) In September 2023, the Company invested and established UNIEQ TECHNOLOGY PTE.LTD., and included in the preparation of consolidated financial statements from the investment date.

(4) The disclosure of the subsidiary mentioned above reinvesting in Mainland China, please refer to Note 13.

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

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

E. Significant restrictions: None.

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

#### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the

currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities presented in each balance sheet are converted at the exchange rates prevailing at the date of that balance sheet;
  - ii. Income and expense presented in each comprehensive income statement are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or jointly controlled entities after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entities, such transactions should be accounted for as disposal of all interest in these foreign operations.

- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The Group initially measures accounts and notes receivable at fair value and subsequently recognizes the amortized interest income over the period of circulation using the effective interest method and the impairment loss. A gain or loss is recognized in profit or loss.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

(13) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(14) Inventories

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

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost, including goodwill recognized at the time of acquisition, and less any accumulated impairment loss arising from subsequent evaluations.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Loan costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

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

Buildings and structures: 25~35 year(s)

Machinery and equipment: 5~10 year(s)

Other equipment: 3~8 year(s)

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental loan interest rate. Lease payments are comprised of the Fixed payments. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 35 years.

(19) Impairment of non-financial assets

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

(20) Loans

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

(21) Notes and accounts payable

Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities. The Group initially measures notes and accounts payable at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(23) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares). The Group classifies the bonds payable upon issuance as a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

- B. The host contracts of bonds is initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus—share options' at the residual amount of total issue price less bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus - share options.

(24) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously.

(26) Provisions

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

(27) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognized as expenses in the period in which the employees render service.

## B. Pension

### (a) Defined contribution plan

For defined contribution plans, the Company has no legal or constructive obligation to make additional contributions after a fixed amount is contributed to a public or privately managed and independent pension fund. The contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

### (b) Defined benefit plan

- i Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

## C. Employees' compensation and directors' remuneration

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

(28) Share-based payment - employees' bonus and compensation

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

(29) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realized the asset and settle the liability simultaneously.
- F. Tax incentives arising from research and development expenditures were accounted for using income tax credits.
- G. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(30) Dividends

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

(31) Revenue recognition

- A. The Group manufactures and sells related products of semi-conductor equipment. Sales are recognized when control of the products has transferred, being when the products are delivered to the buyer, the buyer has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.
- B. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or when the product is delivered to the shipping warehouse and the product is pulled in by the customer, or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

C. The Group is engaged in environmental automation, environmental engineering and other related services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labor hours spent relative to the total expected labor hours. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

D. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(32) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(33) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

Revenue recognition

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognizes revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another

party. The Group recognizes revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the good or service before it is provided to a customer include the following:

- A. The Group is primarily responsible for the provision of goods or services;
- B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Group has discretion in establishing prices for the goods or services.

## (2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

### Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation. As of September 30, 2023, information on the carrying amount of inventories is provided in Note6(5).

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Petty cash and cash on hand	\$ 603	\$ 431	\$ 329
Checking accounts and demand deposits	3,054,688	2,550,965	2,288,225
Cash equivalents			
Time deposits	1,991,544	5,992,592	6,301,575
	<u>\$ 5,046,835</u>	<u>\$ 8,543,988</u>	<u>\$ 8,590,129</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The time deposits above mature within three months and subject to an insignificant risk of changes in value. Additionally, as of September 30, 2023, December 31, 2022 and September 30, 2022, time deposits maturing in excess of three months were not in conformity with cash and cash equivalents as defined, amounting to \$4,258,115, \$1,268,520 and \$178,920, respectively, and

which were reclassified to "financial assets carried at amortized cost - current".

C. Information about cash and cash equivalents that were pledged to others as collateral were classified as other non-current assets by the liquidity, please refer to Note 8.

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

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	<u>\$ 381</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	<u>\$ 254,432</u>	<u>\$ 232,097</u>	<u>\$ 259,122</u>

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Financial liabilities mandatorily measured at fair value through profit or loss			
Derivative instruments	<u>\$ -</u>	<u>\$ 1,336</u>	<u>\$ -</u>

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items:			
Financial liabilities mandatorily measured at fair value through profit or loss			
Derivative instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,480</u>

A. Financial assets at fair value through profit or loss is as follows:

(a) Beneficiary certificate: Private fund investment.

(b) Derivative instruments: Unsecured convertible bonds under repurchase and resale agreement.

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

	<u>Three months periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Beneficiary certificates	(\$ 712)	(\$ 11,034)
Derivative instruments	<u>802</u>	<u>413</u>
	<u>\$ 90</u>	<u>(\$ 10,621)</u>

	Nine months periods ended September 30,	
	2023	2022
Beneficiary certificates	\$ 21,882	(\$ 33,383)
Derivative instruments	2,128	(13,897)
	<u>\$ 24,010</u>	<u>(\$ 47,280)</u>

C. The Group did not have financial assets measured at fair value through other comprehensive income pledged to others.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items :			
Equity instruments			
Listed stocks	\$ 152,165	\$ 117,291	\$ 123,232
Unlisted stocks	<u>62,412</u>	<u>76,785</u>	<u>85,369</u>
	<u>\$ 214,577</u>	<u>\$ 194,076</u>	<u>\$ 208,601</u>

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. The Group recognized net gain in other comprehensive income for fair value change for the three-month and nine-month periods ended September 30, 2023 and 2022, amounting to (\$8,560), (\$33,264), \$16,255 and (\$83,581), respectively.

C. The Group doesn't have financial assets measured at fair value through other comprehensive income pledged to others.

(4) Accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable	\$ 861,968	\$ 981,065	\$ 1,387,721
Less: Allowance for uncollectible accounts	( <u>257</u> )	( <u>3,221</u> )	( <u>1,598</u> )
	<u>\$ 861,711</u>	<u>\$ 977,844</u>	<u>\$ 1,386,123</u>

A. The Group did not hold any collateral on its accounts.

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,702,545.

C. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

September 30, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 852,979	(\$ 16,002)	\$ 836,977
Work in progress	774,079	( 4,948)	769,131
Finished goods	1,238,060	( 52,833)	1,185,227
	<u>\$ 2,865,118</u>	<u>(\$ 73,783)</u>	<u>\$ 2,791,335</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,017,760	(\$ 9,096)	\$ 1,008,664
Work in progress	1,345,883	( 7,922)	1,337,961
Finished goods	1,504,242	( 43,814)	1,460,428
	<u>\$ 3,867,885</u>	<u>(\$ 60,832)</u>	<u>\$ 3,807,053</u>
September 30, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,093,788	(\$ 10,431)	\$ 1,083,357
Work in progress	1,641,272	( 4,805)	1,636,467
Finished goods	1,377,463	( 38,090)	1,339,373
	<u>\$ 4,112,523</u>	<u>(\$ 53,326)</u>	<u>\$ 4,059,197</u>

The cost of inventories recognized as expense for the year:

Three months periods ended September 30,			
	2023	2022	
Cost of goods sold	\$ 2,254,540	\$ 2,871,258	
Loss on decline in market value	7,806	1,719	
Sales of scraps	( 19,573)	( 58,633)	
Others (Note)	7,653	12,795	
	<u>\$ 2,250,426</u>	<u>\$ 2,827,139</u>	

The cost of inventories recognized as expense for the year:

Nine months periods ended September 30,			
	2023	2022	
Cost of goods sold	\$ 7,190,808	\$ 7,693,185	
Loss on decline in market value	20,900	11,468	
Sales of scraps	( 64,938)	( 156,240)	
Others (Note)	35,520	24,770	
	<u>\$ 7,182,290</u>	<u>\$ 7,573,183</u>	

Note: After-sales service cost.

