Stock Code: 4961

# Fitipower Integrated Technology Inc. and Subsidiaries

# **Consolidated Financial Statements With Independent Auditors' Review Report**

For the Nine Months Ended September 30, 2022 and 2021

Address: 3F, No.6-8, Duxing Rd., Hsinchu Science Park, Hsinchu City

Tel: (03) 5788-618

## **Independent Auditors' Review Report**

To the Board of Directors of Fitipower Integrated Technology Inc.

#### Introduction

We have reviewed the accompanying consolidated balance sheets of Fitipower Integrated Technology Inc. (the "Company") and its subsidiaries (the "Group") as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

#### **Scope of Review**

We conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards 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

Above has been reviewed by independent auditors, 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 of September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial

Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chou, Pao-Lian and Mei, Yuan-Chen.

**KPMG** 

Taipei, Taiwan (Republic of China) October 31, 2022

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

## (English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2022 and 2021

## Fitipower Integrated Technology Inc. and Subsidiaries

## **Consolidated Balance Sheet**

## September 30, 2022, December 31, 2021, and September 30, 2021

**Unit: NT\$ thousands** 

		Sep. 30, 202		Dec. 31, 202		Sep. 30, 20	21		* /			Dec. 31, 202	Dec. 31, 2021 Sep. 30, 2021		
	Assets	Amount	<b>%</b>	Amount	<b>%</b>	Amount	<u>%</u>		Liabilities and equity	Amount	%	Amount	<b>%</b>	Amount	<u>%</u>
	Current assets:								Current liabilities:						
1100	Cash and cash equivalents (Note 6 (1))	\$ 8,557,560	35	7,042,205	29	6,691,197	28	2100	Current borrowings (Note 6 (12))	\$ 230,650	1	777,808	3	2,726,515	12
1110	Current financial assets at fair value through profit or loss							2120	Current financial liabilities at fair value through profit or	13,373	-	-	-	-	-
	(Note 6 (2))	6,016,661	24	4,888,006	20	4,856,097	21		loss (Note 6 (2))						
1136	Current financial assets at amortized cost (Note 6 (1) and							2130	Current contract liabilities	128,492	1	84,454	-	101,032	-
	Note 12)	200	-	560,200	2	50,200	-	2170	Notes and accounts payable	1,629,428	7	3,435,609	14	3,075,315	13
1170	Notes and accounts receivable, net (Note 6 (3))	3,135,601	13	4,851,146	20	5,770,523	24	2180	Accounts payable to related parties (Note 7)	-	-	-	-	986	-
1181	Accounts receivable due from related parties, net (Note 6							2230	Current tax liabilities	828,284	3	1,287,878	5	819,646	4
	(3) and Note 7)	95,529	-	161,181	1	230,596	1	2280	Current lease liabilities (Note 6 (13))	38,323	-	46,273	-	47,072	-
1175	Lease payments receivable	12,673	-	12,219	-	12,121	-	2399	Other current liabilities	840,181	3	1,072,695	5	733,180	3
1200	Other receivables (Note 7)	55,689	-	120,456	-	95,657	1			3,708,731	15	6,704,717	27	7,503,746	32
130X	Current inventories, net (Note 6 (4))	3,183,464	13	3,338,389	14	2,718,855	12		Non-current liabilities:						
1410	Prepayments and other current assets (Note 6 (5))	267,798	1	548,847	3	513,897	2	2570	Deferred tax liabilities	373	-	373	-	22,633	-
		21,325,175	86	21,522,649	89	20,939,143	89	2580	Non-current lease liabilities (Note 6 (13))	15,065	-	37,231	-	49,056	-
	Non-current assets:							2645	Guarantee Deposits received	171,708	1	165,706	1	166,520	1
1600	Property, plant and equipment (Note 6 (8))	953,675	4	664,800	3	538,045	2			187,146	1	203,310	1	238,209	1_
1755	Right-of-use assets (Note 6 (9))	51,240	-	81,543	-	93,829	1		Total liabilities	3,895,877	16	6,908,027	28	7,741,955	33
1780	Intangible assets (Note 6 (10))	59,655	-	247,101	1	241,908	1		<b>Equity:</b> (Note 6 (6) (7) (16) and (17))						
1840	Deferred tax assets (Note 6 (15))	4,257	-	37,120	-	41,984	-	3110	Capital stock	1,865,453	8	1,865,453	8	1,865,453	8
1900	Other non-current assets (Note 6 (11))	2,395,482	10	1,715,323	7	1,703,907	7	3200	Capital surplus	8,624,502	35	6,986,364	29	6,990,232	29_
1935	Long-term lease payments receivable	14,443	-	24,006		26,084			Retained earnings:						
		3,478,752	14	2,769,893	11	2,645,757	11	3310	Legal reserve	853,945	3	268,720	1	268,720	1
								3320	Special reserve	43,782	-	13,192	-	13,192	-
								3350	Unappropriated retained earnings	5,706,046	23	6,765,097	28	5,366,517	23_
										6,603,773	26	7,047,009	29	5,648,429	<u>24</u>
								3400	Other equity interest	72,142	_	(43,782)		(43,312)	
								3500	Treasury stock	(9,449)	_	(9,449)	_	(9,449)	
									Total equity attributable to owners of parent	17,156,421	69	15,845,595	66	14,451,353	61
								36XX	Non-controlling interest	3,751,629	15	1,538,920	6	1,391,592	6
									Total equity	20,908,050		17,384,515		15,842,945	
	Total assets	<u>\$ 24,803,927</u>	100	24,292,542	100	23,584,900	100		Total liabilities and equity	<u>\$ 24,803,927</u>	100	24,292,542	100	23,584,900	<u>100</u>

(Please refer to the accompanying notes to the consolidated financial statements)

Manager: Chiu, Shu-Hui

Chairman: Lin, Yung-Chieh

CAO: Chen, Po-Tsang

## (English Translation of Consolidated Financial Statements Originally Issued in Chinese) REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

## Fitipower Integrated Technology Inc. and Subsidiaries

## **Consolidated Statement of Comprehensive Income**

## For the three months and nine months ended September 30, 2022 and 2021

**Unit: NT\$ thousands** 

		Three Months Ended September 30		Nine Months Ended September 30						
			2022 Amount	%	2021 Amount	%	2022 Amount	%	2021 Amount	%
4111	Operating revenue (Note 6 (19) and Note 7)	\$	4,191,652	100	6,694,103	100	15,550,510	100	16,568,128	100
5000	Operating cost (Note 6 (4) (11), Note 7 and Note 12)	·	2,884,733	69	3,373,666	50	9,512,063	61	8,906,047	54
	Gross profit from operations		1,306,919	31	3,320,437	50	6,038,447	39	7,662,081	46
	Operating expense: (Note 6 (3) (11) (13) (14) (17) (20), Note 7 and Note 12)		7 7-				- <b>, ,</b> -		. 9 9	
6100	Selling expense		115,738	3	116,837	2	322,270	2	258,155	2
6200	Administration expense		109,345	2	114,522	2	332,251	2	245,558	1
6300	Research and development expense		631,891	15	617,647	9	1,854,066	12	1,420,352	8
6450	Impairment loss		(789)	_	3,319	_	(8,314)	_	4,203	_
	1		856,185	20	852,325	13	2,500,273	16	1,928,268	11
	Net operating profit		450,734	11	2,468,112	37	3,538,174	23	5,733,813	35
	Non-operating income and expense: (Note 6 (10) (13) and (21))				7 7				- 4 4	
7100	Interest income		11,018	_	11,532	_	37,677	_	35,512	_
7010	Other income		7,867	_	11,997	_	15,411	_	43,750	_
7020	Other gains and losses, net		122,465	3	9,726	_	58,477	_	(8,529)	_
7050	Financial costs, net		(6,400)	_	(1,878)	_	(20,277)	_	(8,402)	_
			134,950	3	31,377	_	91,288	_	62,331	
	Income before income tax		585,684	14	2,499,489	37	3,629,462	23	5,796,144	35
7951	Less: Income tax expense (Note 6 (15))		112,776	3	420,352	6	658,684	4	907,056	5
	Net income		472,908	11	2,079,137	31	2,970,778	19	4,889,088	30
8300	Other comprehensive income:									
8360	Components of other comprehensive income that will be reclassified to									
	profit or loss (Note 6 (15))									
8361	Exchange differences on translation		91,494	2	12,851	-	247,902	2	(40,956)	-
8399	Less: Income tax related to components of other comprehensive income that		10,614	-	(727)	-	28,995	-	(7,435)	
	will be reclassified to profit or loss									
	Total components of other comprehensive income that will be		80,880	2	13,578	-	218,907	2	(33,521)	
	reclassified to profit or loss									
8300	Total other comprehensive income		80,880	2	13,578		218,907	2	(33,521)	
	Total comprehensive income	\$	553,788	13	2,092,715	31	3,189,685	21	4,855,567	30
	Net income attributable to:									
	Shareholders of the parent	\$	461,194	11	1,912,933	29	2,721,761	17	4,453,664	27
8620	Non-controlling interest		11,714	-	166,204	2	249,017	2	435,424	3
		\$	472,908	11	2,079,137	31	2,970,778	19	4,889,088	30
	Total comprehensive income attributable to:									
	Shareholders of the parent	\$	503,686	12	1,910,088	28	2,837,685	18	4,423,963	27
	Non-controlling interest		50,102	1	182,627	3	352,000	3	431,604	3
		\$	553,788	13	2,092,715	31	3,189,685	21	4,855,567	30
	Earnings per share (Unit: NT\$1) (Note 6 (18))									
	Basic earnings per share	\$		2.48		10.90		14.62		26.38
	Diluted earnings per share	<u>\$</u>		2.45		10.81		14.43		26.15

## (English Translation of Consolidated Financial Statements Originally Issued in Chinese) REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

Fitipower Integrated Technology Inc. and Subsidiaries

#### **Consolidated Statement of Changes in Equity**

For the nine months ended September 30, 2022 and 2021

Equity attributed to the owners of the parent company

**Unit: NT\$ thousands** 

							Other equity items					
					Retained earnings	3	Exchange difference on translation of			Total equity		
		are capital r common stock	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	foreign financial statements	Unearned compensation for employees	Treasury stock	attributable to owners of parent	Non- controlling interests	Total equity
Balance at January 1, 2021	\$	1,665,880	2,064,369	202,162	24,406	1,383,718	(13,191)	(1,734)	(9,449)	5,316,161	959,988	6,276,149
Net income in 2021		-	-	-	-	4,453,664	-	-	-	4,453,664	435,424	4,889,088
Other comprehensive income in 2021, net of income tax	x	-	-	-	-	-	(29,701)	-	-	(29,701)	(3,820)	(33,521)
Total comprehensive income in 2021		-	-	-	-	4,453,664	(29,701)	-	-	4,423,963	431,604	4,855,567
Appropriation of retained earnings:												
Legal reserve appropriated		-	-	66,558	-	(66,558)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	(11,214)	11,214	-	-	-	-	-	-
Cash dividends		-	(28)	-	-	(415,521)	-	-	-	(415,549)	-	(415,549)
Proceeds from issuing shares		200,000	4,900,000	-	-	-	-	-	-	5,100,000	-	5,100,000
Compensation cost of share-based payment transactions		-	25,520	-	-	-	-	-	-	25,520	-	25,520
Issuance of restricted stock for employees		-	(56)	-	-	-	-	1,314	-	1,258	-	1,258
Writing-off of restricted stock for employees		(427)	427			-					_	
Balance at September 30, 2021	\$	1,865,453	6,990,232	268,720	13,192	5,366,517	(42,892)	(420)	(9,449)	14,451,353	1,391,592	15,842,945
Balance at January 1, 2022	\$	1,865,453	6,986,364	268,720	13,192	6,765,097	(43,782)	-	(9,449)	15,845,595	1,538,920	17,384,515
Net income in 2022		-	-	-	-	2,721,761	-	-	-	2,721,761	249,017	2,970,778
Other comprehensive income in 2022, net of income tax	κ	-	-	-	-	-	115,924	-	-	115,924	102,983	218,907
Total comprehensive income in 2022		-	-	-	-	2,721,761	115,924	-	-	2,837,685	352,000	3,189,685
Appropriation of retained earnings:												
Legal reserve appropriated		-	-	585,225	-	(585,225)	-	-	-	-	-	-
Special reserve appropriated		-	-	-	30,590	(30,590)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(3,164,997)	-	-	-	(3,164,997)	-	(3,164,997)
Difference between consideration and carrying amount of		-	1,638,138	-	-	-	-	-	-	1,638,138	(1,638,138)	-
subsidiaries acquired or disposed												
Proceeds from issuing shares by non-controlling interests		-	-	-	-	-	-	-	-	-	3,498,847	3,498,847
Balance at September 30, 2022	\$	1,865,453	8,624,502	853,945	43,782	5,706,046	72,142	_	(9,449)	17,156,421	3,751,629	20,908,050

