

**Sitronix Technology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine-Month Periods Ended September 30, 2022 and
2021 and
Independent Auditors' Review Report**

Sitronix Technology Corporation and Subsidiaries

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Sitronix Technology Corporation 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, the related consolidated statements of changes in equity and cash flows for the nine-month periods ended of September 30, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). 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 NO.34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following basis for qualified conclusion paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of September 30, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT\$2,509,396 thousand and NT\$2,080,887 thousand, respectively, representing 11.87% and 10.43%, respectively, of the Group's consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of September 30, 2022 and 2021 were NT\$434,209 thousand and NT\$512,440 thousand, respectively, representing 6.37% and 7.35%, respectively, of the Group's consolidated total liabilities; for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the amounts of comprehensive income (loss) of these subsidiaries were NT\$(41,682) thousand, NT\$68,021 thousand, NT\$(46,229) thousand and NT\$160,723 thousand, respectively, representing (4.90)%, 3.09%, (1.28)% and 3.16%, respectively, of the Group's consolidated comprehensive income (loss).

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2022 and 2021, its consolidated financial performance for the three-month periods ended September 30, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the nine-month periods 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” by the Financial Supervisory Commission of the ROC.

The engagement partners on the reviews resulting in this independent auditors’ review report are Cheng-Chih Lin and Mei-Chen Tsai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 3, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)		LIABILITIES AND EQUITY	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Notes 6 and 31)	\$ 5,671,209	27	\$ 7,930,508	35	\$ 7,951,964	40	Short-term borrowings (Notes 18, 29 and 31)	\$ -	-	\$ 55,360	-	\$ 290,981	1
Financial assets at fair value through profit or loss - current (Notes 7 and 31)	454,474	2	737,137	3	638,584	3	Financial liabilities at fair value through profit or loss - current (Notes 7 and 31)	88,160	-	1,228	-	4,740	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 31)	466,058	2	723,885	3	694,529	3	Trade payables (Note 31)	2,079,144	10	2,480,335	11	2,291,092	12
Financial assets at amortized cost - current (Notes 9, 31 and 33)	1,648,297	8	3,978,720	18	2,528,598	13	Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 24)	647,404	3	1,102,781	5	989,149	5
Notes receivables and trade receivables (Notes 10, 23 and 31)	1,560,427	7	1,951,395	9	1,902,082	9	Other payables (Notes 19 and 31)	2,267,374	11	1,832,532	8	1,739,637	9
Notes receivables and trade receivables from related parties (Notes 23, 31 and 32)	640	-	715	-	909	-	Other payables to related parties (Notes 31 and 32)	212	-	210	-	107	-
Other receivables (Notes 10 and 31)	204,904	1	90,899	-	167,902	1	Current tax liabilities (Notes 4 and 25)	964,657	4	1,365,698	6	983,572	5
Inventories (Note 11)	5,597,993	27	2,450,568	11	1,995,865	10	Lease liabilities - current (Notes 14, 29 and 31)	46,264	-	44,125	-	44,070	-
Prepayments (Notes 17 and 32)	215,509	1	212,207	1	161,311	1	Other current liabilities (Notes 19, 23 and 31)	128,026	1	96,301	1	166,907	1
Other current assets (Notes 17 and 31)	9,169	-	10,886	-	9,553	-	Total current liabilities	6,221,241	29	6,978,570	31	6,510,255	33
Total current assets	15,828,680	75	18,086,920	80	16,051,297	80	NON-CURRENT LIABILITIES						
NON-CURRENT ASSETS							Provisions (Note 20)	66,440	-	-	-	-	-
Financial assets at fair value through profit or loss - non-current (Notes 7 and 31)	447,016	2	168,352	1	96,097	1	Deferred tax liabilities (Notes 4 and 25)	9,257	-	10,706	-	7,100	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	1,025,772	5	950,057	4	902,277	5	Lease liabilities - non-current (Notes 14, 29 and 31)	98,988	1	121,400	1	131,364	1
Financial assets at amortized cost - non-current (Notes 9 and 31)	32,086	-	28,019	-	28,238	-	Net defined benefit liabilities - non-current (Notes 4 and 21)	34,669	-	38,277	-	43,201	-
Property, plant and equipment (Note 13)	1,811,259	9	1,460,550	6	1,382,070	7	Other non-current liabilities (Notes 29, 31, 32 and 34)	384,884	2	326,757	1	276,539	1
Right-of-use assets (Note 14)	141,898	1	163,826	1	173,857	1	Total non-current liabilities	594,238	3	497,140	2	458,204	2
Investment properties (Note 15)	733,194	3	673,098	3	675,623	3	Total liabilities	6,815,479	32	7,475,710	33	6,968,459	35
Intangible assets (Note 16)	57,632	-	48,574	-	42,962	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 22, 27 and 28)						
Deferred tax assets - non-current (Notes 4 and 25)	10,141	-	12,993	-	13,943	-	Share capital						
Other non-current assets (Notes 17, 31 and 34)	1,054,288	5	1,080,388	5	582,945	3	Ordinary shares	1,201,369	6	1,201,369	5	1,201,369	6
Total non-current assets	5,313,286	25	4,585,857	20	3,898,012	20	Capital surplus	1,690,682	8	1,610,911	7	1,628,042	8
							Retained earnings						
							Legal reserve	1,801,820	9	1,200,307	5	1,200,307	6
							Special reserve	105,464	-	180,223	1	180,223	1
							Unappropriated earnings	6,590,386	31	7,699,611	34	5,919,918	30
							Total retained earnings	8,497,670	40	9,080,141	40	7,300,448	37
							Other equity						
							Exchange differences on translating the financial statements of foreign operations	24,835	-	(14,086)	-	(15,899)	-
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(309,343)	(2)	(91,377)	-	(153,190)	(1)
							Total other equity	(284,508)	(2)	(105,463)	-	(169,089)	(1)
							Treasury shares	(51,385)	-	(31,783)	-	(24,984)	-
							Total equity attributable to owners of the Company	11,053,828	52	11,755,175	52	9,935,786	50
							NON-CONTROLLING INTERESTS (Notes 12, 22 and 28)	3,272,659	16	3,441,892	15	3,045,064	15
							Total equity	14,326,487	68	15,197,067	67	12,980,850	65
TOTAL	\$ 21,141,966	100	\$ 22,672,777	100	\$ 19,949,309	100	TOTAL	\$ 21,141,966	100	\$ 22,672,777	100	\$ 19,949,309	100

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

(With Deloitte & Touche review report dated November 3, 2022)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three-Month Periods Ended September 30				For the Nine-Month Periods Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 23 and 32)	\$ 4,065,580	100	\$ 6,585,814	100	\$ 14,196,406	100	\$ 16,162,970	100
OPERATING COSTS (Notes 11 and 24)	<u>2,367,164</u>	<u>58</u>	<u>2,786,541</u>	<u>42</u>	<u>7,087,280</u>	<u>50</u>	<u>7,310,141</u>	<u>45</u>
GROSS PROFIT	<u>1,698,416</u>	<u>42</u>	<u>3,799,273</u>	<u>58</u>	<u>7,109,126</u>	<u>50</u>	<u>8,852,829</u>	<u>55</u>
OPERATING EXPENSES (Notes 10, 21, 24 and 32)								
Selling and marketing expenses	79,916	2	127,681	2	260,537	2	311,640	2
General and administrative expenses	154,770	4	217,924	4	552,135	4	599,117	4
Research and development expenses	591,763	15	870,976	13	2,028,512	14	2,133,574	13
Reversal of expected credit loss	(350)	-	-	-	(1,379)	-	-	-
Total operating expenses	<u>826,099</u>	<u>21</u>	<u>1,216,581</u>	<u>19</u>	<u>2,839,805</u>	<u>20</u>	<u>3,044,331</u>	<u>19</u>
OTHER OPERATING INCOME AND EXPENSES (Note 24)	<u>257</u>	-	<u>1,786</u>	-	<u>926</u>	-	<u>8,167</u>	-
INCOME FROM OPERATIONS	<u>872,574</u>	<u>21</u>	<u>2,584,478</u>	<u>39</u>	<u>4,270,247</u>	<u>30</u>	<u>5,816,665</u>	<u>36</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 32)								
Interest income	25,030	1	12,763	-	68,131	1	34,725	-
Other income	36,643	1	32,532	1	107,629	1	54,752	1
Other gains and losses	82,319	2	20,867	-	191,024	1	48,492	-
Finance costs	(950)	-	(1,417)	-	(3,038)	-	(3,962)	-
Total non-operating income and expenses	<u>143,042</u>	<u>4</u>	<u>64,745</u>	<u>1</u>	<u>363,746</u>	<u>3</u>	<u>134,007</u>	<u>1</u>
INCOME BEFORE INCOME TAX	1,015,616	25	2,649,223	40	4,633,993	33	5,950,672	37
INCOME TAX EXPENSE (Notes 4 and 25)	<u>175,106</u>	<u>4</u>	<u>402,201</u>	<u>6</u>	<u>850,589</u>	<u>6</u>	<u>893,097</u>	<u>6</u>
NET INCOME	<u>840,510</u>	<u>21</u>	<u>2,247,022</u>	<u>34</u>	<u>3,783,404</u>	<u>27</u>	<u>5,057,575</u>	<u>31</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 22)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(12,059)	-	(45,885)	(1)	(204,718)	(1)	28,567	-
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translation of the financial statements of foreign operations	18,591	-	(302)	-	40,087	-	(5,811)	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	<u>3,519</u>	-	<u>1,650</u>	-	<u>2,377</u>	-	<u>25</u>	-
Other comprehensive (loss) income for the period, net of income tax	<u>10,051</u>	-	<u>(44,537)</u>	<u>(1)</u>	<u>(162,254)</u>	<u>(1)</u>	<u>22,781</u>	-