(6) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2023					
Cost	\$ 576,627	\$ 2,513,392	\$ 659,977	\$ 1,685,949	\$ 5,435,945
Accumulated depreciation	( 335,717)	( 1,104,468)	( 454,911)	-	( 1,895,096)
	<u>\$ 240,910</u>	<u>\$ 1,408,924</u>	<u>\$ 205,066</u>	<u>\$ 1,685,949</u>	<u>\$ 3,540,849</u>
2023					
Opening net book amount as at January 1	\$ 240,910	\$ 1,408,924	\$ 205,066	\$ 1,685,949	\$ 3,540,849
Additions	38,577	194,406	74,604	183,298	490,885
Disposals	-	( 2,136)	( 738)	-	( 2,874)
Transfers	-	373,951	1,973	( 375,924)	-
Depreciation charge	( 14,897)	( 184,282)	( 49,342)	-	( 248,521)
Net exchange differences	<u>1,841</u>	<u>3,955</u>	<u>1,044</u>	( 517)	<u>6,323</u>
Closing net book amount as at September 30	<u>\$ 266,431</u>	<u>\$ 1,794,818</u>	<u>\$ 232,607</u>	<u>\$ 1,492,806</u>	<u>\$ 3,786,662</u>
September 30, 2023					
Cost	\$ 617,479	\$ 3,081,655	\$ 734,421	\$ 1,492,806	\$ 5,926,361
Accumulated depreciation	( 351,048)	( 1,286,837)	( 501,814)	-	( 2,139,699)
	<u>\$ 266,431</u>	<u>\$ 1,794,818</u>	<u>\$ 232,607</u>	<u>\$ 1,492,806</u>	<u>\$ 3,786,662</u>

	Buildings and structures	Machinery and equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2022					
Cost	\$ 570,324	\$ 1,951,737	\$ 614,272	\$ 531,679	\$ 3,668,012
Accumulated depreciation	( 313,232)	( 928,940)	( 397,253)	-	( 1,639,425)
	<u>\$ 257,092</u>	<u>\$ 1,022,797</u>	<u>\$ 217,019</u>	<u>\$ 531,679</u>	<u>\$ 2,028,587</u>
<u>2022</u>					
Opening net book amount as at					
January 1	\$ 257,092	\$ 1,022,797	\$ 217,019	\$ 531,679	\$ 2,028,587
Additions	-	121,472	27,144	1,226,458	1,375,074
Disposals	-	( 588)	( 208)	-	( 796)
Transfers	( 158)	187,365	11,120	( 198,485)	( 158)
Depreciation charge	( 14,622)	( 129,760)	( 46,037)	-	( 190,419)
Net exchange differences	<u>4,547</u>	<u>29,483</u>	<u>4,478</u>	<u>7,154</u>	<u>45,662</u>
Closing net book amount as at					
September 30	<u>\$ 246,859</u>	<u>\$ 1,230,769</u>	<u>\$ 213,516</u>	<u>\$ 1,566,806</u>	<u>\$ 3,257,950</u>
September 30, 2022					
Cost	\$ 581,130	\$ 2,306,370	\$ 657,464	\$ 1,566,806	\$ 5,111,770
Accumulated depreciation	( 334,271)	( 1,075,601)	( 443,948)	-	( 1,853,820)
	<u>\$ 246,859</u>	<u>\$ 1,230,769</u>	<u>\$ 213,516</u>	<u>\$ 1,566,806</u>	<u>\$ 3,257,950</u>

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings and structures. Rental contracts are typically made for periods of 5 to 35 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for loan purposes.
- B. Short-term leases with a lease term of 12 months, include dormitories and transportation equipment.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 97,089	\$ 101,476	\$ 109,405
Buildings and structures	246,319	192,768	205,305
	<u>\$ 343,408</u>	<u>\$ 294,244</u>	<u>\$ 314,710</u>

	<u>Three months periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,465	\$ 2,035
Buildings and structures	12,168	11,382
	<u>\$ 13,633</u>	<u>\$ 13,417</u>

	<u>Nine months periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 4,401	\$ 4,760
Buildings and structures	36,104	19,997
	<u>\$ 40,505</u>	<u>\$ 24,757</u>

D. For the nine-month periods ended September 30, 2023 and 2022, the additions to right-of-use assets was \$81,918 and \$216,655. Information relating to acquire right-of-use assets from related parties is provided in Note 7.

E. Information on profit or loss in relation to lease contracts is as follows:

	<u>Three months periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,785	\$ 2,069
Expense on short-term lease contracts	10,610	5,918
	<u>\$ 13,395</u>	<u>\$ 7,987</u>
	<u>Nine months periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 8,474	\$ 3,767
Expense on short-term lease contracts	35,817	18,465
	<u>\$ 44,291</u>	<u>\$ 22,232</u>

F. For the three-month and nine-month periods ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$25,466, \$13,731, \$79,523 and \$38,751, respectively.

(8) Investment property

	<u>Buildings and structures</u>	
	<u>2023</u>	<u>2022</u>
At January 1		
Cost	\$ 74,156	\$ 73,842
Accumulated depreciation	( 38,282)	( 35,997)
	<u>\$ 35,874</u>	<u>\$ 37,845</u>
Opening net book amount as at January 1	\$ 35,874	\$ 37,845
Transfer in	-	158
Depreciation charge	( 1,599)	( 1,595)
Closing net book amount as at September 30	<u>\$ 34,275</u>	<u>\$ 36,408</u>
At September 30		
Cost	\$ 74,156	\$ 74,156
Accumulated depreciation	( 39,881)	( 37,748)
	<u>\$ 34,275</u>	<u>\$ 36,408</u>

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

	<u>Three months periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Rental income from investment property	<u>\$ 3,894</u>	<u>\$ 4,024</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 533</u>	<u>\$ 532</u>
	<u>Nine months periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Rental income from investment property	<u>\$ 11,730</u>	<u>\$ 12,137</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 1,599</u>	<u>\$ 1,595</u>

B. The fair value of the investment property held by the Group as at September 30, 2023, December 31, 2022 and September 30, 2022 were \$111,080, \$111,080 and \$111,080, respectively, which were based on the valuation of market prices estimated using comparison approach which is categorized within Level 3 in the fair value hierarchy.

(9) Short-term loans

<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Bank unsecured borrowings	<u>\$ 47,245</u>	1.95%~2.9%	None.
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Bank unsecured borrowings	<u>\$ 417,640</u>	1.90%~3.7%	None.
<u>Type of borrowings</u>	<u>September 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Bank unsecured borrowings	<u>\$ 771,585</u>	1.25%~3.85%	None.

(10) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Salary and bonus payable	481,520	723,487	498,828
Processing fees payable	223,064	541,328	645,035
Employees' compensation payable	222,944	209,416	181,038
Others	<u>302,599</u>	<u>417,198</u>	<u>398,606</u>
	<u>\$ 1,230,127</u>	<u>\$ 1,891,429</u>	<u>\$ 1,723,507</u>

(11) Other current liabilities

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Provisions	\$ 236,968	\$ 511,931	\$ 25,519
Contract liabilities	122,628	15,935	14,067
Supplemental loan	55,479	56,772	58,480
Refund liabilities	24,495	22,434	21,083
Others	<u>27,973</u>	<u>5,754</u>	<u>8,548</u>
	<u>\$ 467,543</u>	<u>\$ 612,826</u>	<u>\$ 127,697</u>

A. Information of contract liabilities is provided in Note 6(19).

B. The Group entered into supplemental capacity addendum contracts with its customers. The Group received the supplemental loans in advanced and reserves certain capacity to the customers. The deposits would be returned in accordance with the contracts, except the parts on September 30, 2023, December 31, 2022 and September 30, 2022 amounting to \$156,353, \$327,172 and \$384,112 due more than one year are classified as "other non-current liabilities". Besides, the amount of estimated volume discounts in the contracts has been recognized as refund liabilities.

C. The information of provisions is as follows:

	<u>Provisions for warranty</u>
	<u>2023</u>
Balance at January 1	\$ 56,772
Additional provisions recognized	335,966
Reversed during the year	( 293,577)
Used during the year	( 43,697)
Net exchange differences	15
Balance at September 30	<u>\$ 55,479</u>

The provisions of the Group are related to the sales of the semi-conductor and automatic equipment. Provisions are estimated based on the information of the historical warranty data of the products.

(12) Pension

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2023 and 2022, were \$0, \$26, \$8 and \$83, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$64.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group's subsidiary In Mainland China contributes monthly pension insurance premiums at 16% of local employees' total salaries in accordance with the pension regulations in the

People's Republic of China (PRC). Other than the monthly contributions, the Group has no further obligations.

- (c) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2023 and 2022, were \$32,849, \$29,664, \$92,584 and \$77,976, respectively.