(Please refer to the accompanying notes to the consolidated financial statements)

Manager: Chiu, Shu-Hui CAO: Chen, Po-Tsang

## (English Translation of Consolidated Financial Statements Originally Issued in Chinese) REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

## Fitipower Integrated Technology Inc. and Subsidiaries

## **Consolidated Statement of Cash Flows**

## For the nine months ended September 30, 2022 and 2021

**Unit: NT\$ thousands** 

	Nine Months Ended September 30			
	Nin	2022	2021	
Cash flows from operating activities:				
Income before income tax	\$	3,629,462	5,796,144	
Adjustments:		, ,	, ,	
Adjustments to reconcile profit (loss)				
Depreciation expense		235,768	149,355	
Amortization expense		45,731	17,671	
Expected credit loss (gain on reversal)		(8,314)	4,204	
Net loss (profit) on financial assets and liabilities at fair value through profit		127,141	(4,610)	
Interest expense		20,277	8,402	
Interest income		(37,677)	(35,512)	
Share-based payment		37,414	46,968	
Loss on the disposal of property, plant and equipment		-	73	
Inventory valuation and disposal loss		182,617	32,929	
Impairment loss		183,365	-	
Total adjustments to reconcile profit (loss)		786,322	219,480	
Changes in operating assets and liabilities:		700,322	217,100	
Decrease (increase) in lease payments receivable		9,109	(38,205)	
Decrease (increase) in accounts receivable		1,789,511	(4,317,728)	
Decrease in other receivables		66,078	18,862	
Increase in inventory		(27,692)	(1,329,311)	
Decrease (increase) in prepayments and other current assets		281,049	(355,915)	
Increase (decrease) in accounts payable		(1,838,917)	1,239,407	
Decrease in accounts payable - related parties		(1,030,917)	(412,939)	
Increase in accounts payable - related parties		44,038	53,680	
Increase (decrease) in other current liabilities		(254,061)	286,651	
Total changes in operating assets and liabilities		69,115	(4,855,498)	
Cash inflow generated from operations		4,484,899	1,160,126	
Interest received		37,341	35,072	
Interest paid		(19,510)	(6,005)	
Income taxes paid		(1,048,516)	(143,644)	
Net cash inflow from operating activities		3,454,214	1,045,549	
Cash flow from investing activities:		(0, (4, 504)	(5,000,000)	
Acquisition of financial assets at fair value through profit or loss		(8,646,504)	(5,686,000)	
Proceeds from disposal of financial assets at fair value through profit or loss		7,404,081	2,994,235	
Decrease in acquisition of financial assets at amortized cost		560,000	44,800	
Acquisition of property, plant and equipment		(477,076)	(332,926)	
Proceeds from disposal of property, plant and equipment		(20,060)	43	
Acquisition of intangible assets		(39,968)	(23,438)	
Increase in refundable deposits		(698,175)	(1,601,530)	
Increase in other non-current assets		(65,014)	(3,791)	
Net cash outflow in investing activities		(1,962,656)	(4,608,607)	
Cash flow from financing activities:		(5.45.150)	2.72 < 515	
Increase (decrease) in current borrowings		(547,158)	2,726,515	
Increase (decrease) in guarantee deposits received		(3,659)	66,945	
Payments of lease liabilities		(36,521)	(27,990)	
Issuance of cash dividends		(3,164,997)	(415,549)	
Proceeds from issuing shares		-	5,100,000	
Proceeds from issuing shares by non-controlling interests		3,498,847		
Net cash inflow (outflow) from financing activities		(253,488)	7,449,921	
Effects of exchange rate changes on cash and cash equivalents		277,285	(59,291)	
Net increase in cash and cash equivalents		1,515,355	3,827,572	
Cash and cash equivalents at beginning of period	<del> </del>	7,042,205	2,863,625	
Cash and cash equivalents at end of period	<u>\$</u>	8,557,560	<u>6,691,197</u>	

(Please refer to the accompanying notes to the consolidated financial statements)

# (English Translation of Consolidated Financial Statements Originally Issued in Chinese) REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

## Fitipower Integrated Technology Inc. and Subsidiaries Notes to the Consolidated Financial Statements September 30, 2022 and 2021

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

## 1. Company History

Fitipower Integrated Technology Inc. (hereinafter "the Company") was incorporated on July 4, 1995 with the approval of the Ministry of Economic Affairs and has its place of business registered at 3F., No.6-8, Duxing Rd., Hsinchu Science Park, Hsinchu City. Upon the resolution of the shareholders' meeting on March 30, 2006, the Company merged with Hongxin Semiconductor Co. on May 1 of the same year. The Company's primary activities after the merger are research, development, production, manufacturing and sales of integrated circuits (ICs) of the integrated services digital networking systems, memory ICs for communications, analog and digital hybrid ICs, as well as custom design, consumer ICs and microcomputer peripheral ICs. Upon the resolution of the shareholders' meeting on April 16, 2010, the Company merged with TechPower Semiconductor Co (hereinafter "TechPower") on May 1, 2010, with the Company being the surviving one and TechPower being extinguished as a result of the merger. The Company's shares have since October 17, 2018 been listed on the Taiwan Stock Exchange. A significant subsidiary of the Company, Jadard Technology INC., was officially listed on the Sci-Tech Innovation Board on September 27, 2022 under the stock code of 688252.SH.

### 2. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were approved for issuance by the Board of Directors on October 31, 2022.

#### 3. Application of New and Amended Standards and Interpretations

(1) The effect or impact that may arise when it has applied new or revised standards and interpretations endorsed by the Financial Supervisory Commission (FSC)

Effective on January 1, 2022, the Consolidated Company adopted the following newly revised IFRSs, which did not have a significant impact on the consolidated financial statements

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts: Cost of Fulfilling a Contract
- Annual Improvements to IFRSs 2018-2020 Cycle
- Amendments to IFRS 3 Updating a Reference to the Conceptual Framework
- (2) The effects of not applying the IFRSs approved by the FSC

The Consolidated Company's assessment of the application of the following newly amended IFRSs, effective since January 1, 2023, considered that this will not have a material

impact on the consolidated financial statements.

- Amendments to IAS 1 Disclosure of Accounting Policies
- Amendments to IAS 8 Definition of Accounting Estimates
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

### (3) New and amended standards and interpretations not yet endorsed by the FSC

The Consolidated Company does not expect the following newly issued and amended standards, which have not yet been endorsed, to have a material impact on the consolidated financial statements.

- Amendments to IFRS 10/IAS 28 Sales or Contributions of Assets Between an Investor and Its Associate/Joint Venture
- IFRS 17 Insurance Contracts and Amendments to IFRS 17
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendment to IFRS 17 Initial Application of IFRS 17 and IFRS 9—Comparative Information
- Amendment tos IFRS 16 Requirements for Sale and Leaseback Transactions
- Amendment tos IAS 1 Non-current Liabilities with Covenants

## 4. Summary of Significant Accounting Policies

#### (1) Compliance statement

The Consolidated Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter the "Preparation Regulations") and International Accounting Standard 34, "Interim Financial Reporting," as endorsed by the FSC. The Consolidated Financial Statements do not include all of the information that would be required to be disclosed in an annual consolidated financial report prepared under International Financial Reporting Standards, International Accounting Standards (IASs), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) (hereinafter the "International Financial Reporting Standards endorsed by the FSC"), as endorsed and issued into effect by the FSC.

Except as described below, the significant accounting policies adopted in these Consolidated Financial Statements are the same as those used in the Consolidated Financial Statements for fiscal 2021. For related information, see Note 4 to the Consolidated Financial Statements for fiscal 2021.

#### (2) Consolidated basis

The subsidiaries included in these consolidated financial statements consist of:

Name of			Shareholding Percentage						
Investment Company	Name of Subsidiary	Business Nature	Sep. 30, 2022	Dec. 31, 2021	Sep. 30, 2021	Note			
The Company	Trade Logic Limited (Trade Logic)	Investment company	100.00%	100.00%	100.00%	-			
The Company	Visual Sensing Technology Corp. (Visual Sensing Technology)	IC design	83.35%	83.35%	76.47%	Note 1			
The Company	Pu Yu Investment Co., Ltd. (Pu Yu Investment)	Investment company	100.00%	- %	- %	Note 3			
Trade Logic Limited	Ever Harvest Limited (Ever Harvest)	Investment company	100.00%	100.00%	100.00%	-			
Ever Harvest Limited	JADARD TECHNOLOGY INC. (Shenzhen Jadard)	IC design	55.04%	61.15%	61.15%	Note 4			
JADARD TECHNOLOGY INC.	Hefei Jadard Technology Co., Ltd. (Hefei Jadard)	Supply chain management	100.00%	100.00%	100.00%	-			
JADARD TECHNOLOGY INC.	Jadard Technology Limited (Jadard Technology)	General trade	100.00%	100.00%	100.00%	-			
JADARD TECHNOLOGY INC.	Xiamen Jadard Technology Co., Ltd. (Xiamen Jadard)	Supply chain management	100.00%	100.00%	100.00%	Note 2			

- Note 1: In December 2021, Visual-Sensing Technology Corp. conduct a cash capital increase. After the capital increase, the Company's shareholding ratio increased to 83.35%.
- Note 2: On August 5, 2021, the Company indirectly invested in Xiamen Jadard through its investment business in Mainland China.
- Note 3: The Company invested and established Pu Yu Investment Co., Ltd. on May 24, 2022. Pu Yu Investment Co., Ltd. has been included in the consolidated financial statements since then.
- Note 4: Jadard Technology INC. was listed on the Sci-Tech Innovation Board on September 27, 2022 and 40,555,600 new shares were issued externally, reducing the Company's shareholding from 61.15% to 55.04% after the capital increase.

#### (3) Income tax

The Consolidated Company measures and discloses its income tax expense for the interim periods in accordance with paragraph B12 of IAS 34, "Interim Financial Reporting."

Income tax expense is measured by multiplying net income before income taxes for the interim reporting period by management's best estimate of the estimated effective tax rate for the full year, and is recognized in full as current income tax expense.

Income tax expense recognized directly in equity or in other comprehensive income is measured at the applicable tax rate when the related assets and liabilities are expected to be realized or settled, based on temporary differences between their carrying amounts for

financial reporting purposes and their tax bases.

#### 5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

The preparation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" approved by the FSC requires the management to make judgments, estimates and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

When preparing the Consolidated Financial Statements, the critical judgments made by management in the adoption of the Consolidated Company's accounting policies and the key sources of estimation uncertainty are consistent with Note 5 to the Consolidated Financial Statements for fiscal 2021.

#### 6. Details of Significant Accounts

Except as noted below, there are no material differences between the description of significant accounting items in these Consolidated Financial Statements and the Consolidated Financial Statements for fiscal 2021. For related information, see Note 6 to the Consolidated Financial Statements for fiscal 2021.