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three-Month Periods Ended September 30				For the Nine-Month Periods Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 850,561</u>	<u>21</u>	<u>\$ 2,202,485</u>	<u>33</u>	<u>\$ 3,621,150</u>	<u>26</u>	<u>\$ 5,080,356</u>	<u>31</u>
NET INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 729,707	18	\$ 1,883,701	29	\$ 3,241,487	23	\$ 4,230,425	26
Non-controlling interests	<u>110,803</u>	<u>3</u>	<u>363,321</u>	<u>5</u>	<u>541,917</u>	<u>4</u>	<u>827,150</u>	<u>5</u>
	<u>\$ 840,510</u>	<u>21</u>	<u>\$ 2,247,022</u>	<u>34</u>	<u>\$ 3,783,404</u>	<u>27</u>	<u>\$ 5,057,575</u>	<u>31</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 737,967	18	\$ 1,844,423	28	\$ 3,082,864	22	\$ 4,246,576	26
Non-controlling interests	<u>112,594</u>	<u>3</u>	<u>358,062</u>	<u>5</u>	<u>538,286</u>	<u>4</u>	<u>833,780</u>	<u>5</u>
	<u>\$ 850,561</u>	<u>21</u>	<u>\$ 2,202,485</u>	<u>33</u>	<u>\$ 3,621,150</u>	<u>26</u>	<u>\$ 5,080,356</u>	<u>31</u>
EARNINGS PER SHARE (Note 26)								
Basic	<u>\$ 6.09</u>		<u>\$ 15.69</u>		<u>\$ 27.02</u>		<u>\$ 35.24</u>	
Diluted	<u>\$ 6.00</u>		<u>\$ 15.49</u>		<u>\$ 26.52</u>		<u>\$ 34.74</u>	

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

(With Deloitte & Touche review report dated November 3, 2022)

(Concluded)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Company (Notes 22, 27 and 28)											
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Share	Total	Non-controlling Interests (Notes 12, 22 and 28)	Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE, JANUARY 1, 2021	120,137	\$ 1,201,369	\$ 1,662,839	\$ 1,082,588	\$ 77,526	\$ 2,805,919	(\$ 10,444)	(\$ 169,780)	(\$ 8,879)	\$ 6,641,138	\$ 2,637,939	\$ 9,279,077
Appropriation of 2020 earnings												
Legal reserve	-	-	-	117,719	-	(117,719)	-	-	-	-	-	-
Special reserve	-	-	-	-	102,697	(102,697)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(901,026)	-	-	-	(901,026)	-	(901,026)
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(16,105)	(16,105)	(18,860)	(34,965)
Other changes in capital surplus												
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	1,658	-	-	-	-	-	-	1,658	-	1,658
Changes in percentage of ownership interests in subsidiaries	-	-	(36,455)	-	-	-	-	-	-	(36,455)	36,455	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	5,016	-	(5,016)	-	-	-	-
Net income for the nine-month periods ended September 30, 2021	-	-	-	-	-	4,230,425	-	-	-	4,230,425	827,150	5,057,575
Other comprehensive income (loss) for the nine-month periods ended September 30, 2021	-	-	-	-	-	-	(5,455)	21,606	-	16,151	6,630	22,781
Total comprehensive income (loss) for the nine-month periods ended September 30, 2021	-	-	-	-	-	4,230,425	(5,455)	21,606	-	4,246,576	833,780	5,080,356
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	157,067	157,067
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(601,317)	(601,317)
BALANCE, SEPTEMBER 30, 2021	120,137	\$ 1,201,369	\$ 1,628,042	\$ 1,200,307	\$ 180,223	\$ 5,919,918	(\$ 15,899)	(\$ 153,190)	(\$ 24,984)	\$ 9,935,786	\$ 3,045,064	\$ 12,980,850
BALANCE, JANUARY 1, 2022	120,137	\$ 1,201,369	\$ 1,610,911	\$ 1,200,307	\$ 180,223	\$ 7,699,611	(\$ 14,086)	(\$ 91,377)	(\$ 31,783)	\$ 11,755,175	\$ 3,441,892	\$ 15,197,067
Appropriation of 2021 earnings												
Legal reserve	-	-	-	601,513	-	(601,513)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(3,844,380)	-	-	-	(3,844,380)	-	(3,844,380)
Special reserve	-	-	-	-	(74,759)	74,759	-	-	-	-	-	-
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(19,602)	(19,602)	(22,957)	(42,559)
Other changes in capital surplus												
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	6,456	-	-	-	-	-	-	6,456	-	6,456
Changes in percentage of ownership interests in subsidiaries	-	-	73,315	-	-	-	-	-	-	73,315	(73,315)	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	20,422	-	(20,422)	-	-	-	-
Net income for the nine-month periods ended September 30, 2022	-	-	-	-	-	3,241,487	-	-	-	3,241,487	541,917	3,783,404
Other comprehensive income (loss) for the nine-month periods ended September 30, 2022	-	-	-	-	-	-	38,921	(197,544)	-	(158,623)	(3,631)	(162,254)
Total comprehensive income (loss) for the nine-month periods ended September 30, 2022	-	-	-	-	-	3,241,487	38,921	(197,544)	-	3,082,864	538,286	3,621,150
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	354,861	354,861
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(966,108)	(966,108)
BALANCE, SEPTEMBER 30, 2022	120,137	\$ 1,201,369	\$ 1,690,682	\$ 1,801,820	\$ 105,464	\$ 6,590,386	\$ 24,835	(\$ 309,343)	(\$ 51,385)	\$ 11,053,828	\$ 3,272,659	\$ 14,326,487

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

(With Deloitte & Touche review report dated November 3, 2022)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Nine-Month Periods Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,633,993	\$ 5,950,672
Adjustments for:		
Depreciation expense	264,466	240,010
Amortization expense	34,174	31,123
Expected credit loss reversal on trade receivables	(1,379)	-
Net loss (gain) on fair value changes of financial assets designated as at fair value through profit or loss	11,789	(71,587)
Finance costs	3,038	3,962
Interest income	(68,131)	(34,725)
Dividend income	(43,858)	(27,399)
Compensation costs of share-based payments	70	25
Loss (gain) on disposal of property, plant and equipment	33	(6,383)
Loss on disposal of investments	-	1,797
Write-down of inventories	122,589	60,674
Unrealized net (gain) loss on foreign currency exchange	(204,251)	14,677
Other income	(125)	-
Gain on modification of lease agreements	(89)	(961)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	466,518	(518,803)
Receivables from related parties	75	(37)
Other receivables	(125,761)	(96,758)
Inventories	(3,270,014)	(512,805)
Prepayments	66,929	(267,598)
Other current assets	1,717	10,309
Trade payables	(498,366)	399,997
Other payables	469,018	616,343
Other payables to related parties	2	(944)
Provisions	66,440	-
Other current liabilities	31,725	65,277
Net defined benefit liabilities	(3,608)	(1,676)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	(167,684)	698,358
Cash generated from operations	1,789,310	6,553,548
Interest received	70,157	37,539
Interest paid	(566)	(1,442)
Income tax paid	(1,250,436)	(333,645)
Net cash generated from operating activities	<u>608,465</u>	<u>6,256,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(261,335)	(214,950)
Disposal of financial assets at fair value through other comprehensive income	246,107	28,562
Purchase of financial assets measured at cost	(2,343,796)	(4,305,498)

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
 (In Thousands of New Taiwan Dollars)
 (Reviewed, Not Audited)

	For the Nine-Month Periods Ended September 30	
	2022	2021
Proceeds from the return of principal of financial assets at amortized cost	\$ 4,674,420	\$ 3,339,125
Acquisitions of financial assets at fair value through profit or loss	(506,992)	(259,580)
Disposal of financial assets at fair value through profit or loss	596,200	234,566
Acquisition of property, plant and equipment	(596,641)	(746,085)
Proceeds from disposal of property, plant and equipment	485	9,115
Increase in refundable deposits	(3,170)	(237,500)
Decrease in refundable deposits	59,988	853
Acquisition of intangible assets	(52,958)	(30,337)
Acquisition of investment properties	(67,996)	(308,857)
Dividends received	<u>43,858</u>	<u>27,399</u>
Net cash generated from (used in) investing activities	<u>1,788,170</u>	<u>(2,463,187)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	629,537	2,236,746
Repayments of short-term borrowings	(685,017)	(2,215,032)
Increase in guarantee deposits	107,300	100,638
Decrease in guarantee deposits	(98,100)	(60,215)
Repayment of the principal portion of lease liabilities	(37,744)	(33,719)
Cash dividends	(3,830,363)	(899,368)
Payments for buy back of treasury shares	(42,559)	(34,965)
Dividends paid to non-controlling interests	(966,108)	(601,317)
Increase in non-controlling interests	58,000	109,519
Employee compensation issued in the form of stock that are not vested	<u>1,595</u>	<u>201</u>
Net cash used in financing activities	<u>(4,863,459)</u>	<u>(1,397,512)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>207,525</u>	<u>(29,878)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(2,259,299)</u>	<u>2,365,423</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>7,930,508</u>	<u>5,586,541</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 5,671,209</u>	<u>\$ 7,951,964</u>

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

(With Deloitte & Touche review report dated November 3, 2022)

(Concluded)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Sitronix Technology Corporation (the “Company”) was incorporated in Taipei City, Taiwan (ROC) in July 1992 and commenced operations in the same year. The principal place of business is located in Tai Yuen Hi-Tech Industrial Park, Hsinchu County. The Company operates principally as a designer, manufacturer and supplier of integrated circuits (ICs) and memory chips and focuses on display driver ICs (DDIs) for entry-level mobile phones, industrial displays and automotive systems.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since December 25, 2003.