(13) Bonds payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bonds payable	\$ 1,907,900	\$ 1,908,000	\$ 1,908,000
Less: Discount on bonds payable	( 43,846)	( 59,062)	( 64,106)
	<u>\$ 1,864,054</u>	<u>\$ 1,848,938</u>	<u>\$ 1,843,894</u>
Less: Long-term liabilities, current portion	( 1,864,054)	( 1,848,938)	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,843,894</u>

A. The issuance of domestic convertible bonds by the Company

The terms of the second unsecured convertible bonds issued by the Company are as follows:

- i. The Company issued \$2,000,000, which the amount of fundraising is \$2,010,000 and the par rate is 0%, second domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature five years from the issue date November 16, 2020 to November 16, 2025 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 16, 2020.
- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- iii. The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price was NTD 196.9 per share upon issuance. The Company adjusted the conversion price to NTD 171 per share as the terms of the bonds on July 9, 2023.
- iv. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- v. The bondholders may request the Company to repurchase the convertible bonds at face value when the bonds are issued for three years.
- vi. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common

shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$158,325 were separated from the liability component and were recognized in ‘capital surplus—share options’ in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognized in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation ranged between 1.1122% and 1.5518%.

C. The conversion of domestic convertible bonds by the Company:

For the nine-month periods ended September 30, 2022, the \$72,000 of the Company’s second domestic unsecured convertible bonds had been converted into 377 thousands units of certificate of bond conversion. For the nine-month periods ended September 30, 2023, the bondholders of the part of \$100 convertible bonds exercised their conversion rights and received 584 units of certificate of bond conversion (each unit is convertible into one outstanding share of the Company.) The registration has not been completed up till September 30, 2023.

(14) Long-term loans

<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 1,217,659	0.76%~1.395%	Property, plant and equipment
Bank unsecured borrowings	<u>411,917</u>	0.76%~0.90%	None
	1,629,576		
Less: Long-term liabilities, current portion	( <u>227,506</u> )		
	<u>\$ 1,402,070</u>		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 1,217,659	0.635%~1.27%	Property, plant and equipment
Bank unsecured borrowings	<u>319,312</u>	0.635%~0.775%	None
	1,536,971		
Less: Long-term liabilities, current portion	( <u>30,932</u> )		
	<u>\$ 1,506,039</u>		

Type of borrowings	September 30, 2022	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 1,073,197	0.51%~1.145%	Property, plant and equipment
Bank unsecured borrowings	<u>284,652</u>	0.51%~0.65%	None
	<u>\$ 1,357,849</u>		

A. The credit contracts that the subsidiary of the Company signed with the banks are provided the joint guarantee line by the parent company, please refer to Note 13.

B. Please refer to Note 8 for further information on property, plant and equipment pledged to others as collateral.

(15) Share capital

A. As of September 30, 2023, the Company's authorized capital was \$1,500,000, consisting of 150,000 thousand shares of ordinary share (including 8,500 thousand shares reserved for employee share options), and the paid-in capital was \$971,595 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2023 (in thousands)	2022 (in thousands)
At January 1	96,792	87,801
Executive employee stock options	368	353
Issuance of shares - Private placement	-	8,117
Conversion of convertible bonds	-	377
At September 30	<u>97,160</u>	<u>96,648</u>

B. To increase the Company's working capital, the stockholders at their annual stockholders' meeting on December 30, 2021 adopted a resolution to raise additional cash through private placement with the effective date set on April 26, 2022. The number of shares to be issued through the private placement is 8,117 thousand shares at a subscription price of \$210.22 (in dollars) per share. The amount of capital raised through the private placement was \$1,706,410 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be

listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(16) Share-based payment

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

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Employee share options	2017.12.27	1,000	5 years	Description (1)
Employee share options	2019.09.27	1,000	5 years	Description (1)
Employee share options	2020.10.30	1,000	5 years	Description (1)
Employee share options	2021.08.09	1,500	5 years	Description (1)
Employee share options	2022.07.08	1,500	5 years	Description (1)

Employees receive 20% after 2 years of service, 60% after 3 years of service, and 100% after 4 years of service.

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

	2023		2022	
	No. of options (thousand shares)	Weighted- average exercise price (in dollars)	No. of options (thousand shares)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	4,910	\$ 179.5	4,060	\$ 178.3
Options exercised	( 135)	119.0	( 392)	154.8
Options given	700	164.1	1,500	178.0
Options overdue	( 197)	156.8	-	-
Options outstanding at September 30	<u>5,278</u>	180.0	<u>5,168</u>	171.1
Options exercisable at September 30	<u>1,078</u>	150.0	<u>768</u>	124.2

Note: Some of the exercised stock options have not been registered, so those are shown as "Advance receipts for share capital".

C. The Company issued common stock amounting to 108,600 and 247,000 shares because employees exercised their stock options under the stock option plan. For nine-month periods ended September 30, 2023 and 2022. The registration for the shares mentioned 26,000 and 144,600 shares has not been completed as of September 30, 2023 and 2022.

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (%)	Expected option life (year)	Expected dividends (%)	Risk-free interest rate (%)	Fair value per unit
Employee share options	2017.12.27	\$ 198.5	198.5	47.84%	3.5~4.5 year(s)	-	0.58~0.64%	69.9~78.8
Employee share options	2019.09.27	115.5	115.5	44.51~46.91%	3.5~4.5 year(s)	-	0.57~0.60%	38.07~45
Employee share options	2020.10.30	173	173	46.48~49.21%	3.5~4.5 year(s)	-	0.22~0.23%	61.8~65.95
Employee share options	2021.08.09	229	229	45.82~47.45%	3.5~4.5 year(s)	-	0.23~0.29%	79.12~90.95
Employee share options	2022.07.08	178	178	44.45~45.87%	3.5~4.5 year(s)	-	0.96~1.02%	59.43~69.03

E. The Group's compensation cost and capital surplus arising from share-based payment transaction amounted to \$54,075 and \$49,550, for the nine-month periods ended September 30, 2023 and 2022, respectively.

(17) Capital surplus

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

2023					
	Share premium	Options	Employee stock options	Others	Total
At January 1	\$3,693,366	\$ 107,541	\$128,200	\$10,222	\$ 3,939,329
Share-based payment transactions	-	-	54,075	-	54,075
Employee stock options exercised	19,723	-	( 5,052)	-	14,671
Employee stock options overdue	-	-	( 12,798)	12,798	-
Conversion of convertible bonds	97	( 6)	-	-	91
Changes in equity of associates and joint ventures accounted	-	-	-	229	229
At September 30	<u>\$3,713,186</u>	<u>\$ 107,535</u>	<u>\$164,425</u>	<u>\$23,249</u>	<u>\$ 4,008,395</u>
2022					
	Share premium	Options	Employee stock options	Others	Total
At January 1	\$1,877,491	\$ 111,630	\$ 95,194	\$ 9,526	\$ 2,093,841
Issuance of common stock	1,625,238	-	-	-	1,625,238
Share-based payment transactions	-	-	48,800	-	48,800
Employee stock options exercised	79,955	-	( 23,264)	-	56,691
Change for non - controlling interest	68,936	( 4,089)	-	-	64,847
At September 30	<u>\$3,651,620</u>	<u>\$ 107,541</u>	<u>\$120,730</u>	<u>\$ 9,526</u>	<u>\$ 3,889,417</u>

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses (including adjusted undistributed earnings), and then the 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. At least, special reserve shall be appropriated or reversed according to the relevant regulations. The remainder, along with the accumulated unappropriated earnings in the prior year, shall be appropriated to shareholders as dividends, proposed the distribution plan by the Board of Directors and resolved by the shareholders at their meeting.
- B. In accordance with the Company Act, the resolution, for all or part of distributable dividends and bonus, capital surplus or legal reserve distributed in cash, will be adopted if more than 2/3 of the directors attend the Board of Directors' meeting and more than 1/2 of the directors present agree to the resolution. This will then be reported to the shareholders' meeting. The regulation which requires approval by the shareholders is not applicable for the above.
- C. The Company's dividend policy shall takes into account current and future investment environment, capital needs, domestic and foreign competition, and capital budget, etc. along with shareholders' interests and the long-term financial plans. The accumulated distributable earnings are appropriated as dividends or bonuses to shareholders, of which the distributable earnings during the current year shall account for at least 15%. The dividends and bonuses can be distributed in the form of cash or shares and cash dividend shall account for at least 10% of the total dividends and bonuses distributed.
- D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- E. The appropriation of earnings for 2022 and 2021 have been resolved by the shareholders' meeting on May 30, 2023 and May 27, 2022, respectively, as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 229,858		\$ 155,025	
Cash dividends	1,339,609	\$ 13.8	840,021	\$ 8.7
	<u>\$ 1,569,467</u>		<u>\$ 995,046</u>	

The appropriation of 2022 and 2021 earnings mentioned above is not difference to the propose from the Board of Directors in February 2023 and 2022.