## (1) Cash and cash equivalents

	Sep	. 30, 2022	Dec. 31, 2021	Sep. 30, 2021
Cash	\$	1,862	1,310	5,642
Checking and savings accounts		5,002,657	5,464,741	2,289,652
Time deposits		3,553,241	2,136,354	4,446,103
Less: Restricted deposits (recorded				
as financial assets measured at				
amortized cost) (Note 8)		(200)	(200)	(200)
Time deposits with original				
maturities of more than three				
months (recorded as financial				
assets measured at amortized				
cost)		-	(560,000)	(50,000)
	\$	8,557,560	7,042,205	6,691,197

The Group did not recognize impairment loss on financial assets at amortized cost for the nine months ended September 30, 2022 and 2021. Other information relating to credit risk is provided in Note 6 (22).

- (2) Current financial assets and liabilities at fair value through profit or loss
  - 1. Mandatorily measured at fair value through profit or loss:

•	Sep	o. 30, 2022	Dec. 31, 2021	Sep. 30, 2021
Financial assets mandatorily				
measured at fair value through				
profit or loss:				
Current:				
Open-ended funds	\$	6,015,828	4,884,709	4,856,097
<b>Exchange Contracts</b>		833	3,297	
	\$	6,016,661	4,888,006	4,856,097
	Ser	o. 30, 2022	Dec. 31, 2021	Sep. 30, 2021
Financial liabilities mandatorily measured at fair value through profit or loss:			,	• /
Current:				
<b>Exchange Contracts</b>	\$	13,373	-	
Total	<u>\$</u>	13,373	-	

2. Details of derivative financial assets and liabilities were as follows:

	Sep. 30, 2022			D	ec. 31, 202	21	Sep. 30, 2021			
	Contract Amount	Currency	Maturity Date	Contract Amount	Currency	Maturity Date	Contract Amount	Currency	Maturity Date	
Exchange										
Contracts:										
USD	\$ 49,500	USD	111.10	45,000	USD	111.02	-	-	-	

(3) Notes and accounts receivable (including the part from related parties), net

	Se	ep. 30, 2022	Dec. 31, 2021	Sep. 30, 2021
Accounts receivable (including the	\$	3,235,855	5,025,366	6,012,322
part from related parties)				
Minus: Allowance for impairment		(4,725)	(13,039)	(11,203)
losses				
	\$	3,231,130	5,012,327	6,001,119

The Consolidated Company uses a simplified approach to estimate expected credit losses for all accounts receivable (including related parties), i.e., it uses the expected credit loss measure for the duration. For this measurement purpose, these receivables (including related parties) are grouped by common credit risk characteristics that represent the customer's ability to pay all amounts due in accordance with contractual terms and are included in forward-looking information. The expected credit losses on the Consolidated

Company's accounts receivable (including related parties) are analyzed as follows:

ompany's accounts receivable (inc	related parties)	Sep. 30, 2022	onows.
	Book value of the notes and accounts receivable	Weighted	Expected credit
	(including the part from	average expected credit	losses in the duration of
	related parties)	loss rate	allowance
Not overdue	\$ 3,100,383	0.11%	3,300
Within 30 days past due	129,842	0.41%	531
31-60 days past due	2,795	0.14%	4
61-90 days past due	1,743	1.49%	26
91-120 days past due	120	80.83%	97
More than 120 days past due	972	50~100%	767
	<u>\$ 3,235,855</u>		4,725
		Dec. 31, 2021	
	<b>Book value of</b>		
	the notes and		
	accounts		
	receivable	Weighted	Expected credit
	(including the	average	losses in the
	part from	expected credit	duration of
NT / 1	related parties)	loss rate	allowance
Not overdue	\$ 4,852,982	0.03%	1,614
Within 30 days past due	89,722	0.72%	650
31-60 days past due	57,755	3.58% 9.61%	2,066
61-90 days past due	16,516 3,053	80.81%	1,588
91-120 days past due	5,338	50%~100%	2,467 4,654
More than 120 days past due	\$ 5,025,366	30%~100%	4,654 13,039
	<u> </u>		
	Book value of	Sep. 30, 2021	
	the notes and		
	accounts		
	receivable	Weighted	Expected credit
	(including the	average	losses in the
	part from	expected credit	duration of
	related parties)	loss rate	allowance
Not overdue	\$ 5,969,416	0.15%	9,064
Within 30 days past due	21,922	0.08%	18
31-60 days past due	14,604	0.00%	-
61-90 days past due	2,348	0.00%	-
91-120 days past due	2,302	26.76%	616
More than 120 days past due	1,730	50%~100%	1,505
- 1	\$ 6,012,322		11,203

The changes in the allowance for losses of the accounts receivable (including the part from related parties) of the consolidated company were as follows:

	Nine Months Ended September 30				
		2022	2021		
Beginning balance	\$	13,039	6,999		
Impairment losses (gain on reversal)		(8,314)	4,204		
Ending balance	<b>\$</b>	4,725	11,203		

#### (4) Net inventory

	Se	ep. 30, 2022	Dec. 31, 2021	Sep. 30, 2021
Finished goods	\$	1,175,424	1,099,635	826,583
Work-in-progress		1,227,368	1,215,067	998,896
Raw materials		780,672	1,023,687	893,376
	<u>\$</u>	3,183,464	3,338,389	2,718,855

For the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, the cost of goods sold related to inventories was \$2,876,938 thousand, \$3,378,327 thousand, \$9,329,446 thousand and \$8,873,118 thousand, respectively; Inventory valuation and disposal loss of \$7,795 thousand, \$(4,661) thousand, \$182,617 thousand and \$32,929 thousand, respectively, were recognized as a reduction of inventories to net realizable value.

#### (5) Prepayments and other current assets

	Sep	o. 30, 2022	Dec. 31, 2021	Sep. 30, 2021
Prepayment	\$	204,930	460,664	361,533
Prepaid expenses		15,058	44,027	33,084
Net Input VAT and Prepaid tax		46,379	42,029	117,792
Payment on behalf of others		1,431	2,127	1,488
	<u>\$</u>	267,798	548,847	513,897

#### (6) Changes in ownership interests in subsidiaries

The initial public offering and listing of the subsidiary did not result in any loss of control.

On September 27, 2022, Jadard Technology INC., a significant subsidiary of the Consolidated Company, completed its initial public offering and listing on the main board of the Shanghai Stock Exchange at an issue price of RMB21.68 per share under the stock symbol SH (stock code 688252), with a total share capital of 405,555,600 shares after the initial public offering. The ownership of the Consolidated Company in this subsidiary was reduced from 61.15% to 55.04%. This change did not result in a loss of control and should be treated as an equity transaction, with capital surplus of \$1,638,138 thousand recognized and no impact on profit or loss.

## (7) Subsidiaries with significant non-controlling interests

The non-controlling interests in subsidiaries that are significant to the Consolidated Company are as follows:

	Principal place of	•	of ownership of non-contro	interest and lling interests
	business / country	Sep. 30, 2022	Dec. 31, 2021	Sep. 30, 2021
Name of subsidiary	of incorporation	_		
Jadard Technology	China	44.96%	38.85%	38.85%
INC.				

Aggregate financial information of the above subsidiaries is as follows. The financial information was prepared in accordance with IFRSs recognized by the FSC, adjusted for differences in accounting policies, and represents amounts before elimination of intercompany transactions:

Aggregate financial information of Jadard Technology INC.:

	Sep. 30, 2022		Dec. 31, 2021	Sep. 30, 2021	
Current assets	\$	7,404,236	3,834,920	3,462,163	
Non-current assets		1,914,212	996,021	917,496	
Current liabilities		(885, 285)	(926,217)	(781,792)	
Non-current liabilities		(179,519)	(67,461)	(70,158)	
Net assets	\$	8,253,644	3,837,263	3,527,709	
Carrying amount at the end of the period attributable to					
non-controlling interests	\$	3,751,044	1,526,775	1,382,819	

	F	or the Nine Mo Septembe	
		2022	2021
Operating revenue	\$	4,178,191	3,385,419
Net income	\$	669,578	1,138,270
Other comprehensive (loss) income		65,073	(4,498)
Total other comprehensive income	\$	734,651	1,133,772
Net income attributable to non-controlling interests	\$	260,578	442,204
Total comprehensive income attributable to			
non-controlling interests	\$	102,983	(3,820)

## (8) Property, plant and equipment

The changes in the cost and depreciation of the consolidated company's property, plant and equipment were as follows:

		struments and achinery	Office equipment	Leasehold improvement	Equipment to be inspected	Total
Cost:						
Balance at January 1, 2022	\$ 1	1,079,389	84,576	7,677	3,319	1,174,961
Addition		454,827	20,955	1,036	258	477,076
Disposal		(302)	(25)	-	-	(327)
Reclassification		3,179	140	-	(3,319)	-
Effect of exchange rate changes		17,542	847	67	-	18,456
Balance at September 30, 2022	<b>\$</b> 1	1,554,635	106,493	8,780	258	1,670,166
Balance at January 1, 2021	\$	616,789	53,649	4,996	1,800	677,234
Addition		314,941	15,993	1,539	453	332,926
Disposal		(4,421)	(2,769)	(92)	-	(7,282)
Reclassification		122	-	-	(1,522)	(1,400)
Effect of exchange rate changes		(5,246)	(176)	(1)	-	(5,423)
Balance at September 30, 2021	\$	922,185	66,697	6,442	731	996,055
Depreciation:						
Balance at January 1, 2022	\$	458,360	48,009	3,792	-	510,161
Depreciation		184,092	14,945	1,211	-	200,248
Disposal		(302)	(25)	-	-	(327)
Effect of exchange rate changes		6,005	367	37	-	6,409
Balance at September 30, 2022	<u>\$</u>	648,155	63,296	5,040	-	716,491
Balance at January 1, 2021	\$	301,826	40,184	2,839	-	344,849
Depreciation		113,902	7,181	900	-	121,983
Disposal		(4,421)	(2,653)	(92)	-	(7,166)
Effect of exchange rate changes		(1,586)	(69)	(1)	-	(1,656)
Balance at September 30, 2021	\$	409,721	44,643	3,646	-	458,010
Book value:						
September 30, 2022	<u>\$</u>	906,480	43,197	3,740	258	953,675
September 30, 2021	\$	512,464	22,054	2,796	731	538,045

## (9) Right-of-use assets

The cost and depreciation of the right-of-use assets recognized in the Consolidated Company's leasehold buildings were as follows:

Addition Disposal Effect of the changes in exchange rates Balance at September 30, 2022 Balance at January 1, 2021 Addition Disposal Effect of the changes in exchange rates Balance at September 30, 2021 Depreciation and impairment losses of right-of-use assets: Balance at January 1, 2022 Depreciation Disposal Effect of the changes in exchange rates Balance at September 30, 2022	\$ \$ \$	154,378 31,370 (39,346) 550 146,952 121,173 52,531 (13,948) (547) 159,209
Addition Disposal Effect of the changes in exchange rates Balance at September 30, 2022 Balance at January 1, 2021 Addition Disposal Effect of the changes in exchange rates Balance at September 30, 2021 Depreciation and impairment losses of right-of-use assets: Balance at January 1, 2022 Depreciation Disposal Effect of the changes in exchange rates Balance at September 30, 2022	<u>\$</u> \$	31,370 (39,346) 550 146,952 121,173 52,531 (13,948) (547)
Disposal  Effect of the changes in exchange rates Balance at September 30, 2022 Balance at January 1, 2021 Addition Disposal Effect of the changes in exchange rates Balance at September 30, 2021  Depreciation and impairment losses of right-of-use assets: Balance at January 1, 2022  Depreciation Disposal Effect of the changes in exchange rates Balance at September 30, 2022	\$	(39,346) 550 146,952 121,173 52,531 (13,948) (547)
Effect of the changes in exchange rates Balance at September 30, 2022 Balance at January 1, 2021 Addition Disposal Effect of the changes in exchange rates Balance at September 30, 2021 Depreciation and impairment losses of right-of-use assets: Balance at January 1, 2022 Depreciation Disposal Effect of the changes in exchange rates Balance at September 30, 2022	\$	550 146,952 121,173 52,531 (13,948) (547)
Balance at September 30, 2022  Balance at January 1, 2021  Addition  Disposal  Effect of the changes in exchange rates  Balance at September 30, 2021  Depreciation and impairment losses of right-of-use assets:  Balance at January 1, 2022  Depreciation  Disposal  Effect of the changes in exchange rates  Balance at September 30, 2022	\$	146,952 121,173 52,531 (13,948) (547)
Balance at January 1, 2021 Addition Disposal Effect of the changes in exchange rates Balance at September 30, 2021 Depreciation and impairment losses of right-of-use assets: Balance at January 1, 2022 Depreciation Disposal Effect of the changes in exchange rates Balance at September 30, 2022	\$	121,173 52,531 (13,948) (547)
Addition Disposal Effect of the changes in exchange rates Balance at September 30, 2021 Depreciation and impairment losses of right-of-use assets: Balance at January 1, 2022 Depreciation Disposal Effect of the changes in exchange rates Balance at September 30, 2022		52,531 (13,948) (547)
Disposal Effect of the changes in exchange rates Balance at September 30, 2021 Depreciation and impairment losses of right-of-use assets: Balance at January 1, 2022 Depreciation Disposal Effect of the changes in exchange rates Balance at September 30, 2022	<u>\$</u>	(13,948) (547)
Effect of the changes in exchange rates Balance at September 30, 2021  Depreciation and impairment losses of right-of-use assets: Balance at January 1, 2022  Depreciation  Disposal  Effect of the changes in exchange rates Balance at September 30, 2022	<u>\$</u>	(547)
Balance at September 30, 2021  Depreciation and impairment losses of right-of-use assets:  Balance at January 1, 2022  Depreciation  Disposal  Effect of the changes in exchange rates  Balance at September 30, 2022	<u>\$</u>	
Depreciation and impairment losses of right-of-use assets:  Balance at January 1, 2022  Depreciation  Disposal  Effect of the changes in exchange rates  Balance at September 30, 2022	<u>\$</u>	159,209
assets: Balance at January 1, 2022 Depreciation Disposal Effect of the changes in exchange rates Balance at September 30, 2022		
Balance at January 1, 2022 Depreciation Disposal Effect of the changes in exchange rates Balance at September 30, 2022		
Depreciation Disposal Effect of the changes in exchange rates Balance at September 30, 2022		
Disposal Effect of the changes in exchange rates Balance at September 30, 2022	\$	72,835
Effect of the changes in exchange rates Balance at September 30, 2022		35,520
Balance at September 30, 2022		(12,757)
<u>.</u>		114
Balance at January 1, 2021	<u>\$</u>	95,712
• •	\$	52,156
Depreciation		27,372
Disposal		(13,948)
Effect of the changes in exchange rates		(200)
Balance at September 30, 2021	<u>\$</u>	65,380
Book value:		
September 30, 2022	\$	51,240
September 30, 2021	\$	93,829

## (10) Intangible assets

a. The changes in the cost and amortization of the Consolidated Company's intangible assets were as follows:

	_	Goodwill	Computer Software	Patent	Total
Cost:					
Balance at January 1, 2022	\$	185,097	38,587	81,881	305,565
Separate acquisition		-	29,088	10,880	39,968
Effect of the changes in		-	851	2,043	2,894
exchange rates					
Balance at September 30, 2022	\$	185,097	68,526	94,804	348,427
Balance at January 1, 2021	\$	185,097	24,852	59,998	269,947
Separate acquisition		-	8,518	14,920	23,438
Effect of the changes in		-	(254)	(176)	(430)
exchange rates					
Balance at September 30, 2021	<u>\$</u>	185,097	33,116	74,742	292,955
Amortization:					
Balance at January 1, 2022	\$	-	22,061	36,403	58,464
Amortization		-	23,978	21,753	45,731
Impairment		183,365	-	-	183,365
Effect of the changes in		-	474	738	1,212
exchange rates					
Balance at September 30, 2022	<u>\$</u>	183,365	46,513	58,894	288,772
Balance at January 1, 2021	\$	-	16,325	17,264	33,589
Amortization		-	3,635	14,036	17,671
Effect of the changes in		-	(176)	(37)	(213)
exchange rates					
Balance at September 30, 2021	<u>\$</u>	-	19,784	31,263	51,047
Book value:					
September 30, 2022	<u>\$</u>	1,732	22,013	35,910	59,655
September 30, 2021	\$	185,097	13,332	43,479	241,908

#### b. Testing of goodwill impairment

For the purpose of impairment testing, the Consolidated Company has allocated the its goodwill to the products, which were the cash generating units of the former Hongxin Semiconductor Manufacturing Company, and the cash generating units of other segments. The total carrying amount of the goodwill was allocated as follows:

	Sep	. 30, 2022	Dec. 31, 2021	Sep. 30, 2021
The cash generating units, of the former Hongxin Semiconductor Manufacturing Company	\$	1,607	184,972	184,972
The cash generating units of other segments		125	125	125
	\$	1,732	185,097	185,097

Due to the rapid changes in the market, the revenue from the product of the former Hongxin Semiconductor Manufacturing Company was not as expected in 2022. Therefore, the Consolidated Company commissioned an expert to issue an appraisal report, and the Consolidated Company recognized a loss of goodwill impairment of \$183,365 thousand based on the appraisal report. There is no such condition as of September 30, 2021. The Consolidated Company has reduced the carrying amount of the amortized goodwill of the products, which were the cash generating units of Hongxin Semiconductor Manufacturing Company by the impairment loss recognized and reported the impairment loss in the consolidated statement of income under the item of "non-operating expenses".

The products, which were the cash generating units of Hongxin Semiconductor Manufacturing Company, were based on the revenue growth rate for the estimation of the future cash flows from the sales of these products, which were calculated using an annual discount rate of 14.77% and 11.18% as of September 30, 2022 and 2021, respectively.

#### (11) Other non-current assets

	Sep. 30, 2022		Dec. 31, 2021	Sep. 30, 2021	
Prepaid bonus	\$	150,692	81,985	73,245	
Guarantee deposits paid		2,242,093	1,626,948	1,629,422	
Others		2,697	6,390	1,240	
	<u>\$</u>	2,395,482	1,715,323	1,703,907	

a. The Consolidated Company provides special incentive payments to employees who meet certain criteria, and the payments are made in a lump sum upon signing the contract. The contracted employee must commit to a period of continuous service, and if the employee fails to meet the commitment, the full amount of the special incentive shall be returned for any reason. The Consolidated Company amortized the total prepaid bonuses as

manufacturing expenses and operating expenses over the contracted service period, and recognized manufacturing expenses and operating expenses of \$51,834 thousand and \$36,120 thousand for the three months ended September 30, 2022 and 2021 and of \$140,170 thousand and \$93,602 thousand for the nine months ended September 30, 2022 and 2021, respectively.

b.In order to ensure stable production capacity, the Consolidated Company entered into production capacity guarantee contracts with suppliers, under which a guarantee deposit is paid and returned when the contracts are completed, which is recorded under other non-current assets - guarantee deposits paid. The Consolidated Company also considers the changes in market demand and future capacity utilization and estimates the related compensation loss and provision for liabilities in accordance with the capacity guarantee contracts, which are recorded under cost of goods sold.

#### (12) Current borrowings

The details of the current borrowings of the Consolidated Company were as follows:

	Se	p. 30, 2022	Dec. 31, 2021	Sep. 30, 2021	
Unsecured bank loans	\$	7,000	777,808	2,726,515	
Other loans		223,650	-		
	<u>\$</u>	230,650	777,808	2,726,515	
Interest rate collar	<u>1.4</u>	<u>43%~4.96%</u>	<u>0.54%~0.63%</u>	<u>0.49%~1.00%</u>	
Unused loan commitment	<u>\$</u>	4,808,250	3,566,432	639,460	

#### (13) Lease liabilities

The book value of the lease liabilities of the Consolidated Company were as follows:

	Sep. 30, 2022		Dec. 31, 2021	Sep. 30, 2021
Current	\$	38,323	46,273	47,072
Non-current	\$	15,065	37,231	49,056

For the maturity analysis, please refer to Note 6 (20) Financial Instruments.

The amounts recognized in profit and loss were as follows:

	Three Months Ended September 30			Nine Months Ended September 30		
		2022	2021	2022	2021	
Interest expense of						
lease liabilities	\$	354	454	1,170	1,168	
Cost of low-value						
leased assets						
(excluding						
low-value leases						
under short-term						
leases)	\$	66	272	2,298	4,387	

The amounts recognized in the Statement of Cash Flows were as follows:

	Nine	e Months Ended	September 30
		2022	2021
Total amount of cash outflow from lease	<u>\$</u>	39,989	33,545

### Leasing of buildings and structures

The Consolidated Company leased buildings and structures for office use on September 30, 2022, December 31, 2021 and September 30, 2021. Office leases are generally for periods of one to five years, with some leases including an option to extend the lease for the same period as the original contract at the end of the lease term. Lease payments under some of these contracts are subject to changes in local price indices.

### (14) Employee benefits

#### Defined contribution plan

If the Consolidated Company is a domestic company, its defined contribution plan is based on the Labor Pension Act, which provides for a contribution rate of 6% of the workers' monthly wages to the Bureau of Labor Insurance's individual labor pension accounts. Under this plan, the Consolidated Company is not legally or constructively obligated to pay additional amounts after it has contributed a fixed amount to the bureau. If the Consolidated Company is a foreign company, it contributes an amount to the pension funds in accordance with local laws and regulations, and recognizes the required contributions in each period as current expenses. Chinese subsidiaries included in the consolidated entity are required by the Chinese government to make contributions to the basic endowment insurance premium at a statutory rate based on the approved salaries of employees and to recognize the contributions as current expenses.

The pension costs and pension insurance premiums under the defined contribution pension plan were \$17,950 thousand and \$15,249 thousand for the three months ended September 30, 2022 and 2021 and were \$53,090 thousand and \$39,807 thousand for the nine months ended September 30, 2022 and 2021, respectively.

## (15) Income tax

a. The statutory income tax rate for domestic consolidated companies is 20%, and the "Basic Income Tax Ordinance" is applied to calculate the basic tax amount. Trade Logic and Ever Harvest are located in the British Virgin Islands and Samoa, respectively, and are subject to the income tax regulations of the registered area. The income tax rate for JADARD TECHNOLOGY INC. and Hefei Jadard Technology Co., Ltd. (Hefei Jadard) is 25%. The preferential tax rate for high-tech enterprises in China, which is 15%, is applicable to JADARD TECHNOLOGY INC. and the income tax rate for Jadard Technology Limited is 16.5%.

## b.Income tax expense

The details of income tax expense of the Consolidated Company were as follows:

	Thre	<b>Three Months Ended September 30</b>		Nine Months Ended September 30		
		2022	2021	2022	2021	
Income tax expense	\$	112,776	420,352	658,684	907,056	

The details of income tax expense (benefit) recognized under other comprehensive income for the Consolidated Company were as follows:

_	Three Months Ende	d September 30	Nine Months Ended September 30		
_	2022	2021	2022	2021	
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation	\$ 10,614	(727)	28,995	(7,435)	

c. The Company's income tax claim have been examined and cleared by the tax authorities through 2019.

## (16) Capital and other interests

As of September 30, 2022, December 31, 2021 and September 30, 2021, the total issued capitals of the Company were \$3,000,000 thousand, with a par value of \$10 per share, and the number of issued shares was 186,545 thousand, all of which were common shares.

The details of circulating common shares of the Company were as follows: (in thousands shares)

	Nine Months Ended	<b>Nine Months Ended September 30</b>		
	2022	2021		
Beginning balance	186,176	165,406		
Gain from the restricted stock for employees in the	-	73		
current period				
Proceeds from issuing shares	<u> </u>	20,000		
Ending balance	186,176	185,479		

## a. Issuance of common shares

On May 31, 2021, the board of directors resolved Cash capital increase to issue 20,000 thousand shares with a par value of \$10 per share. The above Cash capital increase was approved by the Financial Supervisory Commission on June 28, 2021, at a price of \$255 per share, with August 5, 2021 as the base date. All issued shares have been received and registered for change.