In order to improve the Company’s overall operating performance and increase market competitiveness, the Company reorganized the Group’s structure, carried out a professional division of labor and coordinated the allocation of the Group’s resources. On March 18, 2021, according to the Business Mergers And Acquisitions Act and the Company Act, the Company’s board of directors resolved to spin off the automotive business division to the Company’s subsidiary, Forcelead Technology Corp., which issued new ordinary shares as consideration for the transfer. The spin-off completion date is June 1, 2021.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on November 3, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024(Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

3) Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

The amendments clarify that for sale and leaseback transaction, if the transfer of an asset satisfies the requirements of IFRS 15 “Revenue from Contracts with Customers” to be accounted for as a sale, the seller-lessee’s liability arising from leaseback should be recognized as a lease liability under IFRS 16, when it applies to a sale and leaseback transaction with variable lease payments that do not depend on an index or rate, the seller-lessee should not recognize a gain or loss that relates to the right of use retained. Subsequently, the difference between the estimated lease payments recognized as part of lease liability and the actual payments made should be recognized gain or loss.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosure required for a complete set of annual consolidated financial statements prepared under the IFRSs.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

See Note 12 and Tables 6 and 7 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2021.

1) Defined benefit – retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

For the summary of critical accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Bank deposits	\$ 4,596,679	\$ 5,406,834	\$ 4,868,244
Cash on hand	276	246	246
Cash equivalents	1,074,254	2,523,428	3,083,474
	<u>\$ 5,671,209</u>	<u>\$ 7,930,508</u>	<u>\$ 7,951,964</u>

The market rate intervals of bank deposits and cash equivalents at the end of the reporting period were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Bank deposits	0.001%~3.050%	0.001%~1.80%	0.001%~2.9%
Cash equivalents	0.40%~1.70%	0.25%~2.50%	0.21%~2.3%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets at FVTPL - current</u>			
Mandatorily measured at FVTPL			
Derivative financial assets			
Foreign exchange forward contracts	\$ 97,383	\$ 26,044	\$ 24,801
Equity-linked notes	15,537	-	-
Credit linked notes - linked with			
Convertible bonds	22,806	143,929	118,265
Non-derivative financial assets			
Domestic mutual fund investments	192,033	478,632	452,835
Convertible bonds	84,224	85,696	42,683
Exchangeable bonds	40,560	-	-
Domestic listed shares	1,931	2,836	-
	<u>\$ 454,474</u>	<u>\$ 737,137</u>	<u>\$ 638,584</u>

(Continued)

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets at FVTPL - non-current</u>			
Mandatorily measured at FVTPL			
Derivative financial assets			
Credit linked notes - linked with			
Convertible bonds	\$ 410,151	\$ 150,285	\$ 83,597
Non-derivative financial assets			
Limited partnership	36,865	18,067	12,500
	<u>\$ 447,016</u>	<u>\$ 168,352</u>	<u>\$ 96,097</u>
<u>Financial liabilities at FVTPL - current</u>			
Mandatorily measured at FVTPL			
Derivative financial liabilities			
Foreign exchange forward contracts	\$ 88,160	\$ 1,228	\$ 4,740
			(Concluded)

At the end of the reporting period, outstanding foreign exchange forward contracts and foreign exchange swaps not under hedge accounting were as follows:

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
<u>September 30, 2022</u>			
Sell forward exchange contracts	USD/NTD	2022.10.24-2023.09.26	US\$33,000/NT\$959,590
Buy forward exchange contracts	NTD/USD	2022.12.08-2023.09.28	NT\$886,867/US\$31,000
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD/NTD	2022.01.20-2022.12.21	US\$52,000/NT\$1,441,886
Buy forward exchange contracts	NTD/USD	2022.01.18-2022.12.19	NT\$1,444,750/US\$53,000
<u>September 30, 2021</u>			
Sell forward exchange contracts	USD/NTD	2022.01.20-2022.09.30	US\$41,000/NT\$1,137,512
Buy forward exchange contracts	NTD/USD	2022.01.18-2022.09.28	NT\$1,117,451/US\$41,000

The Group entered into foreign exchange forward contracts and foreign exchange swaps to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Current</u>			
Investments in equity instruments at FVTOCI	<u>\$ 466,058</u>	<u>\$ 723,885</u>	<u>\$ 694,529</u>
			(Continued)

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Non-current</u>			
Investments in equity instruments at FVTOCI	\$ 607,568	\$ 790,532	\$ 740,217
Investments in debt instruments at FVTOCI	418,204	159,525	162,060
	<u>\$1,025,772</u>	<u>\$ 950,057</u>	<u>\$ 902,277</u>
			(Concluded)

a. Investments in equity instruments at FVTOCI

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Current</u>			
Domestic investments			
Listed shares (1), (2) and (3)	\$ 466,058	\$ 683,740	\$ 654,727
Foreign investments			
Listed shares (1) and (2)	-	40,145	39,802
	<u>\$ 466,058</u>	<u>\$ 723,885</u>	<u>\$ 694,529</u>

Non-current

Domestic investments			
Unlisted equity investments (1), (4) and (5)	\$ 180,354	\$ 213,829	\$ 211,477
Foreign investments			
Unlisted equity investments (1)	427,214	576,703	528,740
	<u>\$ 607,568</u>	<u>\$ 790,532</u>	<u>\$ 740,217</u>

- 1) These investments in equity instruments are not held for trading. Instead, they are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for purposes.
- 2) For the nine-month periods ended September 30, 2022 and 2021, the Group acquired the ordinary shares of domestic listed companies at \$10,035 thousand and \$114,950 thousand, respectively, for strategic investment purposes. The management designated these investments as at FVTOCI.
- 3) For the nine-month periods ended September 30, 2022, in order to manage credit concentration risk, the Group sold its preference shares and ordinary shares of domestic listed companies in the amounts of \$246,107 thousand; and transferred a gain of \$20,422 thousand from other equity to retained earnings.
- 4) For the nine-month periods ended September 30, 2021, in order to manage credit concentration risk, the Group sold its ordinary shares of domestic listed companies in the amounts of \$14,700 thousand; and transferred a gain of \$5,016 thousand from other equity to retained earnings.
- 5) For the nine-month periods ended September 30, 2021, the Group purchased domestic unlisted equity investments at \$160,000 thousand for strategic investment purposes. The management designated the investment as at FVTOCI, and prepaid a part of the investment at \$60,000 thousand in December 31, 2020.

b. Investments in debt instruments at FVTOCI

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Non-current</u>			
Foreign corporate bonds (1), (2)	\$ 418,204	\$ 159,525	\$ 162,060

1) In 2020, the Group purchased foreign corporate bonds for \$167,729 thousand with a coupon rate of 3.375%-5.65%.

2) For the nine-month periods ended September 30, 2022, the Group purchased foreign corporate bonds for US\$8,012 thousand (About NT\$236,300 thousand) with a coupon rate of 2.75%-4.125%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months (b)	\$ 892,600	\$ 3,257,000	\$ 1,922,900
Pledged fixed deposits (a)	755,697	721,720	605,698
	<u>\$ 1,648,297</u>	<u>\$ 3,978,720</u>	<u>\$ 2,528,598</u>
<u>Non-current</u>			
Foreign investments			
Foreign corporate bonds (c)	\$ 32,086	\$ 28,019	\$ 28,238

a. Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

b. The interest rates for time deposits with original maturities of more than 3 months ranged from 0.15%-1.40%, 0.10%-0.80% and 0.07%-1.40% per annum as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

c. In August 2016, the Group purchased the priority unsecured US dollar debt issued by Formosa Group (Cayman) Limited at \$32,675 thousand, with an expiry date of April 22, 2025 and the coupon rate of 3.375%.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 79	\$ -	\$ 6,686
Less: Allowance for impairment loss	-	-	-
	<u>\$ 79</u>	<u>\$ -</u>	<u>\$ 6,686</u>

(Continued)

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,582,783	\$ 1,975,184	\$ 1,918,339
Less: Allowance for impairment loss	(22,435)	(23,789)	(22,943)
	<u>\$ 1,560,348</u>	<u>\$ 1,951,395</u>	<u>\$ 1,895,396</u>
<u>Other receivables</u>			
Income tax refund receivable	\$ 178,689	\$ 67,133	\$ 154,191
Interest receivables	10,019	11,709	8,335
Others	16,196	12,057	5,376
	<u>\$ 204,904</u>	<u>\$ 90,899</u>	<u>\$ 167,902</u>
			(Concluded)

The credit period of sales of goods was 5-135 days. No interest was charged on trade receivables. The Group adopted a policy of obtaining advance payment or sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own historical trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

September 30, 2022

	<u>Not Past Due</u>	<u>Up to 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,573,939	\$ 1,614	\$ -	\$ 7,230	\$ 1,582,783
Loss allowance (Lifetime ECLs)	(15,136)	(93)	-	(7,206)	(22,435)
Amortized cost	<u>\$ 1,558,803</u>	<u>\$ 1,521</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ 1,560,348</u>