(19) Operating revenue

	Three months periods ended September 30,	
	2023	2022
Revenue from contracts with customers	\$ 2,976,728	\$ 4,055,096
	Nine months periods ended September 30,	
	2023	2022
Revenue from contracts with customers	\$ 9,671,457	\$ 10,662,020

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods over time and at a point in time. Disaggregation of revenue for the three-month and nine-month periods ended September 30, 2023 and 2022 is as follows:

Three month periods ended September 30, 2023	America	China	Taiwan	Others	Total
Revenue from external customer contracts recognized at a point in time	\$ 2,526,989	\$ 90,541	\$ 266,925	\$ 92,273	\$ 2,976,728
Three month periods ended September 30, 2022	America	China	Taiwan	Others	Total
Revenue from external customer contracts recognized at a point in time	\$ 3,383,345	\$ 159,885	\$ 352,799	\$ 159,067	\$ 4,055,096
Nine month periods ended September 30, 2023	America	China	Taiwan	Others	Total
Revenue from external customer contracts recognized at a point in time	\$ 8,182,096	\$ 313,301	\$ 754,798	\$ 421,262	\$ 9,671,457
Nine month periods ended September 30, 2022	America	China	Taiwan	Others	Total
Revenue from external customer contracts recognized at a point in time	\$ 8,964,480	\$ 405,599	\$ 879,780	\$ 412,161	\$ 10,662,020

B. Contract assets and liabilities

(a) Contract assets is mainly the portion of the receivables in the automatic equipment contracts that services were rendered but have not billed; and contract liabilities were advance sales receipts. As of September 30, 2023, December 31, 2022 and September 30, 2022, contract liabilities were all from contracts with customers. And as of January 1, 2022, the balance of contract liabilities amounted to \$44,999, respectively. Please refer to Note 7 for details of information on related parties.

(b) Revenue recognized in the balance of contract liability at the beginning of nine-month periods ended September 30, 2023 and 2022 were \$15,387 and \$20,842 respectively.

(20) Other income

	Three months periods ended September 30,	
	2023	2022
Grants income	\$ 13,931	\$ 10,077
Rent income	3,894	4,024
Other income, others	7,884	12,068
	<u>\$ 25,709</u>	<u>\$ 26,169</u>
	Nine months periods ended September 30,	
	2023	2022
Grants income	\$ 77,546	\$ 13,805
Rent income	11,730	12,137
Other income, others	18,746	47,697
	<u>\$ 108,022</u>	<u>\$ 73,639</u>

The grants mentioned above were related to property, plant, and equipment, and were recognized on a systematic basis over the depreciation periods.

(21) Other gains and losses

	Three months periods ended September 30,	
	2023	2022
Net foreign exchange gain	\$ 123,951	\$ 132,889
Gain (losses) on financial assets at fair value through profit or loss	90	( 10,621)
Losses on disposals of property, plant and equipment	( 76)	( 418)
Other gains and losses	( 915)	( 3,965)
	<u>\$ 123,050</u>	<u>\$ 117,885</u>
	Nine months periods ended September 30,	
	2023	2022
Net foreign exchange gain	\$ 149,197	\$ 328,831
Gain (losses) on financial assets at fair value through profit or loss	24,010	( 47,280)
Losses on disposals of property, plant and equipment	( 2,533)	( 717)
Other gains and losses	( 1,965)	( 2,431)
	<u>\$ 168,709</u>	<u>\$ 278,403</u>

(22) Expenses by nature

Additional disclosures related to operating costs and operating expenses are as follows:

	Three months periods ended September 30,	
	2023	2022
Employee benefit expense	\$ 630,132	\$ 738,387
Depreciation expense (Note)	103,768	80,705
Amortisation expense	2,531	3,031
	<u>\$ 736,431</u>	<u>\$ 822,123</u>
	Nine months periods ended September 30,	
	2023	2022
Employee benefit expense	\$ 1,921,821	\$ 1,938,340
Depreciation expense (Note)	289,026	215,176
Amortisation expense	7,627	9,922
	<u>\$ 2,218,474</u>	<u>\$ 2,163,438</u>

Note: Depreciation expense includes provision for property, plant and equipment and right-of-use assets.

(23) Employee benefit expense

<u>Nature</u>	Three months periods ended September 30,	
	2023	2022
Wages and salaries	\$ 518,048	\$ 626,842
Employee stock options	17,028	20,398
Labour and health insurance fees	33,709	29,174
Pension costs	32,849	29,690
Other personnel expenses	28,498	32,283
	<u>\$ 630,132</u>	<u>\$ 738,387</u>
<u>Nature</u>	Nine months periods ended September 30,	
	2023	2022
Wages and salaries	\$ 1,591,469	\$ 1,650,036
Employee stock options	54,075	49,550
Labour and health insurance fees	104,689	87,783
Pension costs	92,592	78,059
Other personnel expenses	78,996	72,912
	<u>\$ 1,921,821</u>	<u>\$ 1,938,340</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, if any, shall be distributed as employees' compensation and directors' remuneration after it is resolved by the Board of Directors and reported to the shareholders. The ratio shall be 3%~8% for employees' compensation and shall not be higher than 0.5% for directors' and supervisors' remuneration.

- B. For the three-month and nine-month periods ended September 30, 2023 and 2022, employees compensation was accrued at \$35,838, \$43,063, \$103,027 and \$101,671, respectively; while directors' remuneration was accrued at \$2,509, \$4,306, \$7,330 and \$10,047, respectively.
- C. Employees' compensation and directors' and supervisors' remuneration of 2022 and 2021 as resolved by the Board of Directors on February 24, 2023 and February 25, 2022 were agreed with those amounts recognized in the 2022 and 2021 financial statements and will be distributed in cash. As of September 30, 2023, the employees' compensation of 2022 has not paid fully. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors can be demanded in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax expense

A. Components of income tax expense:

	Three months periods ended September 30,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 110,440	\$ 192,694
Prior year income tax underestimation	8,211	-
Total current tax	118,651	192,694
Deferred tax:		
Origination and reversal of temporary differences	5,155	2
Income tax expense	<u>\$ 123,806</u>	<u>\$ 192,696</u>
	Nine months periods ended September 30,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 344,677	\$ 461,700
Tax on undistributed surplus earnings	53,620	36,521
Effect from research and development tax credits	( 73,513)	( 64,292)
Prior year income tax underestimation	36,698	11,115
Total current tax	361,482	445,044
Deferred tax:		
Origination and reversal of temporary differences	10,623	( 2,534)
Income tax expense	<u>\$ 372,105</u>	<u>\$ 442,510</u>

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

(25) Earnings per share

Three months periods ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 473,355</u>	<u>97,176</u>	<u>\$ 4.87</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 473,355	97,176	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	4,052	11,158	
Employee stock options	-	618	
Employees' compensation	<u>-</u>	<u>556</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 477,407</u>	<u>109,508</u>	<u>\$ 4.36</u>
Three months periods ended September 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 787,230</u>	<u>96,711</u>	<u>\$ 8.14</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 787,230	96,711	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	4,024	10,398	
Employee stock options	-	499	
Employees' compensation	<u>-</u>	<u>551</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 791,254</u>	<u>108,159</u>	<u>\$ 7.32</u>

Nine months periods ended September 30,2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,485,534	97,147	\$ 15.29
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,485,534	97,147	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	12,171	11,158	
Employee stock options	-	1,077	
Employees' compensation	-	679	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,497,705	110,061	\$ 13.61

Nine months periods ended September 30,2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,902,791	93,206	\$ 20.41
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,902,791	93,206	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	12,055	10,411	
Employee stock options	-	1,069	
Employees' compensation	-	623	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,914,846	105,309	\$ 18.18

(26) Transactions with non-controlling interest

As of nine-month periods ended September 30, 2022 and year ended December 31, 2022, the company paid the cash \$121,208 and \$121,448 to purchase 15.01% and 15.12% equity of the subsidiary FOX AUTOMATION TECHNOLOGY INC. The non-controlling interests decreased in \$91,676 and \$92,612, the equity attributable to owners of the parent decreased in \$29,532 and decreased in \$28,836.