#### b. Capital surplus

The balances of the Company's capital surplus were as follows:

	Se	ep. 30, 2022	Dec. 31, 2021	Sep. 30, 2021
Additional paid-in capital	\$	6,102,418	6,102,418	6,082,683
Treasury share transactions		535	535	535
The differences between the fair				
value of the consideration paid o	r			
received from acquiring or				
disposing subsidiaries and the				
carrying amounts of the				
subsidiaries		2,521,099	882,961	887,399
Restricted stocks for employees		-	-	19,165
Other		450	450	450
	\$	8,624,502	6,986,364	6,990,232

According to the Company Act, new shares or cash may only be issued from realized capital surplus in proportion to the original shares of the shareholders after the capital surplus has first been used to cover losses. Realized capital surplus as referred to in the preceding paragraph includes surplus from the issue of shares in excess of par value and proceeds from gifts. As stipulated in Article 72-1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, where capital reserve is capitalized, the combined amount of any portions capitalized in any 1 year may not exceed 10% of paid-in capital.

## c. Retained earnings

Under the Company's Articles of Incorporation, if there is any net profit after tax for the period, the Company shall first make up the accumulated deficit in the annual final accounts and set aside 10% as legal reserve in accordance with the law, except when the accumulated legal reserve has reached the total paid-in capital of the Company. The special reserve is appropriated or reversed as required by law or by the competent authority. The Board of Directors shall prepare a proposal for the distribution of the remaining earnings, together with the undistributed earnings at the beginning of the period, and submit it to the shareholders' meeting for resolution on the distribution of dividends to

shareholders.

The Company's dividend policy is to allocate no less than 20% of the distributable earnings to shareholders each year, by taking into account the current and future development plans, the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders, among which no less than 10% of the total dividends for the year shall be paid in cash.

#### 1) Legal reserve

If the Company has no losses, it may, by resolution of the shareholders' meeting, issue new shares or cash from the legal reserve, provided that the amount of such reserve exceeds 25% of the paid-in capital.

#### 2) Special reserve

According to the FSC's Jin-Guan-Zheng-Fa-Zi Order No. 1090150022 dated March 31, 2021, when distributing distributable earnings, the Company recorded a net decrease in other equity during the year, which was not distributable from the current year's profit or loss as a supplement to the special reserve. If there is a subsequent reversal in the amount of other equity deductions, the reversed portion of the surplus may be distributed.

### 3) Distribution of earnings

The appropriation of the Company's earnings for fiscal 2021 and fiscal 2020 was approved by the annual shareholders' meeting held on June 22, 2022 and May 18, 2021.

	2021			2020		
Dividende discollera das	Divid per sl (NT	nare	Amount	Dividend per share (NT\$)	Amount	
Dividends distributed to ordinary shareholders						
Cash	\$	17.0_	3,164,997	2.5_	415,521	

#### d. Treasury shares

In accordance with Article 167-1 of the Company Act, the consolidated company shall buy back treasury shares for the purpose of transferring shares to employees, with the following changes:

	Ni	Nine Months Ended September 30				
	20	22	20	21		
	Shares (in thousands)	Amount	Shares (in thousands)	Amount		
Beginning amount	369 \$	9,449	369	9,449		
(i.e. the ending				·		
balance)						

In fiscal 2020, the Company bought back a total of 369 thousand shares of treasury stock for transfer to employees under Article 28-2 of the Securities and Exchange Act. As

of September 30, 2022, in a total of 369 thousand shares are un-canceled.

According to Securities and Exchange Act, treasury share held by the Company cannot be pledged and is not entitled to shareholders' rights until it is transferred.

## e. Other equity

The change in the Company's other equity items were as follows:

	di tr fore	Exchange fference on anslation of eign financial statements	Unearned compensation for employees	Total
Balance at January 1, 2022	\$	(43,782)	-	(43,782)
Differences from foreign currency		115,924	-	115,924
translations (net amount after taxes)				
Balance at September 30, 2022	\$	72,142	<u>-</u>	72,142
	di tr fore	Exchange fference on anslation of eign financial statements	Unearned compensation for employees	Total
Balance at January 1, 2021	\$	(13,191)	(1,734)	(14,925)
Differences from foreign currency		(29,701)	-	(29,701)
translations (net amount after taxes)				
Unearned compensation for employees			1,314	1,314
Balance at September 30, 2021	\$	(42,892)	(420)	(43,312)

## (17) Share-based payment transaction

#### a. Restricted stock for employees

On June 24, 2020 and June 25, 2019, the Company shareholders' meeting resolved to issue 3,000 thousand new shares with restricted employee rights to employees of the Company and Subsidiaries, as so resolved by the Board of Directors' meeting on December 2, 2020 and November 12, 2019, as follows:

1) The Company plans to issue new shares with restricted employee rights in 2020:

	FY 2020
Туре	Conditions of Issuance
Grant date	Nov. 18, 2020
Grant shares	1,057,000
Vesting day	Dec. 31, 2020
	Dec. 31, 2021
	317,100 shares
	and
	739,900 shares

2) For the nine months ended September 30, 2022 and 2021, the shares with restricted employee rights issued by the Company were as follows:

	Nine Months End	(1,000 shares) ded September 30
	2022	2021
Beginning shares	-	813
Vested in the current period	-	(73)
Canceled in the current period		(43)
Ending shares		697

As of September 30, 2022 and 2021, the Company had 15,466 thousand shares and 14,769 thousand shares of restricted employee rights stock vested, respectively.

b. Jadard Technology INC. - Employee stock option certificate

On June 7, 2021, the stockholders' meeting of Jadard approved the issuance of 10,519 thousand units of employee stock warrants, with each unit entitling the Company to subscribe for one common share.

As of September 30, 2022, Jadard had the following share-based payment transactions:

					Subscription
	Shareholders'				Price Per
	Meeting	Issuance		Number of	Share
Type	Date	Date	Duration	Shares	(RMB/\$)
Employee Stock Option	June 7, 2021	June 7, 2021	3 years	10,519,000	\$ 5.0
Plan for 2021					

The other subscribers may exercise their stock options in the following proportions from the time they are granted the employee stock option certificates:

2021 Employe	e stock options
	Exercisable
	options
	Ratio
<b>Grant Period</b>	(cumulative)
June 7, 2022	50%
June 7, 2023	100%

The fair value of the share-based benefits at the date of grant was estimated using a binomial option valuation model with the following input values:

	nployee stock options
Fair value at grant date (RMB\$)	\$ 4.66
Exercise price (RMB\$)	5.00
Expected volatility	60.00%
Duration of stock options	3 years
Risk-free interest rate	3.05%

Information on the number and weighted-average exercise price related to the above employee stock option plans is shown in the table below:

	2021 Emplopti	oyee stock ions
	Weighted average (RMB/\$)	Number of shares (thousands)
Outstanding at the beginning of the period	\$ 5.00	10,519
Given during the period	-	-
Forfeited during the period	-	-
Executed during the period	-	
Outstanding at the end of the period	-	10,519
Executable at the end of the period		5,260

## c. Employee expenses

The expenses incurred by the Consolidated Company in connection with share-based payments were as follows:

	Three I	Three Months Ended September 30			Nine Months Ended September 30		
	20	022	2021	2022	2021		
Expense generated from the issuance of restricted stock							
for employees Costs incurred in connection with the issuance of	\$	-	649	-	1,258		
shares for employees Costs incurred in connection with the issuance of		-	25,520	-	25,520		
employee stock options		7,097	17,725	37.	,414 20,190		
options	<u>\$</u>	7,097	43,894	37.	,414 46,968		

## (18) Earnings per share

The basic earnings per share and diluted earnings per share for the Consolidated Company were as follows:

a. Basic earnings per share

an Basic carmings per s	Three Months Ended 2022	September 30 2021	Nine Months Ended 2022	ed September 30 2021	
Net income attributable to the equity holders of the ordinary shares of the Company	\$ <u>461,194</u>	1,912,933	2,721,761	4,453,664	
Weighted average number of the ordinary shares outstanding	186,176	175,479	186,176	168,806	
Basic earnings per share (NT\$)	\$ 2.48	10.90	14.62	26.38	
b. Diluted earnings pe	r share Three Months Ended 2022	September 30 2021	Nine Months Ended 2022	September 30 2021	
Net income attributable to the equity holders of the ordinary shares of the Company		1,912,933	2,721,761	4,453,664	
Weighted average number of the ordinary shares outstanding	186,176	175,479	186,176	168,806	
Effect of the dilutive potential ordinary shares:					
<ul><li>employee compensation</li></ul>	1,912	1,422	2,408	1,464	
<ul> <li>restricted stock for employees which is not vested</li> </ul>	<u>-</u>	22	-	22	
Weighted average number of the ordinary shares outstanding (after the adjustment to the effect of dilutive potential ordinary shares)		176,923	188,584	170,292	
Diluted earnings per share (NT\$)	\$ 2.45	10.81	14.43	26.15	

#### (19) Contractual revenue

#### a. Details of the contractual revenue

	<b>Three Months Ended September 30</b>			Nine Months Ended September 30		
		2022	2021	2022	2021	
Major regional markets:						
Taiwan	\$	695,830	816,929	2,185,562	1,792,093	
China		2,367,370	4,215,769	10,471,545	10,024,194	
Hong Kong		1,114,687	1,575,520	2,844,213	4,453,424	
Japan		2,171	65,961	14,856	205,095	
South Korea		377	8,063	2,164	22,519	
Other countries		11,217	11,861	32,170	70,803	
	\$	4,191,652	6,694,103	15,550,510	16,568,128	
Main roducts/service						
lines:						
Display driver IC	\$	3,521,203	5,718,740	13,339,793	13,916,249	
Power management IC	2	669,153	970,167	2,178,491	2,629,851	
Other		1,296	5,196	32,226	22,028	
	\$	4,191,652	6,694,103	15,550,510	16,568,128	

#### b. Contract balances

Please refer to Note 6 (3) for the disclosure of accounts receivable and impairment.

#### (20) Compensation for employees and directors

Subject to the provisions of the Articles of Incorporation of the Company, not less than 5% of the annual profit shall be appropriated as remuneration to employees and not more than 1% of the annual profit shall be appropriated as remuneration to directors. However, where the Company has accumulated losses, the amount of the indemnity should be retained in advance. The foregoing employee remuneration may be in the form of shares or cash and may be paid to employees of a subordinate company who satisfy certain conditions. The remuneration of the directors noted above shall be payable in cash only. The first two items shall be resolved by the Board of Directors and reported to the shareholders' meeting.

For the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, the Company made no provision for directors' remuneration. The estimated amounts of employee compensation of \$27,155 thousand, \$122,532 thousand, \$178,165 thousand and \$278,001 thousand, respectively, were based on the Company's net profit before tax for each period before deducting employee and director compensation multiplied by the distribution percentages of employee compensation and director compensation as stipulated in the Company's Articles of Incorporation and was recognized as operating cost or operating expense for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021. If the actual distribution

amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. If the Board of Directors resolves to distribute employee compensation in shares, the number of shares is calculated based on the closing price of the common stock on the day before the Board of Directors' resolution.

No provision for directors' emoluments was made by the Company for fiscal 2021 and 2020. The estimated amounts of employee compensation of \$369,675 thousand and \$38,787 thousand, respectively, were based on the Company's net income before taxation for the respective periods before deducting employee and director compensation multiplied by the employee compensation distribution percentages set forth in the Company's Articles of Incorporation and reported as operating costs or operating expenses in fiscal 2021 and 2020. Related information would be available at the Market Observation Post System webside.