December 31, 2021

	<u>Not Past Due</u>	<u>Up to 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,959,680	\$ 4,878	\$ 4,259	\$ 6,367	\$ 1,975,184
Loss allowance (Lifetime ECLs)	(15,995)	(155)	(1,272)	(6,367)	(23,789)
Amortized cost	<u>\$ 1,943,685</u>	<u>\$ 4,723</u>	<u>\$ 2,987</u>	<u>\$ -</u>	<u>\$ 1,951,395</u>

September 30, 2021

	<u>Not Past Due</u>	<u>Up to 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,906,358	\$ 4,779	\$ 292	\$ 6,910	\$ 1,918,339
Loss allowance (Lifetime ECLs)	(14,925)	(816)	(292)	(6,910)	(22,943)
Amortized cost	<u>\$ 1,891,433</u>	<u>\$ 3,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,895,396</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the nine-month periods ended September 30, 2022</u>	<u>For the nine-month periods ended September 30, 2021</u>
Balance at January 1	\$ 23,789	\$ 22,943
Add: Net remeasurement of loss allowance	(1,379)	-
Change in exchange rates or others	25	-
Balance at December 31	<u>\$ 22,435</u>	<u>\$ 22,943</u>

Compared with January 1, 2022, the total carrying amount of accounts receivable as of September 30, 2022 decreased by a net amount of \$392,401 thousand, and the loss allowance decreased by \$1,354 thousand; the total carrying amount of accounts receivable as of September 30, 2021 increased by a net amount of \$521,979 thousand, and the loss allowance has not changed.

11. INVENTORIES

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Finished goods	\$ 1,796,716	\$ 1,057,090	\$ 779,352
Work in progress	2,950,434	1,137,427	992,173
Raw materials	846,607	250,686	219,279
Merchandise	4,236	5,365	5,061
	<u>\$ 5,597,993</u>	<u>\$ 2,450,568</u>	<u>\$ 1,995,865</u>

For the three-month and nine-month periods ended September 30, 2022 and 2021, the cost of inventories recognized as cost of goods sold were \$2,367,164 thousand, \$2,786,541 thousand, \$7,087,280 thousand and \$7,310,141 thousand, respectively.

For the three-month and nine-month periods ended September 30, 2022 and 2021, the cost of goods sold includes inventory write-downs of \$86,598 thousand, \$48,078 thousand, \$122,589 thousand and \$60,674 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Subsidiaries included in the consolidated financial statements:

<u>Investor</u>	<u>Investee</u>	<u>Main Business</u>	<u>Proportion of Ownership (%)</u>		
			<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Sitronix Technology Corporation	Sitronix Investment Corp.	Investment	100.00	100.00	100.00
	Sensortek Technology Corp.	R&D, design and sales of sensor integrated circuit products	46.06	46.06	46.06
	INFSitronix Technology Corp.	Comprehensive line of Power supervisor IC design	58.42	58.42	58.42
	mCore Technology Corp.	Providing solutions for consumer display and voice/audio related applications.	90.73	90.73	90.73
	Forcelead Technology Corp.	R&D and sale of multi-functional integrated automotive display driver ICs	70.76	83.48	93.05

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		
			September 30, 2022	December 31, 2021	September 30, 2021
Sitronix Technology Corporation	Sync-Tech System Corp.	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	42.86	45.73	45.73
	Sitronix Holding International Ltd. (Holding Ltd.)	Investment	100.00	100.00	100.00
	HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	100.00	100.00	100.00
	HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	90.00	90.00	90.00
	ezGreen Inc.	Software design and electronic information supply services	100.00	100.00	100.00
	Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	100.00	100.00	100.00
	HeFei Sitronix Technology Co., Ltd.	R&D, sale and provision of after-sales services and related technical consultancy services of integrated circuits and system hardware and software	100.00	100.00	-
Sitronix Investment Corp.	Sensortek Technology Corp.	R&D, design and sales of sensor integrated circuit products	-	-	-
	INFSitronix Technology Corp.	Comprehensive line of Power supervisor IC design	-	-	-

(Concluded)

The financial statements as of and for the nine months ended September 30, 2022 and 2021 of above subsidiaries, except for Sensortek Technology Corp. and Forcelead Technology Corp., were not reviewed.

As of September 30, 2022, December 31, 2021 and September 30, 2021 the Group's shareholding ratio of Sensortek Technology Corp. was 46.06%. Since Sensortek Technology Corp. is a TPEX listed company in the Republic of China, the remaining 53.94% of the shares held are widely dispersed. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Group was judged to have the substantive ability to dominate the relevant activities of Sensortek Technology Corp., therefore, it is classified as a subsidiary.

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group's shareholding ratio of Sync-Tech System Corp. was 42.86%, 45.73% and 45.73%, respectively and was the largest single shareholder of the latter. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Group was judged to have the substantive ability to dominate the relevant activities of Sync-Tech System Corp. therefore, it is classified as a subsidiary.

The Group invested CNY30,000 thousand to establish HeFei Sitronix Technology Co., Ltd. on October 18, 2021, with a shareholding ratio of 100.00%.

Refer to Note 28 for the acquisitions and disposals of investments in subsidiaries.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		September 30, 2022	December 31, 2021	September 30, 2021
Sensortek Technology Corp.	Taiwan	53.94 %	53.94 %	53.94 %
INFSitronix Technology Corp.	Taiwan	41.58 %	41.58 %	41.58 %
Forcelead Technology Corp.	Taiwan	29.24 %	16.52 %	6.95 %
Sync-Tech System Corp.	Taiwan	57.14 %	54.27 %	54.27 %

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests						
	For the three-month periods ended September 30		For the nine-month periods ended September 30		Accumulated Non-controlling Interests		
	2022	2021	2022	2021	September 30, 2022	December 31, 2021	September 30, 2021
Sensortek Technology Corp.	\$ 71,697	\$ 318,072	\$ 389,708	\$ 720,685	\$ 2,303,189	\$ 2,725,019	\$ 2,556,093
INFSitronix Technology Corp.	(4,257)	4,049	(6,738)	7,167	49,997	56,735	52,133
Forcelead Technology Corp.	34,537	14,203	100,458	14,203	443,462	276,184	81,751
Sync-Tech System Corp.	5,786	19,502	47,645	71,258	417,376	334,584	312,373
Others	3,040	7,495	10,844	13,837	58,635	49,370	42,714
Total	\$ 110,803	\$ 363,321	\$ 541,917	\$ 827,150	\$ 3,272,659	\$ 3,441,892	\$ 3,045,064

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations:

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 7,083,692	\$ 9,235,863	\$ 8,470,538
Non-current assets	2,170,474	1,861,252	1,648,877
Current liabilities	(2,264,056)	(3,227,258)	(3,150,428)
Non-current liabilities	(256,596)	(280,842)	(279,089)
Equity	\$ 6,733,514	\$ 7,589,015	\$ 6,689,898

Equity attributable to:

Owners of the Company	\$ 3,519,490	\$ 4,196,493	\$ 3,687,548
Non-controlling interests of subsidiaries	3,214,024	3,392,522	3,002,350
	\$ 6,733,514	\$ 7,589,015	\$ 6,689,898

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Revenue	\$ 1,588,140	\$ 4,243,699	\$ 5,892,365	\$ 7,488,783
Net income	\$ 270,242	\$ 1,367,381	\$ 1,326,598	\$ 2,221,241
Other comprehensive income (loss)	(11,282)	(26,455)	(66,701)	21,084
Total comprehensive income	\$ 258,960	\$ 1,340,926	\$ 1,259,897	\$ 2,242,325
Profit attributable to:				
Owners of the Company	\$ 162,479	\$ 1,011,555	\$ 795,525	\$ 1,407,928
Non-controlling interests of the subsidiaries	107,763	355,826	531,073	813,313
	\$ 270,242	\$ 1,367,381	\$ 1,326,598	\$ 2,221,241
Total comprehensive income attributable to:				
Owners of the Company	\$ 163,557	\$ 1,006,972	\$ 791,314	\$ 1,413,780
Non-controlling interests of the subsidiaries	109,207	350,592	526,276	820,299
	\$ 272,764	\$ 1,357,564	\$ 1,317,590	\$ 2,234,079

(Continued)

**For the nine-month periods
ended September 30**

	2022	2021
Net cash in flow (outflow) from:		
Operating activities	\$ 310,209	\$ 2,471,297
Investing activities	1,310,107	(1,421,547)
Financing activities	(2,558,612)	(1,094,537)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	71,210	(11,341)
Net cash outflow	(\$ 867,086)	(\$ 56,128)
Dividends paid to non-controlling interests	\$ 963,363	\$ 599,302

(Concluded)