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>Nine month periods ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Purchase of property, plant and equipment	\$ 490,885	\$ 1,375,074
Add: Opening balance of payable on equipment	61,902	28,292
Add: Ending balance of prepaid on equipment	412,005	390,402
Less: Ending balance of payable on equipment	( 48,033)	( 47,414)
Less: Opening balance of prepaid on equipment	( 448,149)	( 55,022)
Cash paid during the period	<u>\$ 468,610</u>	<u>\$ 1,691,332</u>

(28) Changes in liabilities from financing activities

	<u>Lease liabilities</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings (Including current portion)</u>	<u>Bonds payable (Including current portion)</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2023	\$ 301,871	\$ 417,640	\$ 1,536,971	\$ 1,848,938	\$ 4,105,420
Changes in cash flow from financing activities	( 35,232)	( 369,330)	91,839	-	( 312,723)
Impact of changes in foreign exchange rate	8,286	( 1,065)	-	-	7,221
Changes in other non-cash items	81,918	-	520	15,116	97,554
At September 30, 2023	<u>\$ 356,843</u>	<u>\$ 47,245</u>	<u>\$ 1,629,330</u>	<u>\$ 1,864,054</u>	<u>\$ 3,897,472</u>

  

	<u>Lease liabilities</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings (Including current portion)</u>	<u>Bonds payable (Including current portion)</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2022	\$ 105,057	\$ 221,440	\$ 424,825	\$ 1,897,858	\$ 2,649,180
Changes in cash flow from financing activities	( 16,519)	539,338	933,024	-	1,455,843
Impact of changes in foreign exchange rate	16,167	10,807	-	-	26,974
Changes in other non-cash items	216,655	-	-	( 53,964)	162,691
At September 30, 2022	<u>\$ 321,360</u>	<u>\$ 771,585</u>	<u>\$ 1,357,849</u>	<u>\$ 1,843,894</u>	<u>\$ 4,294,688</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Hon Hai Precision Industry Co., Ltd. and its subsidiaries (Hon Hai and subsidiaries)	Group with significant influence over the Group
Foxconn Technology Co., Ltd and its subsidiaries (Foxconn Technology and subsidiaries)	Other related parties
General Interface Solution (GIS) Holding Limited and its subsidiaries (GIS and subsidiaries)	Other related parties

### (2) Significant related party transactions

#### A. Sales

	<u>Three months periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
Group with significant influence over the Group		
- Hon Hai and subsidiaries	<u>\$ 5,458</u>	<u>\$ 26,839</u>
	<u>Nine months periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
Group with significant influence over the Group		
- Hon Hai and subsidiaries	<u>\$ 28,706</u>	<u>\$ 69,428</u>

There are no similar transactions for reference for the price of the Group's sales of goods to related parties. The collection term to related parties is 30~45 days after the invoice date.

#### B. Accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable:			
Group with significant influence over the Group - Hon Hai and subsidiaries	\$ 6,404	\$ 36,675	\$ 40,643
Allowance for uncollectible accounts	( <u>2</u> )	( <u>11</u> )	( <u>12</u> )
	<u>\$ 6,402</u>	<u>\$ 36,664</u>	<u>\$ 40,631</u>

The receivables from related parties arise mainly from sale transactions. The receivables are due 30~45 days after the date of sales.

C. Other receivables from related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other receivables from related parties:			
Group with significant influence over the Group - Hon Hai and subsidiaries	\$ 2,455	\$ 1,194	\$ 1,627
Other related parties			
- GIS and subsidiaries	2,540	2,030	2,278
- Others	<u>1,636</u>	<u>1,633</u>	<u>1,658</u>
	<u>\$ 6,631</u>	<u>\$ 4,857</u>	<u>\$ 5,563</u>

Other receivables from related parties mainly refer to payments on behalf of others.

D. Lease transactions - lessee

- (a) The Group leases buildings from Hon Hai and its subsidiaries. Rental contracts are typically made for periods from years 2023 to 2027. Rents are paid quarterly.
- (b) Additions to right-of-use assets:

	<u>Nine months periods ended September 30, 2023</u>	<u>Nine months periods ended September 30, 2022</u>
Group with significant influence over the Group - Hon Hai and subsidiaries	<u>\$ 81,918</u>	<u>\$ 8,556</u>

(c) Lease liabilities

i. Outstanding balance:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Group with significant influence over the Group - Hon Hai and subsidiaries	<u>\$ 76,842</u>	<u>\$ 7,502</u>	<u>\$ 12,758</u>

ii. Interest expense:

	<u>Three months periods ended September 30, 2023</u>	<u>September 30, 2022</u>
Group with significant influence over the Group - Hon Hai and subsidiaries	<u>\$ 1,206</u>	<u>\$ 483</u>
	<u>Nine months periods ended September 30, 2023</u>	<u>September 30, 2022</u>
Group with significant influence over the Group - Hon Hai and subsidiaries	<u>\$ 3,639</u>	<u>\$ 1,049</u>

E. Key management compensation

		Three months periods ended September 30,	
		2023	2022
Short-term employee benefits		\$ 13,249	\$ 2,234
Post-employment benefits		135	55
		<u>\$ 13,384</u>	<u>\$ 2,289</u>
		Nine months periods ended September 30,	
		2023	2022
Short-term employee benefits		\$ 59,491	\$ 34,341
Post-employment benefits		405	340
		<u>\$ 59,896</u>	<u>\$ 34,681</u>

#### 8. Pledged Assets

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

Pledged asset	Purpose	Book value		
		September 30, 2023	December 31, 2022	September 30, 2022
Unfinished construction (shown as property, plant and equipment)	Long-term borrowings	\$ 1,397,144	\$ 1,388,506	\$ 1,221,436
Time deposits (shown as other non- current assets)	Customs guarantee	1,902	1,894	1,894
Time deposits (shown as other non- current assets)	Guarantee of Science Park Bureau	4,988	4,988	4,988
		<u>\$ 1,404,034</u>	<u>\$ 1,395,388</u>	<u>\$ 1,228,318</u>

#### 9. Significant Contingent Liabilities and Unrecognized Contract Commitments

##### (1) Contingencies

Except for the recognized provision, the Group was not expected any material liabilities that could arise from the contingent liabilities.

##### (2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	\$ 342,461	\$ 426,161	\$ 690,703
Investments accounted for using equity method	-	30,710	31,750
	<u>\$ 342,461</u>	<u>\$ 456,871</u>	<u>\$ 722,453</u>

#### 10. Significant Disaster Loss

None.

#### 11. Significant Events after the Balance Sheet Date

1. On November 10, 2023, the Board of Directors approved that the company will incorporate the

subsidiary UniEQ Integrated Technology Co., Ltd. in Thailand for a total amount of THB 1.6 billion because of business development.

2. On November 10, 2023, the Board of Directors approved the capital expenditure budget of subsidiary in Thailand UniEQ Integrated Technology Co., Ltd., amounting to USD120 million, including expenditures related to land acquiring, plant construction and equipment purchasing.
3. On November 10, 2023, the Board of Directors approved the disposal of Foxsemicon Integrated Technology(Shanghai) Inc.'s partnership of Jinan Fujie Industrial Investment Fund Partnership(limited partnership). Disposal price is RMB 89,012 thousands, acquired cash RMB 84,699 thousands and 18% equity of MEM'S CORE CO., Ltd.

## 12. Others

### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide the maximum returns for shareholders and to positively reduce the gearing ratio and the cost of capital.

### (2) Financial instruments

#### A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Financial assets			
Financial assets at fair value through profit or loss	\$ 254,813	\$ 232,097	\$ 259,122
Financial assets at fair value through other comprehensive income	214,577	194,076	208,601
Financial assets at amortized cost (Note)	<u>10,191,721</u>	<u>10,800,976</u>	<u>10,179,461</u>
	<u>\$ 10,661,111</u>	<u>\$ 11,227,149</u>	<u>\$ 10,647,184</u>
Financial liabilities			
Financial liabilities at fair value through profit or loss	\$ -	\$ 1,336	\$ 2,480
Financial liabilities at amortized cost (Note)	5,664,968	7,133,846	7,414,420
Lease liability	<u>356,843</u>	<u>301,871</u>	<u>321,360</u>
	<u>\$ 6,021,811</u>	<u>\$ 7,437,053</u>	<u>\$ 7,738,260</u>

Note: Financial assets at amortized cost included cash and cash equivalents, current financial assets at amortized cost, accounts receivable and other receivables; and financial liabilities at amortized cost included long-term and short-term loans, accounts payable, other payables, long-term liabilities-current portion and bonds payable.