## (21) Non-operating income and expenses

#### a. Interest income

The breakdowns of interest income of the Consolidated Company were as follows:

	Th	ree Months Ended	September 30	Nine Months Ended September 30			
		2022	2021	2022	2021		
Bank deposit interests	\$	11,005	11,520	37,647	35,485		
Other interest income		13	12	30	27_		
Total interest income	<u>\$</u>	11,018	11,532	37,677	35,512		

### b. Other income

	Th	ree Months Ended	September 30	Nine Months Ended September 30			
		2022	2021	2022	2021		
Income from government							
grants	\$	6,685	6,995	12,342	36,369		
Others		1,182	5,002	3,069	7,381		
Total other income	<u>\$</u>	7,867	11,997	15,411	43,750		

#### c. Other gains and losses

C	<b>Three Months Ended</b>	September 30	Nine Months Ended September 30			
	2022			2021		
Foreign exchange profit (losses)	\$ 170,354	8,149	401,166	(13,039)		
Profit (losses) on financial assets and liabilities measured at fair value	(47, 671)	1.544	(107.141)	4.610		
through profit	(47,671)	1,566	(127,141)	4,610		
Impairment loss	-	-	(183,365)	-		
Others	(218)	11	(32,183)	(100)		
Other gains and						
losses, net	\$ 122,465	9,726	58,477	(8,529)		

#### d. Financial costs

	Three Months E	nded September 30	Nine Months Ended September 30			
	2022	2021	2022	2021		
Interest expenses	\$ (6,400	(1,878)	(20,277)	(8,402)		

#### (22) Financial instruments

Except as described below, there was no significant change in the fair value of the Consolidated Company's financial instruments and exposure to credit risk, liquidity risk and market risk due to financial instruments. For related information, see Note 6 (21) to the Consolidated Financial Statements for fiscal 2021.

#### a. Credit risk

#### 1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount of credit risk exposure.

#### 2) Concentration of credit risk

As the Consolidated Company has a large customer base, no significant concentration of transactions with a single customer is found and the sales territory is scattered, and there is no significant concentration of credit risk on accounts receivable. To reduce credit risk, the Consolidated Company also regularly assesses the financial position of its customers on an ongoing basis.

## 3) Credit risk on receivables

Please refer to Note 6 (3) for credit risk exposure information of receivables. Other financial assets measured at amortized cost including time deposits for over three months and other receivables are financial assets with low credit risk and therefore the allowance for losses for the period is measured at the expected credit loss amount for 12

months. (Please refer to Note 4 (7) to the Consolidated Financial Statements for fiscal 2021 for a description of how the Consolidated Company determines low credit risk). No allowance for losses was provided for the nine months ended September 30, 2022 and 2021.

## b. Liquidity risk

The following table presents an analysis of the contractual maturities of financial liabilities, the amounts of which include estimated interest but exclude the effect of netting agreements.

	В	ook value	Contract cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
September 30, 2022								
Non-derivative financial								
liabilities								
Current borrowings	\$	230,650	235,496	11,846	223,650	-	-	-
Accounts and notes		1,629,428	1,629,428	1,629,428	-	-	-	-
payable								
Other current liabilities		261,505	261,505	261,505	-	-	-	-
Lease liabilities								
(including current and								
non-current)		53,388	49,719	20,160	14,766	14,793	-	-
Guarantee Deposits		171,708	171,708	171,708	-	-	-	-
received								
	\$	2,346,679	2,347,856	2.094.647	238,416	14,793	-	-
December 31, 2021		, , ,	, ,	, ,	,	,		
Non-derivative financial								
liabilities								
Current borrowings	\$	777,808	778,140	778,140	_	-	_	_
Accounts and notes		3,435,609	3,435,609	3,435,609	_	_	_	_
payable		2,.22,003	2,122,003	2,.22,007				
Other current liabilities		378,362	378,362	378,362	_	_	_	_
Lease liabilities		370,302	370,302	370,302				
(including current and								
non-current)		83,504	85,989	23,797	23,508	31.021	7,663	
Guarantee Deposits		165,706	165,706	165,706	23,308	31,021	7,003	-
received		103,700	103,700	103,700		-		-
received	¢	4,840,989	4,843,806	4.781.614	23,508	31,021	7,663	_
September 30, 2021	Ψ	7,070,202	4,042,000	4,701,014	23,300	31,021	7,005	
Non-derivative financial								
liabilities								
Current borrowings	\$	2,726,515	2,729,450	2,729,450				
Accounts and notes	Ф				-	-	-	-
		3,075,315	3,075,315	3,075,315	-	-	-	-
payable		001	001	007				
Accounts payable to		986	986	986	-	-	-	-
related parties		1.00.070	1.00.070	1.60.070				
Other current liabilities		169,278	169,278	169,278	-	-	-	-
Lease liabilities		96,128	98,947	24,920	23,761	36,600	13,666	-
(including current and								
non-current)								
Guarantee Deposits	_	166,520	166,520	166,520	-	-	-	-
received								
	\$	6,234,742	6,240,496	6,166,469	23,761	36,600	13,666	-

The Consolidated Company does not expect the realizing of cash flows is to be significantly earlier or the actual amounts are to be significantly different.

## c. Exchange rate risk

#### 1) Exposure of exchange risk

The Consolidated Company's financial assets and liabilities exposed to significant foreign currency exchange rate risk were as follows:

	Sep. 30, 2022			]	Dec. 31, 2021			Sep. 30, 2021		
		Foreign urrency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
Financial assets										
Monetary items										
USD	\$	153,833	31.736	4,882,051	284,331	27.710	7,878,853	280,644	27.822	7,808,017
Financial liabilities										
Monetary items										
USD		110,443	31.576	3,487,333	170,684	27.740	4,734,811	216,672	27.843	6,032,859

## 2) Sensitivity analysis

The Consolidated Company's exchange rate risk arises primarily from foreign currency-denominated cash and cash equivalents, accounts receivable and other receivables, other non-current assets, short-term borrowings, accounts payable and other payables, which result in foreign currency exchange gains or losses upon translation. For the nine months ended September 30, 2022 and 2021, if the New Taiwan dollar had weakened or strengthened by 5% against the U.S. dollar on September 30, 2022 and 2021, with all other factors held constant, net income would have increased and decreased by \$55,789 thousand and \$28,128 thousand, respectively. The same basis of analysis was used for both periods.

Due to the variety of functional currencies of the Consolidated Company, information on exchange gains and losses on monetary items is presented on a consolidated basis. Foreign currency exchange profit or losses (including realized and unrealized) amounted to \$401,166 thousand of profit and \$13,039 thousand of losses for the nine months ended September 30, 2022 and 2021, respectively.

#### d. Fair value information

## 1) Types and fair values of financial instruments

The Consolidated Company's financial assets at fair value through profit or loss are measured at fair value on a recurring basis. The carrying amounts and fair values of each class of financial assets and financial liabilities (including information on fair value hierarchy, except that if the carrying amount of a financial instrument that is not measured at fair value is a reasonable approximation of fair value, and for investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, disclosure of fair value information is not required) were presented below:

presented below.	<b>September 30, 2022</b>								
	Fair value								
	Book value	Level 1	Level 2	Level 3	Total				
Current financial assets at fair									
value through profit or loss	\$ 6,016,661	6,016,661	-	-	6,016,661				
Financial assets measured at									
amortized cost									
Cash and cash equivalents	8,557,560	-	-	-	-				
Current financial assets at									
amortized cost	200	-	-	-	-				
Notes and accounts receivable									
(including the part from									
related parties)	3,231,130	-	-	-	-				
Lease payments receivable									
(including current and									
non-current)	27,116	-	-	-	-				
Other receivables	55,689	-	-	-	-				
Guarantee deposits paid	2,242,093	-	-	-	-				
Total	\$ 20,130,449	6,016,661	-	-	6,016,661				
Current financial liabilities at									
fair value through profit or									
loss	\$ 13,373	13,373	-	-	13,373				
Financial liabilities measured at									
amortized cost									
Current borrowings	\$ 230,650	-	-	-	-				
Notes and accounts payable	1,629,428	-	-	-	-				
Other current liabilities	261,505	-	-	-	-				
Lease liabilities (including									
current and non-current)	53,388	-	-	-	-				
Guarantee deposits received	171,708								
Total	\$ 2,360,052	13,373	-	-	13,373				

	Dec. 31, 2021 Fair value							
	Book value	Level 1	Level 2	Value Level 3	Total			
Current financial assets at fair	DOOK value	Level 1	Level 2	Level 3	10141			
value through profit or loss	\$ 4,888,006	4,888,006	_	_	4,888,006			
Financial assets measured at	1 7 7	<b>4 4</b>			, ,			
amortized cost								
Cash and cash equivalents	7,042,205	-	-	-	-			
Current financial assets at amortized cost	560,200							
Notes and accounts receivable	300,200	-	-	-	-			
(including the part from								
related parties)	5,012,327	-	-	-	-			
Lease payments receivable								
(including current and								
non-current)	36,225	-	-	-	-			
Other receivables	120,456	-	-	-	-			
Guarantee deposits paid Total	1,626,948 <b>\$ 19,286,367</b>	4.888.006	-		4,888,006			
Financial liabilities measured at	<u>\$ 19,200,307</u>	4,000,000	-	<u> </u>	4,000,000			
amortized cost								
Current borrowings	\$ 777,808	-	-	-	-			
Notes and accounts payable	3,435,609	-	-	-	-			
Other current liabilities	378,362	-	-	-	-			
Lease liabilities (including								
current and non-current)	83,504	-	-	-	-			
Guarantee Deposits received	165,706	-	-	-	-			
Total	<u>\$ 4,840,989</u>	-	<u> </u>	-	<u> </u>			
	<b>September 30, 2021</b>							
	Fair value							
	Book value	Level 1	Level 2	Level 3	<b>Total</b>			
Current financial assets at fair value through profit or loss								
(including current and								
non-current)	\$ 4,856,097	4,856,097	_	-	4,856,097			
Financial assets measured at	+ 1,000,000	.,			.,			
amortized cost								
Cash and cash equivalents	6,691,197	-	-	-	-			
Notes and accounts receivable								
(including the part from								
related parties)	6,001,119	-	-	-	-			
Lease payments receivable								
(including current and non-current)	38,205							
Other receivables	95,657	-	_	-	-			
Guarantee deposits paid	1,629,422	_	_	-	_			
Total	\$ 19,311,697	4,856,097		=	4,856,097			
Financial liabilities measured at	<u>·                                      </u>							
amortized cost								
Current borrowings	\$ 2,726,515	-	-	-	-			
Notes and accounts payable	3,075,315	-	-	-	-			
Accounts payable to related	006							
parties	986	-	-	-	-			
Other current liabilities Lease liabilities (including	169,278	-	-	-	-			
current and non-current)	96,128	_	_	_	_			
Guarantee Deposits received	166,520	-	-	-	-			
Total	\$ 6,234,742							
	<del>, , , , , , , , , , , , , , , , , , , </del>							

#### 2) Valuation techniques and assumptions used to measure fair value

Where there is a quoted price in an active market for a financial instrument, the fair value is based on the quoted price in the active market. The quoted price of a financial instrument obtained from main exchanges and on-the-run securities from Taipei Exchange can be used as a basis to determine the fair value of the exchange-listed/OTC-listed companies' equity instrument and debt instrument with active market quotations.

A financial instrument has an active market for public quotations if public quotations of the financial instrument are obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner and on a regular basis, and if the price represents an actual and frequent arm's length transaction. If these conditions are not met, the market is considered inactive. Generally speaking, a very wide bid-ask spread, a significant increase in the bid-ask spread or a very low trading volume are all indicators of an inactive market.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counterparties. The fair value obtained through valuation techniques may be calculated by reference to the current fair value of other financial instruments with substantially similar terms and characteristics, by discounted cash flow techniques or by applying models using other valuation techniques, including market information available at the date of the consolidated balance sheet (e.g., Taipei Exchange refers to the yield curve, Reuters average commercial paper rate quotes).

#### (23) Financial risk management

The Consolidated Company's financial risk management objectives and policies have not changed significantly from those disclosed in the consolidated financial statements for fiscal 2021. For related information, see Note 6 (22) to the Consolidated Financial Statements for fiscal 2021.