13. PROPERTY, PLANT AND EQUIPMENT

	<u>Freehold Land</u>	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Test Equipment</u>	<u>Office Equipment</u>	<u>Property Under Construction</u>	<u>Total</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 132,476	\$ 508,020	\$ 174,070	\$ 876,448	\$ 11,995	\$ 133,308	\$ 1,836,317
Additions	136,686	372,051	47,421	115,190	14,786	-	686,134
Disposals	-	(4,102)	(10,146)	(23,753)	(1,077)	-	(39,078)
Reclassification	-	5,308	-	-	-	(133,308)	(128,000)
Effect of foreign currency exchange differences	-	(338)	(34)	(326)	(58)	-	(756)
Balance at September 30, 2021	\$ 269,162	\$ 880,939	\$ 211,311	\$ 967,559	\$ 25,646	\$ -	\$ 2,354,617
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ 171,092	\$ 94,334	\$ 537,190	\$ 11,167	\$ -	\$ 813,783
Additions	-	15,497	23,940	154,898	1,165	-	195,500
Disposals	-	(3,695)	(7,821)	(23,753)	(1,077)	-	(36,346)
Effect of foreign currency exchange differences	-	(138)	(19)	(183)	(50)	-	(390)
Balance at September 30, 2021	\$ -	\$ 182,756	\$ 110,434	\$ 668,152	\$ 11,205	\$ -	\$ 972,547
Carrying amount at January 1, 2021	\$ 132,476	\$ 336,928	\$ 79,736	\$ 339,258	\$ 828	\$ 133,308	\$ 1,022,534
Carrying amount at September 30, 2021	\$ 269,162	\$ 698,183	\$ 100,877	\$ 299,407	\$ 14,441	\$ -	\$ 1,382,070
<u>Cost</u>							
Balance at January 1, 2022	\$ 269,162	\$ 939,233	\$ 233,840	\$ 1,023,980	\$ 28,188	\$ -	\$ 2,494,403
Additions	29,561	37,158	41,338	244,225	2,253	213,741	568,276
Disposals	-	(2,378)	(3,535)	(318,069)	(127)	-	(324,109)
Effect of foreign currency exchange differences	-	2,228	68	1,040	158	-	3,494
Balance at September 30, 2022	\$ 298,723	\$ 976,241	\$ 271,711	\$ 951,176	\$ 30,472	\$ 213,741	\$ 2,742,064
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 186,484	\$ 118,574	\$ 716,698	\$ 12,097	\$ -	\$ 1,033,853
Additions	-	23,622	29,030	163,924	2,849	-	219,425
Disposals	-	(2,378)	(3,017)	(318,069)	(127)	-	(323,591)
Effect of foreign currency exchange differences	-	321	48	662	87	-	1,118
Balance at September 30, 2022	\$ -	\$ 208,049	\$ 144,635	\$ 563,215	\$ 14,906	\$ -	\$ 930,805
Carrying amount at January 1, 2022	\$ 269,162	\$ 752,749	\$ 115,266	\$ 307,282	\$ 16,091	\$ -	\$ 1,460,550
Carrying amount at September 30, 2022	\$ 298,723	\$ 768,192	\$ 127,076	\$ 387,961	\$ 15,566	\$ 213,741	\$ 1,811,259

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	40-51 years
Renovation construction / Lease improvement	3-15 years
Machinery equipment	4-6 years
Test equipment	1-6 years
Office equipment	3-6 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021	
<u>Carrying amount</u>				
Buildings	\$ 133,292	\$ 154,556	\$	163,891
Office equipment	8,244	8,836		9,508
Machinery equipment	362	434		458
	<u>\$ 141,898</u>	<u>\$ 163,826</u>	<u>\$</u>	<u>173,857</u>
			For the three-month periods ended September 30	For the nine-month periods ended September 30
	2022	2021	2022	2021
Additions to right-of-use assets			<u>\$ 20,998</u>	<u>\$ 136,569</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 10,856	\$ 10,160	\$ 32,538	\$ 32,814
Office equipment	1,511	1,496	4,531	4,099
Machinery equipment	24	24	72	24
	<u>\$ 12,391</u>	<u>\$ 11,680</u>	<u>\$ 37,141</u>	<u>\$ 36,937</u>

Except for the addition and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the Group's right-of-use assets for the nine-month periods ended September 30, 2022 and 2021.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021	
<u>Carrying amount</u>				
Current	\$ 46,264	\$ 44,125	\$	44,070
Non-current	\$ 98,988	\$ 121,400	\$	131,364

Range of discount rate for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Buildings	1.250%~4.750%	1.250%~4.750%	1.250%~4.750%
Office equipment	1.250%~1.920%	1.250%~1.895%	1.250%~1.895%
Machinery equipment	1.250%	1.250%	1.250%

c. Material lease activities and terms (the Group is lessee)

The Group leases certain buildings for the use of plants and offices, rental cars, and machinery equipment with lease terms between 2-6 years. The Group does not have bargain purchase or renewal options to acquire or renew the leases when they expire.

Due to the impact of the COVID-19 on the market economy in 2020, the Group's lessor in China agreed to unconditionally reduce the rental amount of the Group's lease of office space from February 1, 2020 to April 30, 2021 and May 1, 2022 to November 30, 2022. For the three-month and nine-month periods ended September 30, 2022 and 2021, the Group's recognized the impact of the aforementioned rent reduction of \$424 thousand, \$0 thousand, \$706 thousand and \$105 thousand, respectively (accounted for as other income).

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 15.

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ 720	\$ 746	\$ 1,470	\$ 1,489
Expenses relating to low-value asset leases	\$ 18	\$ 18	\$ 36	\$ 36
Total cash outflow for leases			\$ 39,250	\$ 35,244

The Group's leases of certain parking spaces qualify as short-term leases and leases of machinery qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 80,060	\$ 201,883	\$ 281,943
Additions	130,588	178,269	308,857
Reclassification	-	128,000	128,000
Balance at September 30, 2021	\$ 210,648	\$ 508,152	\$ 718,800
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 35,604	\$ 35,604
Additions	-	7,573	7,573
Balance at September 30, 2021	\$ -	\$ 43,177	\$ 43,177
Carrying amount at January 1, 2021	\$ 80,060	\$ 166,279	\$ 246,339
Carrying amount at September 30, 2021	\$ 210,648	\$ 464,975	\$ 675,623
<u>Cost</u>			
Balance at January 1, 2022	\$ 210,648	\$ 508,152	\$ 718,800
Additions	34,618	33,378	67,996
Balance at September 30, 2022	\$ 245,266	\$ 541,530	\$ 786,796

(Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 45,702	\$ 45,702
Additions	-	7,900	7,900
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 53,602</u>	<u>\$ 53,602</u>
Carrying amount at January 1, 2022	<u>\$ 210,648</u>	<u>\$ 462,450</u>	<u>\$ 673,098</u>
Carrying amount at September 30, 2022	<u>\$ 245,266</u>	<u>\$ 487,928</u>	<u>\$ 733,194</u>
			(Concluded)

Except for the situation that Sync-Tech System Corp. has not yet leased out its investment properties, the above-mentioned investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The future minimum lease payments of operating lease commitments were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Year 1	\$ 18,480	\$ 13,288	\$ 14,158
Years 1~5	26,176	8,910	11,582
	<u>\$ 44,656</u>	<u>\$ 22,198</u>	<u>\$ 25,740</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives for 50 to 51 years.

The determination of fair values of the Group's investment properties was performed by independent qualified professional valuers of the China Real Estate Appraising Firm using Level 3 inputs. The evaluation is based on the cost method and the weighted average of the income method and the market comparison method. The significant unobservable input used include the discount rate. Management of the Group had assessed and determined that, compared with December 31, 2021, there were no significant change in fair value of September 30, 2022.

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Fair value	<u>\$ 892,258</u>	<u>\$ 822,144</u>	<u>\$ 817,946</u>

All of the Group's investment properties were held under freehold interests.

16. INTANGIBLE ASSETS

	<u>Royalty</u>	<u>Computer Software</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 126,932	\$ 103,137	\$ 230,069
Additions	4,371	25,966	30,337
Disposals	-	(1,452)	(1,452)
Effect of foreign currency exchange differences	-	(34)	(34)
Balance at September 30, 2021	<u>\$ 131,303</u>	<u>\$ 127,617</u>	<u>\$ 258,920</u>
			(Continued)

	<u>Royalty</u>	<u>Computer Software</u>	<u>Total</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 107,227	\$ 79,076	\$ 186,303
Additions	12,847	18,276	31,123
Disposals	-	(1,452)	(1,452)
Effect of foreign currency exchange differences	-	(16)	(16)
Balance at September 30, 2021	<u>\$ 120,074</u>	<u>\$ 95,884</u>	<u>\$ 215,958</u>
Carrying amount at January 1, 2021	<u>\$ 19,705</u>	<u>\$ 24,061</u>	<u>\$ 43,766</u>
Carrying amount at September 30, 2021	<u>\$ 11,229</u>	<u>\$ 31,733</u>	<u>\$ 42,962</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 136,219	\$ 138,764	\$ 274,983
Additions	3,874	39,319	43,193
Disposals	(2,447)	(5,857)	(8,304)
Effect of foreign currency exchange differences	-	82	82
Balance at September 30, 2022	<u>\$ 137,646</u>	<u>\$ 172,308</u>	<u>\$ 309,954</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 123,260	\$ 103,149	\$ 226,409
Additions	9,525	24,649	34,174
Disposals	(2,447)	(5,857)	(8,304)
Effect of foreign currency exchange differences	-	43	43
Balance at September 30, 2022	<u>\$ 130,338</u>	<u>\$ 121,984</u>	<u>\$ 252,322</u>
Carrying amount at January 1, 2022	<u>\$ 12,959</u>	<u>\$ 35,615</u>	<u>\$ 48,574</u>
Carrying amount at September 30, 2022	<u>\$ 7,308</u>	<u>\$ 50,324</u>	<u>\$ 57,632</u>

(Concluded)

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Royalty	2 years
Computer software	2-10 years

17. OTHER ASSETS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Other current assets</u>			
Provisional payments	\$ 3,811	\$ 6,081	\$ 5,701
Others	5,358	4,805	3,852
	<u>\$ 9,169</u>	<u>\$ 10,886</u>	<u>\$ 9,553</u>

(Continued)

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Prepayments</u>			
Prepayment for purchase (b)	\$ 70,023	\$ 8,172	\$ 10,025
Input tax and offset against business tax	58,686	119,204	55,272
Prepayments	40,401	48,384	53,156
Prepaid probe cards	40,400	30,546	37,084
Others	5,999	5,901	5,774
	<u>\$ 215,509</u>	<u>\$ 212,207</u>	<u>\$ 161,311</u>

Other non-current assets

Refundable deposits (a)	\$ 672,765	\$ 644,679	\$ 248,132
Prepayment for purchase (b)	349,163	419,185	280,090
Prepayments for equipment	17,360	16,524	54,723
Prepayments for investment	15,000	-	-
	<u>\$ 1,054,288</u>	<u>\$ 1,080,388</u>	<u>\$ 582,945</u>

(Concluded)

- a. Please refer to Note 34 for details of the contract terms related to the long-term capacity guarantee agreements.
- b. The Group has signed long-term purchase agreements with fabs, and the prepayment has been made in advance according to the agreements, please refer to Note 34 for the details.