#### B. Financial risk management policies

##### (a) Categories of risk

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Objectives of management

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. Nature

The Group operates internationally and is exposed to foreign exchange risk arising from various currencies, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from recognized assets and liabilities.

ii. Management

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. Degree

The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2023					
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	\$ 173,787	32.27	\$ 5,608,106	1%	\$ 56,081
USD:RMB	51,671	7.31	\$ 1,667,423	1%	16,674
Financial liabilities					
Monetary items					
USD:NTD	75,636	32.27	2,440,774	1%	24,408
USD:RMB	23,494	7.31	758,151	1%	7,582
December 31, 2022					
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	\$ 226,276	30.71	\$ 6,948,936	1%	\$ 69,489
USD:RMB	81,937	6.97	2,516,285	1%	25,163
Financial liabilities					
Monetary items					
USD:NTD	78,301	30.71	2,404,624	1%	24,046
USD:RMB	61,682	6.97	1,894,254	1%	18,943

September 30, 2022

September 30, 2022					
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	\$ 233,436	31.75	\$ 7,411,593	1%	\$ 74,116
USD:RMB	58,223	7.10	1,848,580	1%	18,486
Financial liabilities					
Monetary items					
USD:NTD	92,452	31.75	2,935,351	1%	29,354
USD:RMB	31,957	7.10	1,014,635	1%	10,146

iv. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2023 and 2022, amounted to \$123,951, \$132,889, \$149,197 and \$328,831, respectively.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies which are classified as investments in financial assets at fair value through other comprehensive income. The prices of equity securities would change due to the change of the future value of investee companies. However, the fluctuation in prices are not expected to have significant influence over the value of investee companies.

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

- i. The Group's main interest rate risk arises from short-term loans. Loans issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain at least 0.76%~3.2% of its loans at fixed rate. The Group has no significant interest rate based on the assessment.
- ii. The Group's interest rate risk arises from long-term loans. Long-term loans calculated by floating rates expose the Group to cash flow interest rate risk, but most of this risk is offset by cash and cash equivalents held at floating rates.

If the long-term loans rate increases or decreases by 1%, and all other factors remain unchanged, the net profit after tax will decrease or increase by \$9,489 and \$4,652 for nine-

month periods ended September 30, 2023 and 2022.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost and at fair value through profit or loss. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- ii. The Group adopts industrial characteristics and past experience, the default occurs when the contract payments are past due over 90 days.
- iii. Under IFRS 9 which the Group adopts, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- v. The ageing analysis of receivables (including related parties) is as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Not past due	\$ 841,928	\$ 873,867	\$ 1,349,241
Up to 90 days	29,048	84,697	62,643
91 to 180 days	15,511	29,618	-
181 to 270 days	253	3,507	126
271 to 360 days	<u>288</u>	<u>-</u>	<u>-</u>
	<u>\$ 887,028</u>	<u>\$ 991,689</u>	<u>\$ 1,412,010</u>

- vi. The Group classifies customers' accounts receivable in accordance with credit rating. The Group applies the modified approach using the loss rate methodology or provision matrix to estimate the expected credit loss. The Group used the market forecast ability of SEMI and The Basel Committee on Banking Supervision to adjust historical and timely

information to assess the default possibility of notes receivable and accounts receivable. On September 30, 2023, December 31, 2022 and September 30, 2022, loss allowance estimated by the provision matrix or loss rate methodology is as follows:

<u>September 30, 2023</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Total</u>
Expected loss rate	0.03%	0.03%	
Total book value	<u>\$ 830,982</u>	<u>\$ 56,046</u>	<u>\$ 887,028</u>
Loss allowance	<u>(\$ 248)</u>	<u>(\$ 9)</u>	<u>(\$ 257)</u>
<u>December 31, 2022</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Total</u>
Expected loss rate	0.03%	0.03%~100%	
Total book value	<u>\$ 906,770</u>	<u>\$ 84,919</u>	<u>\$ 991,689</u>
Loss allowance	<u>(\$ 271)</u>	<u>(\$ 2,950)</u>	<u>(\$ 3,221)</u>
<u>September 30, 2022</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Total</u>
Expected loss rate	0.03%	0.03%~22.75%	
Total book value	<u>\$ 1,309,621</u>	<u>\$ 102,389</u>	<u>\$ 1,412,010</u>
Loss allowance	<u>(\$ 336)</u>	<u>(\$ 1,262)</u>	<u>(\$ 1,598)</u>

Group 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Group's credit rating for those that do not have external credit ratings.

Group 2: Rated as other than A in accordance with the Group's credit rating for those that have no external credit ratings.

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for receivables (including related parties) are as follows:

	<u>2023</u>	<u>2022</u>
At January 1	\$ 3,221	\$ 1,523
Reversal of impairment loss	( 2,964)	54
Effect of foreign exchange	-	21
At September 30	<u>\$ 257</u>	<u>\$ 1,598</u>

- viii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed loan facilities at all times so that the Group does not breach loan limits or covenants (where applicable) on any of its loan facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable

external regulatory or legal requirements, for example, currency restrictions.

- ii. The Group's non-derivative financial liabilities are analysed into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Except for those whose maturity date were less than 360 days as of September 30, 2023, December 31, 2022 and September 30, 2022, the remaining non-derivative financial liabilities (including long-term and short-term loans, accounts payable, other payables, current portion of long-term liabilities and guarantee deposits received) are listed below:

<u>September 30, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>
<u>Non-derivative financial liabilities:</u>			
Bonds payable (Note)	\$ 1,907,900	\$ -	\$ -
Long-term borrowings	227,506	543,951	858,119
Lease liability	59,892	116,918	232,127
Deposits received	236,968	156,353	-
<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>
<u>Non-derivative financial liabilities:</u>			
Bonds payable (Note)	\$ 1,908,000	\$ -	\$ -
Long-term borrowings	41,616	513,151	1,055,593
Lease liability	39,327	76,467	232,345
Deposits received	511,931	327,172	-
<u>September 30, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>
<u>Non-derivative financial liabilities:</u>			
Bonds payable	\$ -	\$ -	\$ 1,908,000
Long-term borrowings	10,082	445,722	965,368
Lease liability	44,909	78,906	246,224
Deposits received	25,519	384,112	-

Note : The reason of transfer of bonds payable to current liabilities is the bondholders can request the company to buy the bonds back after three years of issuance. Please refer to Note 6 (13).

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in Level 2.

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

B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost, accounts receivable (including due from related parties), other receivables (including due from related parties), long-term and short-term loans, accounts payable, other payables and bonds payable (including current portion)) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

(a) The related information of natures of the assets is as follows:

September 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ -	\$ -	\$ 254,432	\$ 254,432
Derivative instruments	-	381	-	381
Financial assets at fair value through other comprehensive income				
Equity securities	152,165	-	62,412	214,577
	<u>\$ 152,165</u>	<u>\$ 381</u>	<u>\$ 316,844</u>	<u>\$ 469,390</u>
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ -	\$ -	\$ 232,097	\$ 232,097
Financial assets at fair value through other comprehensive income				
Equity securities	117,291	-	76,785	194,076
	<u>\$ 117,291</u>	<u>\$ -</u>	<u>\$ 308,882</u>	<u>\$ 426,173</u>
Liability				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ 1,336	\$ -	\$ 1,336

September 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ -	\$ -	\$ 259,122	\$ 259,122
Financial assets at fair value through other comprehensive income				
Equity securities	<u>123,232</u>	<u>-</u>	<u>85,369</u>	<u>208,601</u>
	<u>\$ 123,232</u>	<u>\$ -</u>	<u>\$ 344,491</u>	<u>\$ 467,723</u>
Liability				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 2,480</u>	<u>\$ -</u>	<u>\$ 2,480</u>

- (b) The Group's financial assets at fair value through other comprehensive income on September 30, 2023, December 31, 2022 and September 30, 2022 are financial assets included in Level 1, in order to obtain listed stocks, the Group uses closing price as their fair values.
- (c) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- D. For the nine-month periods ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2023 and 2022:

	2023	2022
At January 1	\$ 308,882	\$ 413,893
Acquired in the period	-	6,843
Gains and losses recognized in profit or loss	21,882	( 33,383)
Gains and losses recognized in other comprehensive income	( 14,425)	( 54,460)
Effect of exchange rate changes	<u>505</u>	<u>11,598</u>
At September 30	<u>\$ 316,844</u>	<u>\$ 344,491</u>

- F. For the nine-month periods ended September 30, 2023 there was no transfer into or out from Level

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Private equity fund investment	\$ 254,432	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	62,412	Market comparable companies/Net asset value	Liquidity discount	32~33%	The higher the discount rate, the lower the fair value.
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Private equity fund investment	\$ 232,097	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	76,785	Market comparable companies/Net asset value	Liquidity discount	32%	The higher the discount rate, the lower the fair value.
	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Private equity fund investment	\$ 259,122	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	85,369	Market comparable companies/Net asset value	Price to book ratio multiple	0.88~5.27 (2.6)	The higher the multiple and control premium, the higher the fair value.
			Liquidity discount	27.42%~42.90% (33.04%)	The higher the discount rate, the lower the fair value.