#### (24) Capital management

The Consolidated Company's capital management objectives, policies and procedures are consistent with those disclosed in the consolidated financial statements for fiscal 2021, and there have been no material changes to the aggregated quantitative information for capital management items from those disclosed in the consolidated financial statements for fiscal 2021. For related information, see Note 6 (23) to the Consolidated Financial Statements for fiscal 2021.

## (25) Investment and financing activities by non-cash transactions

The Consolidated Company's investment and financing activities in non-cash transactions for the nine months ended September 30, 2022 and 2021 were as follows:

- a. Right-of-use assets acquired by lease, please refer to Note 6 (9).
- b. The reconciliation of liabilities from financing activities was as follows:

	_			Non-cash c		
	Ja	anuary 1, 2022	Cash flow	Change in exchange rate	Other	September 30, 2022
Current borrowings	\$	777,808	(547,158)	-	-	230,650
Lease liabilities (including						
current and non-current)		83,504	(36,521)	588	5,817	53,388
Guarantee Deposits received		165,706	(3,659)	9,661	-	171,708
Total liabilities from						
financing activities	\$	1,027,018	(587,338)	10,249	5,817	455,746
				Non-cash c	hanges	
	Ja	anuary 1, 2021	Cash flow	Change in exchange rate	Other	September 30, 2022
Current borrowings	J:		<b>Cash flow</b> 2,726,515	exchange	Other -	-
Current borrowings Lease liabilities (including				exchange	Other -	2022
-				exchange	Other - 53,699	2022
Lease liabilities (including		2021	2,726,515	exchange rate	-	<b>2022</b> 2,726,515
Lease liabilities (including current and non-current)		70,979	2,726,515 (27,990)	exchange rate	-	2022 2,726,515 96,128

## 7. Related-party Transactions

## (1) Name and relationship of related parties

The related parties with whom the consolidated company had transactions during the period covered by these consolidated financial statements are as follows:

	Relationship with the
Name of related party	consolidated company
Hon Hai Precision Industry Co., Ltd. (Hon Hai Precision)	It has significant influence on the Company
Fitipower Environmental Sustainability Foundation (Fitipower Foundation)	Other related party
Hongfutai Precision Electronics (Yantai) Co., Ltd. (Hongfutai (Yantai))	Other related party
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	Other related party
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Other related party
Ambit Microsystems (Shanghai) Co., Ltd. (Renamed Fulina Ambit (Shanghai) Microsystems Co., Ltd. in February 2022.)	Other related party
Shenzhen Fu Tai Hong Precision Industrial Co., Ltd.	Other related party

Shenzhen Fugui Precision Industry Co., Ltd. (Renamed Shenzhen	Other related party
Fulian Fugui Precision Industry Co., Ltd. in November 2021.)	
Hongfujin Precision Electronics (Chongqing) Co., Ltd.	Other related party
Hongfujin Precision Electronics (Yantai) Co., Ltd.	Other related party
Nanning Fugui Precision Industry Co., Ltd. (Renamed Nanning	Other related party
Fulian Fugui Precision Industry Co., Ltd.)	
Hongfujin Precision Industry (Zhengzhou) Co., Ltd.	Other related party
Kunshan Fuchengke Precision Electronical Co., Ltd. (Kunshan	Other related party
Fuchengke)	
Socle Technology Corp. (Socle Technology)	Other related party
CLOUD NETWORK TECHNOLOGY SINGAPORE(CLOUD	Other related party
NETWORK)	
FIH (HONG KONG) LIMITED	Other related party
Hongfujin Precision Industry (Shenzhen) Co., Ltd. (Hongfujin	Other related party
(Shenzhen))	
ECMMS PRECISION SINGAPORE PTE.LTD.	Other related party
Chiun Mai Communication Systems, Inc.	Other related party
Futaijing Precision Electron (Beijing) Co., Ltd.	Other related party

## (2) Significant transactions with related parties

## a. Operating revenue

The consolidated company's significant sales to related parties were as follows:

	<b>Three Months Ende</b>	d September 30	Nine Months Ended September 30			
	2022	2021	2022	2021		
Hon Hai Precision	\$ 736	15,553	1,961	20,448		
Hongfutai (Yantai)	2,269	68,042	25,298	124,700		
Kunshan						
Fuchengke	2,665	23,572	29,286	48,564		
FIH(Hong Kong)	25,327	14,880	35,896	38,465		
CLOUD						
NETWORK	20,555	15,157	61,242	30,148		
Other related party	12,767	42,116	43,034	152,386		
	\$ 64,319	179,320	196,717	414,711		

The sales terms applicable to consolidated company's sales to other related parties are not significantly different from the normal sales prices, and the contracted credit period is 90 days from the date of acceptance. The receivables from related parties are not covered by collaterals and are not subject to prepare an allowance for loss.

## b. Accounts receivable from related parties

Accounts receivable by the Consolidated Company to related parties were as follows:

Listed as	Type of the related party	Sep. 30, 2022		Dec. 31, 2021	Sep. 30, 2021	
Accounts receivable	Hon Hai Precision	\$	736	10,000	19,478	
Accounts receivable	Hongfutai (Yantai)		13,539	29,668	76,358	
Accounts receivable	CLOUD NETWORK		21,960	21,387	16,138	
Accounts receivable	FIH(Hong Kong)		27,680	5,071	14,880	
Accounts receivable	Other related party		31,614	95,055	103,742	
Other receivables	Socle Technology		-	387	1,977	
		\$	95,529	161,568	232,573	

#### c. Purchase

The Consolidated Company's purchases from related parties were as follows:

	Three Months	s Ended September 30	Nine Months Ended September 30		
	2022	2021	2022	2021	
Other related party					
- Socle					
Technology	<u>\$ -</u>	9,175		853,086	

The Consolidated Company's purchase price from the above company is not significantly different from that of general vendors. The payment terms are net 45 days, which are not significantly different from those of other vendors.

## d. Accounts payable to related parties

Accounts payable by the Consolidated Company to related parties were as follows:

Tietad as	Type of the related	··· 20 2022	Dec 21 2021	Com 20 2021
Listed as	party	 ep. 30, 2022	Dec. 31, 2021	Sep. 30, 2021
Other payables	Socle Technology	\$ -	-	986

## e. Property transaction

Details of purchasing of mask from related parties were as follows:

	Three Mo	onths Ended September 30	Nine Months I	Nine Months Ended September 30		
	202	2 2021	2022	2021		
Socle Technology	<u>\$</u>	4,0	<u> 501 -                                     </u>	14,442		

As of September 30, 2022, December 31, 2021 and September 30, 2021, the outstanding amounts of the above transactions were \$0 thousand, \$0 thousand and \$986 thousand, respectively, recorded as accounts payable to related parties.

#### f. Donation expense

As of September 30, 2022, the consolidated company donated \$20,000 thousand to Fitipower Foundation, and the expense was recognized as part of the operating expenses.

## (3) Transactions related to key management personnel

Key management personnel compensation includes:

	Th	ree Months Ended	d September 30	Nine Months Ended September 30			
		2022	2021	2022	2021		
Short-term							
employee benefits	\$	17,903	8,932	66,689	34,579		
Post-employment							
benefits		41	54_	111	162		
	\$	17,944	8,986	66,800	34,741		

### 8. Pledged Assets

The carrying amounts of assets pledged by the Consolidated Company were as follows:

Name of assets	Secured object	Sep. 30, 2022	Dec. 31, 2021	Sep. 30, 2021
Current financial	Customs Margin			
assets at				
amortized cost				
(Time deposits)		<u>\$</u> 2	00 20	0 200

## 9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

- (1) As of September 30, 2022, December 31, 2021 and September 30, 2021, the Consolidated Company had \$5,338,900 thousand, \$4,344,240 thousand and \$3,365,975 thousand, respectively, of guarantee deposit notes issued to obtain short-term loan facilities.
- (2) JADARD TECHNOLOGY INC. (hereinafter referred to as JADARD TECHNOLOGY INC.), a subsidiary of the Consolidated Company, applied for listing on the Sci-Tech Innovation Board (STAR Market) of the Shanghai Stock Exchange on June 29, 2021. The Company, Ever Harvest Limited and Trade Logic Limited are the controlling shareholders of JADARD TECHNOLOGY INC. (Hereinafter collectively referred to as the controlling shareholders and parties acting in concert with them). In accordance with the requirements of the CSRC, the Shanghai Stock Exchange and other securities regulatory authorities, JADARD TECHNOLOGY INC., the Controlling Shareholders and their concert parties are required to give relevant undertakings. Information on related commitments can be found on the Market Observation Post System.
- (3) A subsidiary of the Consolidated Company, JADARD TECHNOLOGY INC., entered into a capacity reservation contract on December 30, 2021 with the Company. The amount of the guarantee deposit due is \$2,210,663 thousand (RMB508,900 thousand) and the outstanding

amount is \$1,341,900 thousand (RMB300,000 thousand) as of September 30, 2022, which was accounted for as a guarantee deposit.

10. Losses due to major disasters: None.

11. Subsequent events: None.

## 12. Others

(1) The employee benefits, depreciation and amortization expense were summarized as follows:

1 3	Three Months Ended September 30						
Function		2022		2021			
Nature	Belonging to operating cost	Belonging to operating expense	Total	Belonging to operating cost	Belonging to operating expense	Total	
Employee benefit expenses							
Payroll expenses	17,612	570,338	587,950	23,429	613,636	637,065	
Labor/Health insurance expenses	958	22,074	23,032	824	17,914	18,738	
Pension expenses	641	17,309	17,950	553	14,696	15,249	
Compensation of directors	-	270	270	-	270	270	
Other employee benefit expenses	637	13,304	13,941	515	11,318	11,833	
Depreciation expenses	23,461	61,336	84,797	8,300	47,187	55,487	
Amortization expenses	-	16,219	16,219	1	7,397	7,397	
	Nine Months Ended September 30						
Function		2022		2021			
Nature	Belonging to operating cost	Belonging to operating expense	Total	Belonging to operating cost	Belonging to operating expense	Total	
Employee benefit expenses							
Payroll expenses	58,976	1,724,312	1,783,288	48,835	1,343,630	1,392,465	
Labor/Health insurance expenses	3,243	70,964	74,207	2,382	50,719	53,101	
Pension expenses	1,962	51,128	53,090	1,518	38,289	39,807	
Compensation of directors	-	828	828	-	588	588	
Other employee benefit expenses	1,942	39,200	41,142	1,454	30,956	32,410	
Depreciation expenses	57,758	178,010	235,768	29,051	120,304	149,355	
		45,731	45,731	18	17,653	17,671	

## (2) Seasonality of operations:

The Consolidated Company's product sales follow the consumer electronics industry cycle and are subject to seasonal fluctuations due to end-market demand.