18. SHORT-TERM BORROWINGS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>unsecured borrowings</u>			
Bank loans	\$ -	\$ 55,360	\$ 290,981

The range of weighted average effective interest rates on bank loans was 0.58% and 0.52%-1.06% as of December 31, 2021 and September 30, 2021, respectively.

19. OTHER LIABILITIES

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 1,864,979	\$ 1,428,733	\$ 1,416,733
Payables for research	39,330	36,259	31,261
Payables for equipment	38,245	64,055	48,654
Others	324,820	303,485	242,989
	<u>\$ 2,267,374</u>	<u>\$ 1,832,532</u>	<u>\$ 1,739,637</u>

(Continued)

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Other current liabilities			
Contract liabilities	\$ 96,281	\$ 75,623	\$ 80,661
Temporary receipts	20,490	11,182	77,448
Others	11,255	9,496	8,798
	<u>\$ 128,026</u>	<u>\$ 96,301</u>	<u>\$ 166,907</u>
			(Concluded)

20. PROVISIONS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Non-Current</u>			
Provisions for the capacity guarantee contract	\$ 66,440	\$ -	\$ -
		<u>Provisions for the capacity guarantee contract</u>	
Balance at January 1, 2022		\$ -	
Increase during the period			66,440
Balance at September 30, 2022		<u>\$</u>	<u>66,440</u>

Provisions for the capacity guarantee contract comes from non-cancelable long-term purchase contract with suppliers, measured by the loss recognized by unavoidable cost of meeting its contractual obligations less estimated economic benefits from the contract. This estimate may fluctuate with demand in the spot market.

21. RETIREMENT BENEFIT PLANS

Defined benefit plan expenses for the three-month and nine-month periods ended September 30, 2022 and 2021, were calculated based on actuarial assumptions and pension cost rates as at December 31, 2021 and 2020; the above amounts were calculated at \$65 thousand, \$32 thousand, \$195 thousand and \$98 thousand, respectively.

22. EQUITY

a. Share capital

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Number of shares authorized (in thousands)	200,000	200,000	200,000
Share capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	120,137	120,137	120,137
Shares issued	<u>\$ 1,201,369</u>	<u>\$ 1,201,369</u>	<u>\$ 1,201,369</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The authorized shares include 20,000 thousand shares reserved for the exercise of employee stock options.

b. Capital surplus

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 401,995	\$ 401,995	\$ 401,995
Conversion of bonds	335,041	335,041	335,041
Treasury share transactions	8,114	1,658	1,658
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interests in subsidiaries (2)	945,532	872,217	889,348
	<u>\$ 1,690,682</u>	<u>\$ 1,610,911</u>	<u>\$ 1,628,042</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.(limited to a certain percentage of the Company’s capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set in the Company’s Articles of Incorporation (the “Articles”), the board of directors is authorized to adopt a special resolution to distribute all or part of the dividends and bonuses in cash, and a report of such distribution should be submitted in the latest shareholders’ meeting.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be distributed in the following order:

- 1) Utilized for paying taxes.
- 2) Offsetting losses of previous years.
- 3) Setting aside as a legal reserve of 10% of the remaining profit (legal reserve that has reached the company’s paid-in capital is not subject to this condition).
- 4) Setting aside or reversing a special reserve in accordance with the laws and regulations.
- 5) Any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of employees’ compensation and remuneration of directors, refer to employees’ compensation and remuneration of directors in Note 24(h).

The distribution of dividends to shareholders of the Company can be made in cash or shares, but the proportion of cash dividends distributed should not be less than 10% of the total dividends distributed. The dividends policy is dependent on the Company’s current and future investment environment, capital needs, domestic and international competition and capital budget, etc., taking

into account the interests of shareholders, balance of dividends and long-term financial planning of the Company, the board of directors plans to distribute the case to the shareholders' meeting.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 601,513	\$ 117,719
(Reversals) appropriations special reserve	(\$ 74,759)	\$ 102,697
Cash dividends	\$ 3,844,380	\$ 901,026
Cash dividends per share (NT\$)	\$ 32	\$ 7.5

The above appropriations for cash dividends were resolved by the Company's board of directors on March 17, 2022 and March 18, 2021, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 23, 2022 and July 27, 2021, respectively.

d. Special reserve

	<u>For the nine-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 180,223	\$ 77,526
(Reversals) appropriations in respect of Debits to other equity items	(74,759)	102,697
Balance at September 30	<u>\$ 105,464</u>	<u>\$ 180,223</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<u>For the nine-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	(\$ 14,086)	(\$ 10,444)
Exchange differences on translating the financial statements of foreign operations	38,921	(5,455)
Balance at September 30	<u>\$ 24,835</u>	<u>(\$ 15,899)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the nine-month periods ended September 30	
	2022	2021
Balance at January 1	(\$ 91,377)	(\$ 169,780)
Recognized for the year		
Unrealized (loss) gain - debt instruments	(3,160)	645
Unrealized (loss) gain - equity instruments	(194,384)	20,961
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(20,422)	(5,016)
Balance at September 30	<u>(\$ 309,343)</u>	<u>(\$ 153,190)</u>

f. Non-controlling interests

	For the nine-month periods ended September 30	
	2022	2021
Balance at January 1	\$ 3,441,892	\$ 2,637,939
Share attributable to non-controlling interests:		
Share in profit for the period	541,917	827,150
Exchange difference on translating the financial statements of foreign operations	1,166	(356)
Financial assets at FVTOCI	(4,797)	6,986
The Company's shares held by its subsidiaries treated as treasury shares	(22,957)	(18,860)
Dividends distributed to subsidiaries	7,561	-
Cash dividends distributed by subsidiaries	(966,108)	(601,317)
Changes in non-controlling interests in the current period (Note 28)	273,985	193,522
Balance at September 30	<u>\$ 3,272,659</u>	<u>\$ 3,045,064</u>

Please refer to Note 28 for more details on non-controlling interests transactions.

g. Treasury shares

<u>The Company's shares held by its subsidiary</u>	<u>Number of Shares</u>
Number of shares at January 1, 2022	329,000
Increase during the period	219,000
Number of shares at September 30, 2022	<u>548,000</u>
Number of shares at January 1, 2021	138,000
Increase during the period	131,000
Number of shares at September 30, 2021	<u>269,000</u>

The Company's shares held by its subsidiary at the end of the reporting period were as follows:

<u>Name of Subsidiary</u>	<u>Number of Shares Held</u>	<u>Carrying Amount</u>	<u>Market Price</u>
<u>September 30, 2022</u>			
Sensortek Technology Corp.	548,000	\$ 90,146	\$ 90,146
<u>December 31, 2021</u>			
Sensortek Technology Corp.	329,000	\$ 105,280	\$ 105,280
<u>September 30, 2021</u>			
Sensortek Technology Corp.	269,000	\$ 65,636	\$ 65,636

The Company's shares held by its subsidiary are treated as treasury shares.

23. REVENUE

a. Disaggregation of revenue

<u>Product</u>	<u>For the three-month periods ended September 30</u>		<u>For the nine-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Integrated circuits	\$ 3,972,073	\$ 6,441,752	\$ 13,783,578	\$ 15,685,227
Others	93,507	144,062	412,828	477,743
	<u>\$ 4,065,580</u>	<u>\$ 6,585,814</u>	<u>\$ 14,196,406</u>	<u>\$ 16,162,970</u>
<u>Primary geographical markets</u>	<u>For the three-month periods ended September 30</u>		<u>For the nine-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Hong Kong	\$3,391,204	\$5,694,891	\$11,485,811	\$14,076,312
Vietnam	224,953	249,120	848,963	473,337
Taiwan	185,346	335,863	832,580	1,020,324
China	96,314	147,586	438,028	301,707
Others	167,763	158,354	591,024	291,290
	<u>\$ 4,065,580</u>	<u>\$ 6,585,814</u>	<u>\$ 14,196,406</u>	<u>\$ 16,162,970</u>

The basis of calculation of the Group's revenue segregated by geographical location is mainly based on the location the goods were shipped as designated by the customers.

b. Contract balances

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	<u>January 1, 2021</u>
Accounts receivable (Note 10)	\$ 1,560,348	\$ 1,951,395	\$ 1,895,396	\$ 1,373,417
Accounts receivable from related parties (Note 32)	640	715	909	872
	<u>\$ 1,560,988</u>	<u>\$ 1,952,110</u>	<u>\$ 1,896,305</u>	<u>\$ 1,374,289</u>
Contract liabilities - current (Note 19)				
Sales of goods	<u>\$ 96,281</u>	<u>\$ 75,623</u>	<u>\$ 80,661</u>	<u>\$ 25,163</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	<u>For the nine-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>
<u>From contract liabilities at the start of the year</u>		
Sales of goods	<u>\$ 68,803</u>	<u>\$ 14,210</u>

Changes in contract liabilities are mainly due to the timing difference between the satisfaction of performance obligations and customer payment.