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

			September 30, 2023	
			Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	Liquidity discount	±5%	\$ 4,617	(\$ 4,617)
			December 31, 2021	
			Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	Liquidity discount	±5%	\$ 5,674	(\$ 5,674)
			September 30, 2022	
			Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	Price to book ratio multiple	±5%	\$ 2,604	(\$ 2,604)
	Liquidity discount	±5%	2,061	( 2,061)

### 13. Supplementary Disclosures

The disclosures on investee companies were based on financial statements audited by Certified Public Accountants and the following transactions with subsidiaries were eliminated when preparing consolidated financial statements. The following disclosure information is for reference only.

#### (1) Significant transactions information

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

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: The Company provided purchases and sales to an investee company in the Mainland Area, Foxsemicon Integrated Technology (Shanghai) Inc., through SUCCESS PRAISE CORPORATION. The transactions have been fully written-off in the consolidated financial statements. Please refer to Note 13(1) for the significant transactions of purchases, sales, receivables and payables between the Company and investee companies in the Mainland Area.

(4) Major shareholders information

Major shareholders information: Please refer to Note 9.

14. Operating Segment Information

(1) General information

The Group is primarily engaged in the production and sales of semiconductor equipment subsystems and system integration. The chief operating decision-maker allocates resources and assesses performance based on the overall financial statements. It is identified that the Group is a single operating segment and there is only one reportable operating segment.

The Group's operating segment information is prepared in accordance with the Group's accounting policies. The chief operating decision-maker allocates resources and assesses performance of the operating segments primarily based on the operating revenue and profit (loss) before tax of individual operating segment.

Foxsemicon Integrated Technology Inc. and subsidiaries

Loans to others

Nine month period ended September 30, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine month	Balance at September 30, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					period ended September 30, 2023								Item	Value			
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	Other receivables due from related parties	Y	\$ 806,750	\$ 806,750	\$ 580,860	2.80%	Business transactions	\$ 2,547,361	-	\$ -	-	\$ -	\$ 2,129,946	\$ 6,659,838	Notes 1 and 2
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	Other receivables due from related parties	Y	\$ 313,465			2.70%	Short-term financing	-	Business operation	-	-	-	\$ 3,884,906	\$ 4,439,892	Notes 4

Note 1: For the companies who have business relationship with the Company, ceiling on total loans to others shall not exceed 60% of the net assets value of the Company.

Note 2: For the companies who have business relationship with the Company, financial limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower.

The amount of business transactions means the higher between the actual sales and the actual purchases in the last year or in the following year and shall not exceed 20% of the net assets value of the Company.

Note 3: The total loans between the foreign companies which the parent company holds 100% of the voting rights directly or indirectly should not exceed 100% of the parent company's net assets;

the loans to a singal party shall not exceed 50% of the parent company's net assets.

Note 4: The total loans which the companies who have short-term financing with the parent company should not exceed 40% of the parent company's net assets;

the loans to a singal party shall not exceed 35% of the parent company's net assets.

Note 5: The net assets referred to above are based on the latest audited or reviewed financial statements.

Foxsemicon Integrated Technology Inc. and subsidiaries  
Provision of endorsements and guarantees to others  
Nine month period ended September 30, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

No.	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2023	Outstanding endorsement/ guarantee amount at September 30, 2023	Actual amount drawn down	Amount of endorsement secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor											
0	Foxsemicon Integrated Technology Inc.	Kainova Technology Inc.	Note 1	\$ 5,549,865	\$ 100,000	\$ -	\$ -	-	-	\$ 11,099,730	Y	N	N	Note 2
0	Foxsemicon Integrated Technology Inc.	FOX AUTOMATION TECHNOLOGY INC.	Note 1	5,549,865	1,360,000	1,360,000	1,217,659	-	12.25	11,099,730	Y	N	N	Note 2
0	Foxsemicon Integrated Technology Inc.	FOX AUTOMATION TECHNOLOGY INC.	Note 1	5,549,865	456,000	456,000	274,540	-	4.11	11,099,730	Y	N	N	Note 2
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Technology, LLC.	Note 1	5,549,865	202,656	202,656	193,007	-	1.83	11,099,730	Y	N	N	Note 2

Note 1: A subsidiary that the Company and subsidiaries directly or indirectly held more than 50% equity interests of common shares.

Note 2: The ceiling on total amount of endorsements/guarantees provided to others by the Company is the Company's net assets in the latest financial statement which was reviewed or audited by independent accountant.

Limit on total endorsements/guarantees provided for a single party is 50% of the Company's net assets in the latest financial statement which was reviewed or audited by independent accountant.

Note 3: Limit on endorsements and guarantees to a company of which the Company directly or indirectly holds 100%, should not exceed 10% of the company's net assets in the latest financial statement which was reviewed or audited by independent accountant.

Limit on endorsements and guarantees to a single party shall not exceed 80% of the company's net assets.

Foxsemicon Integrated Technology Inc. and subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
Nine month period ended September 30, 2023

Table 3

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

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Foxsemicon Integrated Technology Inc.	Common stock of Advanced Optoelectronic Technology, Inc.	None.	Financial asset measured at fair value through other comprehensive income-non-current	3,672,000	\$ 64,627	2.54	\$ 64,627	
Foxsemicon Integrated Technology Inc.	Common stock of ChenFull Precision Co. Ltd	None.	Financial asset measured at fair value through other comprehensive income-non-current	745,000	87,538	1.26	87,538	
Foxsemicon Integrated Technology Inc.	Partnership of AVITIC FUND	None.	Financial assets at fair value through profit or loss - non-current	-	12,956	8.00	12,956	
MINDTECH CORPORATION	Common stock of SuperbVue Solutions Inc.	None.	Financial asset measured at fair value through other comprehensive income-non-current	12,250,000	16,766	10.03	16,766	
MINDTECH CORPORATION	Common stock of Pollux Technologies, Inc.	None.	Financial asset measured at fair value through other comprehensive income-non-current	7,350,000	34,397	11.60	34,397	
MINDTECH CORPORATION	Common stock of Linyange Semiconductor, Inc.	None.	Financial asset measured at fair value through other comprehensive income-non-current	4,900,000	11,249	10.03	11,249	
Foxsemicon Integrated Technology (Shanghai) Inc.	Partnership of Jinan Fujie Industrial Investment Fund Partnership (limited partnership)	None.	Financial assets at fair value through profit or loss - non-current	-	241,476	6.67	241,476	

Foxsemicon Integrated Technology Inc. and subsidiaries  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Nine month period ended September 30, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Foxsemicon Integrated Technology Inc.	SUCCESS PRAISE CORPORATION	Subsidiaries	Purchases	\$ 4,107,385	68	60 days from the invoice date	Note 1	No significant difference	(\$ 875,835) (	62)	
Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	Subsidiaries	Purchases	1,806,691	30	60 days from the invoice date	Note 1	No significant difference	( 379,132) (	27)	
Foxsemicon Integrated Technology (Shanghai) Inc.	SUCCESS PRAISE CORPORATION	Affiliated company	Sale	4,444,870	92	45 days from the invoice date	Note 1	No significant difference	1,090,531		88
Foxsemicon Integrated Technology (Shanghai) Inc.	Frontier Integrated Global Solutions, Inc.	Affiliated company	Sale	145,287	3	45 days from the invoice date	Note 1	No significant difference	48,701		4
Foxsemicon Integrated Technology (Kunshan) Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	Parent company	Sale	566,993	23	45 days from the invoice date	Note 1	No significant difference	142,636		27
SUCCESS PRAISE CORPORATION	Frontier Integrated Global Solutions, Inc.	Affiliated company	Sale	291,669	7	45 days from the invoice date	Note 1	No significant difference	96,753		10

Note 1: Unless there are similar transactions, the prices and terms were determined in accordance with mutual agreements. Otherwise, the transaction terms were similar to general transaction terms.

Note 2: Opposite related party transaction is not disclosed.