## 13. Supplementary Disclosures

### (1) Information on Significant Transactions

Information on significant transactions required to be disclosed by the consolidated company in accordance with the Guidelines for the Preparation of Financial Statements for the nine months ended September 30, 2022 was as follows:

- a. Lending of funds to others: None.
- b. Provision of endorsement/guarantee:

Unit: NT\$ thousands

Endorser	Endo	rsee	For a single	The highest	End-of-Ter	Actual	Guaranteed	Ratio of	Endorsement	Parent	Subsidiary	Endorsem
Company		Relatio	company	endorsemen	m	Spending	by Property	accumulated	Guarantee	Company	for the	ent
e Name	Company	nship	Endorsemen	t in this	Memorizati	Amount	Endorsement	endorsement	Maximum	for	Parent	Guarantee
	Name	(Note 2)	t Guarantee	issue	on		Guarantee	guarantee amount	Limit	Subsidiaries	Company	for A
			Limit	Guaranteed	Guaranteed		Amount	to net worth of the		Endorsemen	Endorsemen	Business
				Balance	Balance			most recent		t Guarantee	t Guarantee	in
								financial				Mainland
								statements				China
Jadard	Hefei	2	3,301,458	190,500	190,500	-	-	2.31%	4,952,186	Y	N	Y
Technology	Jadard											
INC.												
	Company Name  Jadard Technology	Company Name  Company Name  Jadard Hefei Technology Jadard	Company Name Company Name Company Name (Note 2)  Jadard Technology Jadard 2	Company Name Compa	Company Name Company Name (Note 2) Company (N	Company Name Company Name Name Name Name Name Name Name Name	Company Name Name Name Name Name Name Name Name	Company Name Name Name Name Name Name Name Name	Company Name Name Name Name Name Name Name Name	Company Name Name Name Name Name Name Name Name	Company Name Name Name Name Name Name Name Name	Company Name Name Name Name Name Name Name Name

- Note 1: The number field should be completed as follows:
  - 1. Enter 0 for the issuer.
  - 2. The investees are numbered by company, starting with the Arabic numeral 1.
- Note 2: The relationship between the party making endorsements and/or guarantees and the party to whom the endorsements and/or guarantees is made is as follows:
  - 1. The companies with which it has business relations;
  - 2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
  - 3. A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- Note 3: The aggregate endorsement/guarantee amount of Jadard Technology Inc. is limited to 60% of the net worth as stated in its most recent financial statements audited or reviewed by CPAs.
- Note 4: The amount of the endorsements/guarantees made by Jadard Technology Inc. for any single entity shall be capped at 40% of the above net worth.
- Note 5: Upon approval by the shareholders meeting, the subsidies in which Jadard Technology Inc. directly and indirectly holds 100% of the voting shares are exempt from the aforementioned net worth limit regarding the ceilings on the amounts they are permitted to make in endorsements/guarantees.

c. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures):

Unit: NT\$ thousands/ thousand shares

Holding Company	Type and name	Relationship	Financial statement		End of the	ne Period		Note
nothing company	of marketable securities	with the issuer of the marketable securities	account	Shares	Carrying value	Shareholdi ng percentage	Fair value	
Jadard Technology INC.	ChongDien Microelectronics Limited	-	Current financial assets at fair value through profit or loss	-	-	15.00 %	-	
The Company	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	200,943	2,758,308	-	2,758,308	
The Company	Jih Sun Money Market Fund	=	Current financial assets at fair value through profit or loss	51,811	778,983	-	778,983	
The Company	Union Money Market Fund	=	Current financial assets at fair value through profit or loss	107,813	1,442,780	-	1,442,780	
The Company	Allianz Global Investors Taiwan Money Market Fund	-	Current financial assets at fair value through profit or loss	18,111	230,043	-	230,043	
The Company	Hua Nan Phoenix Money Market Fund	-	Current financial assets at fair value through profit or loss	30,666	505,273	-	505,273	
Pu Yu Investment Co., Ltd.	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	10,944	150,225	-	150,225	
Pu Yu Investment Co., Ltd.	Union Money Market Fund	-	Current financial assets at fair value through profit or loss	11,225	150,216	-	150,216	

d. Acquisition or sale of the same securities with the accumulated cost reaching NT\$300 million or 20% of paid-in capital or more:

Unit: NT\$ thousands/ thousand shares

Name of	Types and	Financial	Transaction		Beginning	balance	Acquisi	tion		Sale	e		Ending	balance
Company	Names of	statement	counterparty			Amount	Number of	Amount	Number of	Price	Cost	Gain(loss)	Number of	Amount
	Marketable	account		ips	shares		shares		shares				shares	
The	Securities Beneficiary	Current			114,994	1,572,962	258,799	3,541,000	172,850	2,369,300	2,363,869	5,431	200,943	2,758,308
Company	Certificate -T	financial	-	-	114,554	1,372,902	230,177	3,341,000	172,630	2,309,300	2,303,609	3,431	200,943	2,736,306
Company	aishin 1699	assets at fair												
	Money	value through												
		profit or loss												
The	Beneficiary	Current	-	-	162,230	2,431,362	32,077	481,000	142,496	2,140,000	2,134,231	5,769	51,811	778,983
Company	Certificate -Ji	financial												
		assets at fair												
	Market Fund	value through												
		profit or loss												
The	Beneficiary	Current	-	-	84,218	880,385	-	-	84,218	882,363	879,876	2,487	-	-
Company	Certificate -	financial												
	Franklin	assets at fair												
	Templeton Sinoam	value through profit or loss												
	Money	profit of loss												
	Market Fund													
The	Beneficiary	Current	_	_	_		101,964	1,578,000	101,964	1,580,736	1,578,000	2,736	_	
Company							101,704	1,570,000	101,704	1,500,750	1,570,000	2,730		
company		assets at fair												
	Money	value through												
	Market Fund	profit or loss												
The	Beneficiary	Current	-	-	-	-	139,964	1,870,000	32,151	430,000	429,270	730	107,813	1,442,780
Company	certificate - U													
	nion Money	assets at fair												
	Market Fund	value through												
	ъ с	profit or loss					20.666	505.000					20.555	505.050
The	Beneficiary Certificate -	Current financial	-	-	-	-	30,666	505,000	-	-	-	-	30,666	505,273
Company	Certificate - Hua Nan	assets at fair												
	Phoenix	value through												
	Money	profit or loss												
	Market Fund	profit of loss												
The	Investment in	Investment	Pu Yu	Subsidiary	-	-	50,000	500,000	-	-	-	-	50,000	500,594
Company		accounted for					,	,					,	,
1 '	company not													I
	listed or	equity method												I
	traded O-T-C	-												

- e. Acquisition of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- f. Disposal of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- g. Purchase or sale of goods with related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Unit: NT\$ thousands

Company to which the goods are	Name of counterparty	Relationshi p		Transaction	conditions		Circumstances under which the terms of the transactions differ from those of ordinary transactions and the reasons for such differences		Notes and receivable		
imported from (sold to)			Imports (sales)	Amount	Percentage of total import (sales)	Credit period	Unit price	Credit period		Percentage of total notes and accounts receivable (payable)	Note
Hefei Jadard	Jadard Technology Limited Taiwan Branch	Associate	Sales	430,347	2.77 %	120 days for monthly checkout	-	-	115,320	3.56%	
Hefei Jadard	Jadard Technology Limited	Associate	Sales	421,515	2.71 %	120 days for monthly checkout	-	-	-	-%	
Hefei Jadard	Jadard Technology INC.	Associate	Sales	1,451,741	9.34 %	120 days for monthly checkout	-	-	60,414	1.87%	

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

Unit: NT\$ thousands

Companies with			Balance of receivables	Turnover		ceivables from d parties	Amounts due from related	Allowance for
accounts receivable	Name of counterparty	Relationship	from related parties	rate	Amount	Handling method	parties subsequently collected	losses
Hefei Jadard	Jadard Technology Limited Taiwan Branch	Associate	115,320	3.58	-	-	-	-

i. Engaged in derivatives trading: None.

j. Business relationships, significant transactions, and amount between the parent company and subsidiaries and between subsidiaries:

Unit: NT\$ thousands

			Nature of	Conditions of transactions					
No.	Name of company	Name of counter-party	relationship	Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets		
1		Jadard Technology Limited Taiwan Branch	3	Sales		120 days for monthly checkout	2.77%		
1	Hefei Jadard	Jadard Technology Limited	3	Sales	,	120 days for monthly checkout	2.71%		
1	Hefei Jadard	Jadard Technology INC.	2	Sales		120 days for monthly checkout	9.34%		

Note 1. The numeral system shall be filled in as follows:

- 1. Fill in 0 as parent company.
- 2. Subsidiaries are numbered by company type starting with the Arabic numeral 1.
- Note 2. There are 3 types of relationship with the counterparty:
  - 1. Parent to subsidiary
  - 2. Subsidiary to parent
  - 3. Subsidiary to subsidiary

Note 3. The amount of the above disclosure criteria is based on the amount of consolidated total assets exceeding 1% for assets and liabilities and the amount of consolidated total revenue exceeding 1% for profit and loss. The above related party transactions have been written-off in the preparation of the consolidated financial statements.

### (2) Information on Investees:

Information on the consolidated companies' re-investments for the nine months ended September 30, 2022 is as follows (excluding the investee companies in China):

Unit: NT\$ thousands/ thousand shares

Investor	Investee	Location	Main	Original inves	tment amount	Balanc	e as of June 30	0, 2022	Net income		Remark
Company	Company		businesses	End of the period	End of last year	Thousand shares	Percentage of ownership	Book value	(loss) of the investee	profit/loss of investee	
The Company	Trade Logic	BVI	Investment	302,296	302,296	30	100.00%	4,502,599	409,000	409,000	Note
Trade Logic	Ever Harvest	Samoa	Investment	302,296	302,296	10,000	100.00%	4,502,599	409,000	409,000	Note
	Visual Sensing Technology	Hsinchu City	IC design	145,000	145,000	11,500	83.35%	20,534	(69,428)	(63,695)	Note
Jadard Technology INC.	Jadard Technology Limited	НК	General trade	270,264	270,264	9,200	100.00%	542,064	(45,842)	(45,842)	Note
The Company	Pu Yu Investment	Taipei City	Investment	500,000	-	50,000	100.00%	500,594	594	594	Note

Note: The Company's subsidiaries over which the Company has control and the long-term investments in consolidated entities have been write-off.

#### (3) Information on Investments in Mainland China:

a. Name and main business items of the investee company in Mainland China and other related information:

Unit: NT\$ thousands

Investee Company	Main businesses	capital	of investm ent (Note )	Beginning balance of accumulated outflow of investment from Taiwan	in the curr Outflow	ery of t amount	Ending balance of accumulated outflow of investment from Taiwan	Net income (loss) of the investee		0	amount as of the end	
Jadard Technology INC.	IC degisn	1,775,284 (Note 3)		302,296	=	-	302,296	669,578	55.04%	(Note 2) 409,000	4,502,599	-
Hefei Jadard	Supply chain management	224,523 (Note 4)		-	-	-	-	43,877	55.04%	26,801	403,838	-
Xiamen Jadard	Supply chain management	4,344 (Note 5)		-	=	=	-	(1,391)	55.04%	(850)	2,138	-

Note 1: There are two types of investment methods that can be labeled as follows:

- (1) Reinvestment in mainland China companies through re-investment in existing companies in third regions (Trade Logic Limited and Ever Harvest Limited).
- (2) The investment method refers to a direct investment by a mainland company in a mainland company.
- Note 2: The investment income or loss is calculated on the reviewed financial statements in the same period.
- Note 3: The paid-in capital was RMB405,556 thousand, which was converted to NT\$1,775,284 thousand at the exchange rate at the time of investment.
- Note 4: The paid-in capital was RMB 50,000 thousand, which was converted to NT\$224,523 thousand at the exchange rate at the time of investment.
- Note 5: The paid-in capital was RMB 1,000 thousand, which was converted to NT\$4,344 thousand at the exchange rate at the time of investment.

#### b. Investment Limit to Mainland China:

Unit: NT\$ thousands

Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amounts authorized by MOEAIC	Upper limit on investment authorized by MOEAIC
302,296	302,296	10,293,853

Note: Amend the investment limit in China according to letter no. Tai-wan-shen-tzu-09704604680 issued on August 29, 2008.

c. Significant transactions with Mainland China investees:

For significant direct or indirect transactions between the consolidated company and its investees in Mainland China (which were writ-off at the time the statement was prepared), please refer to the description of "Information on Significant Transactions".

## (4) Information on Major Shareholders:

Unit: shares

Name of major shareholder	Share	Number of shares currently held	Shareholding percentage
Bao Shin International Investments Co., Ltd.		13,791,052	7.39%
Hyield Venture Capital Co., Ltd.		13,213,984	7.08%
Hon Chi International Investment Co., Ltd.		10,100,037	5.41%

## 14. Operating Segment Information

There is only one reportable operating segment of the consolidated company, which is mainly engaged in research and development and production and sales of integrated circuits. Related departmental profit and loss, departmental assets and departmental liabilities are consistent with the information stated in financial statements; please refer to the consolidated balance sheet and the consolidated statement of income.