24. NET PROFIT

a. Other operating income and expense

	<u>For the three-month periods ended September 30</u>		<u>For the nine-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Gain on sublease of right-of-use assets	\$ 288	\$ 278	\$ 870	\$ 823
Gain on modification of lease agreements	-	-	89	961
Gain (loss) on disposal of property, plant and equipment	(31)	1,508	(33)	6,383
	<u>\$ 257</u>	<u>\$ 1,786</u>	<u>\$ 926</u>	<u>\$ 8,167</u>

b. Interest income

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Financial assets at amortized cost	\$ 18,615	\$ 10,584	\$ 54,891	\$ 28,803
Financial assets at FVTPL	2,490	653	5,679	1,481
Investments in debt instruments at FVTOCI	3,914	1,515	7,527	4,409
Others	11	11	34	32
	<u>\$ 25,030</u>	<u>\$ 12,763</u>	<u>\$ 68,131</u>	<u>\$ 34,725</u>

c. Other income

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Rental income	\$ 6,359	\$ 2,901	\$ 17,987	\$ 8,566
Dividend income	12,645	17,476	43,858	27,399
Government grants income	15,796	1,376	22,221	4,859
Others	1,843	10,779	23,563	13,928
	<u>\$ 36,643</u>	<u>\$ 32,532</u>	<u>\$ 107,629</u>	<u>\$ 54,752</u>

d. Other gains and losses

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Net foreign exchange gains (losses)	\$ 82,860	\$ 17,104	\$ 210,722	(\$ 13,086)
Gain (losses) on financial assets designated as at FVTPL	2,147	8,084	(11,789)	71,587
Depreciation of investment property	(2,688)	(2,524)	(7,900)	(7,573)
Loss on disposal of investments	-	(1,797)	-	(1,797)
Other losses	-	-	(9)	(639)
	<u>\$ 82,319</u>	<u>\$ 20,867</u>	<u>\$ 191,024</u>	<u>\$ 48,492</u>

e. Finance costs

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Interest on loans	\$ 157	\$ 463	\$ 510	\$ 1,414
Interest on lease liabilities	764	939	2,438	2,464
Other interest expenses	29	15	90	84
	<u>\$ 950</u>	<u>\$ 1,417</u>	<u>\$ 3,038</u>	<u>\$ 3,962</u>

f. Depreciation and amortization

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 75,134	\$ 65,818	\$ 219,425	\$ 195,500
Investment properties	2,688	2,524	7,900	7,573
Right-of-use assets	12,391	11,680	37,141	36,937
Intangible assets	11,881	9,456	34,174	31,123
	<u>\$ 102,094</u>	<u>\$ 89,478</u>	<u>\$ 298,640</u>	<u>\$ 271,133</u>
An analysis of depreciation by function				
Operating expenses	\$ 65,456	\$ 54,894	\$ 195,948	\$ 160,466
Operating costs	22,069	22,604	60,618	71,971
Depreciation of investment property	2,688	2,524	7,900	7,573
	<u>\$ 90,213</u>	<u>\$ 80,022</u>	<u>\$ 264,466</u>	<u>\$ 240,010</u>
An analysis of amortization by function				
Operating expenses	\$ 10,508	\$ 8,999	\$ 31,853	\$ 29,797
Operating costs	1,373	457	2,321	1,326
	<u>\$ 11,881</u>	<u>\$ 9,456</u>	<u>\$ 34,174</u>	<u>\$ 31,123</u>

g. Employee benefits expense

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Short-term benefits	\$ 631,880	\$ 1,072,840	\$ 2,318,819	\$ 2,655,594
Post-employment benefits				
Defined contribution plans	14,577	12,404	42,197	36,558
Defined benefit plans (Note 21)	71	38	212	115
Share-based payments				
Equity-settled	70	-	70	25
	<u>\$ 646,598</u>	<u>\$ 1,085,282</u>	<u>\$ 2,361,298</u>	<u>\$ 2,692,292</u>
An analysis of employee benefits expense by function				
Operating expenses	\$ 585,586	\$ 1,016,262	\$ 2,150,347	\$ 2,499,787
Operating costs	61,012	69,020	210,951	192,505
	<u>\$ 646,598</u>	<u>\$ 1,085,282</u>	<u>\$ 2,361,298</u>	<u>\$ 2,692,292</u>

h. Employees' compensation and remuneration of directors

According to the articles of incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 25%, and rates of no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively, are as follows:

Amount

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Employees' compensation	\$ 65,688	\$ 169,533	\$ 290,475	\$ 380,585
Remuneration of directors	\$ 9,853	\$ 42,383	\$ 54,811	\$ 95,146

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The employees' compensation and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 17, 2022 and March 18, 2021, respectively, are as follows:

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 539,474	\$ -	\$ 124,372	\$ -
Remuneration of directors	96,163	-	37,311	-

There is no difference between the actual amount of employees' compensation and remuneration of directors resolved by the Board of Directors and the amount recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 268,760	\$ 55,307	\$ 660,803	\$ 152,022
Foreign exchange losses	(185,900)	(38,203)	(450,081)	(165,108)
Net benefit (losses)	\$ 82,860	\$ 17,104	\$ 210,722	(\$ 13,086)

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 177,615	\$ 402,083	\$ 849,252	\$ 889,051
Income tax on unappropriated earnings	702	-	2,607	-
Adjustments for prior years	1,000	-	134	2,525
	<u>179,317</u>	<u>402,083</u>	<u>851,993</u>	<u>891,576</u>
Deferred tax				
In respect of the current period	(4,211)	118	(1,404)	1,521
Income tax expense recognized in profit or loss	<u>\$ 175,106</u>	<u>\$ 402,201</u>	<u>\$ 850,589</u>	<u>\$ 893,097</u>

b. Income tax assessments

The Company's tax returns through 2019 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

	Unit: NT\$ Per Share			
	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Basic earnings per share	<u>\$ 6.09</u>	<u>\$ 15.69</u>	<u>\$ 27.02</u>	<u>\$ 35.24</u>
Diluted earnings per share	<u>\$ 6.00</u>	<u>\$ 15.49</u>	<u>\$ 26.52</u>	<u>\$ 34.74</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net income

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Net income for the period	<u>\$ 729,707</u>	<u>\$ 1,883,701</u>	<u>\$ 3,241,487</u>	<u>\$ 4,230,425</u>
Earnings used in the computation of basic earnings per share	729,707	1,883,701	3,241,487	4,230,425
Effect of potentially dilutive ordinary shares:				
Employees' compensation	-	-	-	-
Earnings used in the computation of diluted earnings per share	<u>\$ 729,707</u>	<u>\$ 1,883,701</u>	<u>\$ 3,241,487</u>	<u>\$ 4,230,425</u>

Shares

Unit: in thousands of shares

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	119,904	120,028	119,947	120,050
Effect of potentially dilutive ordinary shares:				
Employees' compensation	1,766	1,560	2,271	1,715
Weighted average number of ordinary shares used in the computation of dilutive earnings per share	121,670	121,588	122,218	121,765

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENTS

a. Issuance of shares from cash capital increase reserved for employee subscription of INFSitronix Technology Corp.

The board of directors of INFSitronix Technology Corp. decided to increase the capital in cash on March 31, 2021, and reserved 600 thousand shares for employee to subscription. The grant date of the shares is April 20, 2021.

The Black-Scholes Pricing Model was used to calculate the fair value of the shares; the input values used in the option pricing model are as follows:

	April 2021
Measurement date share price (NT\$)	\$ 9.78
Exercise price (NT\$)	\$ 10.00
Expected volatility rate	34.07%
Option life	0.0083 years
Dividend yield	-
Risk-free interest rate	0.1241%
Fair value of stock options (NT\$)	\$ 0.0427

Compensation costs recognized that are related to the Group's issuance of shares from the cash capital increase reserved for employees' subscription amounted to \$25 thousand in the second quarter of 2021.

b. Employee share option plan of Forcelead Technology Corp.

The board of directors of Forcelead Technology Corp. approved the issuance of 1,000 thousand and 3,000 thousand units of employee share option certificates on August 16, 2022 and November 2, 2021, respectively. Each unit of share option certificate can be exchanged for 1 ordinary share. The share option certificates can be issued all at once or split into several issues after the approval date of the board of directors, the actual issuance date is to be fixed by the Chairman. Eligible employees are limited to

full-time employees and those under certain requirements within Forcelead Technology Corp. and the employees of controlling or controlled entity who meet certain terms. The holder of the share option certificates can exercise the options at any time after the date of issuance.