Foxsemicon Integrated Technology Inc. and subsidiaries  
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
Nine month period ended September 30, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2023			Overdue receivables		Amount collected subsequent to the balance sheet date	Creditor Counterparty doubtful
				Note	Turnover rate	Amount	Action taken		
Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	Subsidiaries	\$ 537,570	Note	Not applicable	\$ 61,134	Subsequent collection	\$ 60,181	\$ -
Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	Subsidiaries	659,993	Note	Not applicable	4,364	Subsequent collection	4,257	-
SUCCESS PRAISE CORPORATION	Foxsemicon Integrated Technology Inc.	Ultimate parent	875,835		5.2	-	-	-	-
Foxsemicon Integrated Technology (Shanghai) Inc.	SUCCESS PRAISE CORPORATION	Affiliated company	1,090,531		5.4	145,566	Subsequent collection	145,566	-
Foxsemicon Integrated Technology (Kunshan) Inc.	Foxsemicon Integrated Technology Inc.	Ultimate parent	379,132		5.5	69,261	Subsequent collection	63,320	-
Foxsemicon Integrated Technology (Kunshan) Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	Parent company	142,636		3.8	137	Subsequent collection	137	-

Note: Receivables arose from purchasing materials on behalf of others and financing inter-related party. Financing inter-related please refer to Note 13(1).

Foxsemicon Integrated Technology Inc. and subsidiaries  
Significant inter-company transactions during the reporting periods  
Nine month period ended September 30, 2023

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 4)			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Foxsemicon Integrated Technology Inc.	SUCCESS PRAISE CORPORATION	(1)	Purchases	\$ 4,107,385	45 days from the invoice date	42
0	Foxsemicon Integrated Technology Inc.	SUCCESS PRAISE CORPORATION	(1)	Accounts payable	875,835	45 days from the invoice date	5
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	(1)	Other receivable	537,570	45 days from the invoice date	3
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	(1)	Purchases	1,806,691	45 days from the invoice date	19
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	(1)	Accounts payable	379,132	45 days from the invoice date	2
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	(1)	Other receivable	659,993	45 days from the invoice date	4
1	Foxsemicon Integrated Technology (Shanghai) Inc.	SUCCESS PRAISE CORPORATION	(3)	Sales	4,444,870	45 days from the invoice date	46
1	Foxsemicon Integrated Technology (Shanghai) Inc.	SUCCESS PRAISE CORPORATION	(3)	Accounts receivable	1,090,531	45 days from the invoice date	6
1	Foxsemicon Integrated Technology (Shanghai) Inc.	Frontier Integrated Global Solutions, Inc.	(3)	Sales	145,287	45 days from the invoice date	1
2	Foxsemicon Integrated Technology (Kunshan) Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	(2)	Sales	566,993	45 days from the invoice date	6
2	Foxsemicon Integrated Technology (Kunshan) Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	(2)	Accounts receivable	142,636	45 days from the invoice date	1
3	SUCCESS PRAISE CORPORATION	Frontier Integrated Global Solutions, Inc.	(3)	Sales	291,669	45 days from the invoice date	3

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: The disclosures are related parties reaching \$100 million or 20% of paid-in capital or more only, otherwise are not disclosed.

Note 4: Percentage of total consolidated revenues or total assets is calculated using the total consolidated assets at the end of the year when the subject of transaction is an asset/liability, and is calculated by total consolidated revenues during the year when the subject of transaction is a revenue/expense. However, the transactions were eliminated when preparing the consolidated financial statements.

Foxsemicon Integrated Technology Inc. and subsidiaries

Information on investees

Nine month period ended September 30, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2023			Net income of investee as of September 30, 2023	Investment income (loss) recognised by the Company for the nine month period ended September 30, 2023		Footnote
				Balance as at September 30, 2023	Balance as at September 30, 2023	Number of shares	Ownership (%)	Book value				
Foxsemicon Integrated Technology Inc.	FOXSEMICON INTEGRATED TECHNOLOGY INC.	Samoa	Reinvestment and holding company	\$ 1,253,890	\$ 1,253,890	40,474,913	100	\$ 4,256,127	\$ 468,887	\$	468,887	
Foxsemicon Integrated Technology Inc.	Foxsemicon Innovations Holding Inc.	US	Reinvestment and holding company	451,191	451,191	15,000	100	405,122 (	41,596) (		41,596)	
Foxsemicon Integrated Technology Inc.	FOXSEMICON LLC.	US	Exports/Imports Logistics	1,751	1,751	50,000	100	33,888 (	121) (		121)	
Foxsemicon Integrated Technology Inc.	UNIEQ TECHNOLOGY PTE.LTD	Singapore	Reinvestment and holding company	1	-	1	100	1	-		-	Note 1
Foxsemicon Integrated Technology Inc.	FOX AUTOMATION TECHNOLOGY INC.	Taiwan	Manufacturing of machinery and equipment and electronic parts	312,573	312,573	20,000,000	100	983,151	170,226		170,226	
Foxsemicon Integrated Technology Inc.	Frontier Integrated Global Solutions, Inc.	Taiwan	Manufacturing of machinery and equipment and electronic parts	5,000	5,000	500,000	100	45,188	23,667		23,667	
Foxsemicon Integrated Technology Inc.	Kainova Technology Inc.	Taiwan	Manufacturing of machinery and equipment and electronic parts	55,000	55,000	5,500,000	100	34,915 (	5,299) (		5,299)	
Foxsemicon Integrated Technology Inc.	Lydus Medical Ltd.	Israel	Research, design and sale of medical machinery	89,790	59,560	416,310	16.21	79,478 (	26,363) (		4,241)	Note 1
Foxsemicon Integrated Technology Inc.	SMART BREAST CORPORATION	US	Manufacturing of medical machinery	17,643	17,643	7,890,640	17.18	- (	18,294)		-	
Foxsemicon Integrated Technology Inc.	Corporate Venture Capital Alliance Innovation Fund	Taiwan	Reinvestment and holding company	22,500	22,500	2,250,000	25	19,561 (	7,161) (		1,790)	
FOXSEMICON INTEGRATED TECHNOLOGY INC.	MINDTECH CORPORATION	Samoa	Reinvestment and holding company	2,517,060	2,395,380	34,977,541	100	4,154,408	460,711		460,711	
FOXSEMICON INTEGRATED TECHNOLOGY INC.	SUCCESS PRISE CORPORATION	Samoa	Reinvestment and holding company	122,626	116,698	3,800,000	100	101,710	8,176		8,176	
Foxsemicon Innovations Holding Inc.	Foxsemicon Technology, LLC	US	Research and Development and manufacturing of machinery and equipment and electronic parts	482,437	459,115	Note 2	100	404,110 (	41,019) (		41,019)	

Note 1:The Company started to recognize gain or loss of associates and joint ventures accounted for using equity method in the month of acquisition

Note 2: The company is a limited company and has no shares issued.

Foxsemicon Integrated Technology Inc. and subsidiaries

Information on investments in Mainland China

Nine month period ended September 30, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 1)	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine month period ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee as of September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine month period ended September 30, 2023 (Note 3)	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Foxsemicon Integrated Technology (Shanghai) Inc.	Production and sales of electronic special equipment, test instruments, and industrial molds	\$ 2,517,060	2	\$ 2,517,060	\$ -	\$ -	\$ 2,517,060	\$ 459,295	100	\$ 459,295	\$ 4,109,979	\$ -	
Kaivaco Technology Nanjing Inc.	Production and sales of electronic special equipment, test instruments, and industrial molds	6,242	1	6,242	-	-	6,242	304	100	304	6,863	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
Foxsemicon Integrated Technology Inc.	2,517,060	3,516,509	Note 4										
Kainova Technology Inc.	6,242	6,938	80,000										

Note 1: The amounts in the table are shown in New Taiwan Dollars. Transactions denominated in foreign currencies are translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date.

Note 2: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2)Invested in Mainland China thorough the thrid party, FOXSEMICON INTERGRATED TECHNOLOGY INC.

(3)Others

Note 3:Investment income (loss) recognition is based on financial statements that are audited or reviewed by R.O.C. parent company's CPA.

Note 4: Pursuant to the amended 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, as the Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

Note 5:The Company reinvested in Mainland China investees, Foxsemicon Integrated Technology (Kunshan) Inc. and Shanghai EnvoFox integrated technology limit inc. through the investing business in Mainland China investee, which were not required to file an application to the Investment Commission of Ministry of Economic Affairs (MOEA).However, the investing business in Mainland China is a controlling company and shall apply the reinvestment to the Investment Commission of Ministry of Economic Affairs (MOEA).

Foxsemicon Integrated Technology Inc. and subsidiaries

Major shareholders information

September 30, 2023

Table 9

Name of major shareholders	Shares	
	Number of shares held (shares)	Ownership (%)
Applied Materials Taiwan	8,117,258	8.35
Hyield Venture Capital Co.,Ltd.	6,953,272	7.15

Note: The major shareholders' information was derived from the data using the Company issued common shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.