The information on employee share option is summarized as follows:

	2022 Year Share Option Plan		2021 Year Share Option Plan	
	Number of Shares (In Thousands)	Weighted -average Exercise Price(NT\$)	Number of Shares (In Thousands)	Weighted -average Exercise Price(NT\$)
Balance at January 1	-	\$ -	-	\$ -
Options granted	1,000	58.00	3,000	45.00
Options exercised	(1,000)	58.00	(3,000)	45.00
Options forfeited	-	-	-	-
Balance at December 31	-	-	-	-

Per the employee share option plan of 2022, Forcelead Technology Corp. distributed 1,000 thousand units of employee share option certificates to its employees on August 16, 2022. The Black-Scholes Pricing Model was used to calculate the fair values of the employee share options, and the input values used are summarized as follows:

	August 2022
Grant date share price (NT\$)	\$ 54.83
Exercise price (NT\$)	\$ 58.00
Expected volatility rate	35.61%
Option life	0.012 years
Dividend yield	-
Risk-free interest rate	0.73%
Share options fair value (NT\$)	\$ 0.07

Compensation costs of the Group's employee share option plans were \$70 thousand in the third quarter of 2022.

Per the employee share option plan of 2021, Forcelead Technology Corp. distributed 3,000 thousand units of employee share option certificates to its employees on November 2, 2021. The Black-Scholes Pricing Model was used to calculate the fair values of the employee share options, and the input values used are summarized as follows:

	November 2021
Grant date share price (NT\$)	\$ 46.92
Exercise price (NT\$)	\$ 45.00
Expected volatility rate	47.28%
Option life	0.04 years
Dividend yield	-
Risk-free interest rate	0.21%
Share options fair value (NT\$)	\$ 2.86

Compensation costs of the Group's employee share option plans were \$8,580 thousand in the fourth quarter of 2021.

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On August 24, 2022, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Group's shareholding percentage decreased from 72.88% to 70.76%.

Due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp. on June 28, 2022, the Group's shareholding percentage decreased from 83.48% to 72.88%.

On December 6, 2021, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Group's shareholding percentage decreased from 93.05% to 83.48%.

Due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp. on August 11, 2021, the Group's shareholding percentage decreased from 100% to 93.05%.

Due to the distribution of employees' compensation in the form of shares by Sync-Tech system Corp. on July 17, 2022, the Group's shareholding percentage decreased from 45.73% to 42.86%.

Due to the distribution of employees' compensation in the form of shares by Sync-Tech system Corp. on July 13, 2021, the Group's shareholding percentage decreased from 48.31% to 45.73%.

On January 31, 2021, the Group subscribed for additional new shares of Sync-Tech system Corp. at a percentage different from its existing ownership percentage, decreasing its continuing interest from 48.75% to 48.31%.

On April 20, 2021, the Group subscribed for additional new shares of INFSitronix Technology Corp. at a percentage different from its existing ownership percentage, decreasing its continuing interest from 63.99% to 58.42%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

For the nine-month periods ended September 30, 2022

	Sync-Tech System Corp.	Forcelead Technology Corp.
Cash transaction	\$ -	\$ 58,000
Non-cash transaction	46,206	243,082
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(45,934)	(228,039)
Differences recognized from equity transactions	<u>\$ 272</u>	<u>\$ 73,043</u>

Line items adjusted for equity transactions

Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 272</u>	<u>\$ 73,043</u>
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(Continued)

For the nine-month periods ended September 30, 2021

	Sync-Tech System Corp.	INFSitronix Technology Corp.	Forcelead Technology Corp.
Cash consideration received	\$ 78,573	\$ 30,946	\$ -
Non-cash transaction	19,788	25	27,735
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(98,234)	(27,735)	(67,553)
Differences recognized from equity transactions	<u>\$ 127</u>	<u>\$ 3,236</u>	<u>\$ (39,818)</u>
<u>Line items adjusted for equity transactions</u>			
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 127</u>	<u>\$ 3,236</u>	<u>\$ (39,818)</u>
			(Concluded)

29. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

For the nine-month periods ended September 30, 2022

	January 1, 2022	Cash Flows	Non-cash Changes				September 30, 2022
			Foreign Exchange Movement	New Leases	Lease Modification	Others (Note)	
Short-term borrowings	\$ 55,360	\$ (55,480)	\$ 120	\$ -	\$ -	\$ -	\$ -
Lease liabilities	165,525	(37,744)	984	20,059	(6,010)	2,438	145,252
Guarantee deposits received	316,468	9,200	48,796	-	-	-	374,464
	<u>\$ 537,353</u>	<u>\$ (84,024)</u>	<u>\$ 49,900</u>	<u>\$ 20,059</u>	<u>\$ (6,010)</u>	<u>\$ 2,438</u>	<u>\$ 519,716</u>

For the nine-month periods ended September 30, 2021

	January 1, 2021	Cash Flows	Non-cash Changes				September 30, 2021
			Foreign Exchange Movement	New Leases	Lease Modification	Others (Note)	
Short-term borrowings	\$ 267,776	\$ 21,714	\$ 1,491	\$ -	\$ -	\$ -	\$ 290,981
Lease liabilities	82,173	(33,719)	(751)	134,303	(9,036)	2,464	175,434
Guarantee deposits received	230,065	40,423	(3,679)	-	-	-	266,809
	<u>\$ 580,014</u>	<u>\$ 28,418</u>	<u>\$ (2,939)</u>	<u>\$ 134,303</u>	<u>\$ (9,036)</u>	<u>\$ 2,464</u>	<u>\$ 733,224</u>

Note: Others comprises with interest expense of lease liabilities.

30. CAPITAL RISK MANAGEMENT

The objectives, policies and process of capital risk management and the capital structures of the Group in these consolidated financial statements were applied as the same as in the preparation of the consolidated financial statements for the year ended December 31, 2021. Please refer to Note 29 to the consolidated financial statements for the year ended December 31, 2021 for details.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets recognized in the financial statements are relatively close to their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 192,033	\$ -	\$ -	\$ 192,033
Convertible bonds	84,224	-	-	84,224
Exchangeable bonds	40,560	-	-	40,560
Domestic listed shares	1,931	-	-	1,931
Limited partnership	-	-	36,865	36,865
Derivative financial assets				
Credit linked notes - linked with Convertible bonds	-	432,957	-	432,957
Foreign exchange forward contracts	-	97,383	-	97,383
Equity linked note	-	15,537	-	15,537
	<u>\$ 318,748</u>	<u>\$ 545,877</u>	<u>\$ 36,865</u>	<u>\$ 901,490</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 466,058	\$ -	\$ -	\$ 466,058
Domestic unlisted equity investments	-	-	180,354	180,354
Foreign unlisted equity investments	-	-	427,214	427,214
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	-	418,204	-	418,204
	<u>\$ 466,058</u>	<u>\$ 418,204</u>	<u>\$ 607,568</u>	<u>\$ 1,491,830</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 88,160	\$ -	\$ 88,160

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 478,632	\$ -	\$ -	\$ 478,632
Convertible bonds	85,696	-	-	85,696
Domestic listed shares	2,836	-	-	2,836
Limited partnership	-	-	18,067	18,067
Derivative financial assets				
Credit linked notes - linked with Convertible bonds	-	294,214	-	294,214
Foreign exchange forward contracts	-	26,044	-	26,044
	<u>\$ 567,164</u>	<u>\$ 320,258</u>	<u>\$ 18,067</u>	<u>\$ 905,489</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 683,740	\$ -	\$ -	\$ 683,740
Foreign listed shares	40,145	-	-	40,145
Domestic unlisted equity investments	-	-	213,829	213,829
Foreign unlisted equity investments	-	-	576,703	576,703
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	-	159,525	-	159,525
	<u>\$ 723,885</u>	<u>\$ 159,525</u>	<u>\$ 790,532</u>	<u>\$ 1,673,942</u>

Financial liabilities at FVTPL

Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 1,228	\$ -	\$ 1,228

September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 452,835	\$ -	\$ -	\$ 452,835
Convertible bonds	42,683	-	-	42,683
Limited partnership	-	-	12,500	12,500
Derivative financial assets				
Credit linked notes - linked with Convertible bonds	-	201,862	-	201,862

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foreign exchange forward contracts	\$ -	\$ 24,801	\$ -	\$ 24,801
Total	<u>\$ 495,518</u>	<u>\$ 226,663</u>	<u>\$ 12,500</u>	<u>\$ 734,681</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 654,727	\$ -	\$ -	\$ 654,727
Foreign listed shares	39,802	-	-	39,802
Domestic unlisted equity investments	-	-	211,477	211,477
Foreign unlisted equity investments	-	-	528,740	528,740
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	-	162,060	-	162,060
Total	<u>\$ 694,529</u>	<u>\$ 162,060</u>	<u>\$ 740,217</u>	<u>\$ 1,596,806</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 4,740</u>	<u>\$ -</u>	<u>\$ 4,740</u>

(Concluded)

For the nine-month periods ended September 30, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Convertible bonds	Based on the public market quotes provided by third -party agencies.
Credit linked notes – linked with Convertible bonds	Based on the public market quotation of convertible bond, the parameters of the repurchase, the coupon interest and the interest compensation are considered as the basis for fair value measurement.
Equity-linked note	Base on the public market quotation of stock, the parameters of the repurchase and the interest compensation are considered as the basis for fair value measurement.
Derivatives - foreign exchange forward contracts and foreign exchange swaps contracts	Discounted cash flow method: Estimate the future cash flow at the end of the period by observing the forward exchange rate and the exchange rate and interest rate set by the contract, and have already discounted the discount rate of each counterparty's credit risk.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Foreign unlisted equity investment is evaluated by the net asset value method. The management of the Group evaluates the target of such equity investments with the active market quotation, and the net

asset amount tends to the fair value of the equity investments.

Domestic unlisted equity investment and the domestic limited partnership are valued using the net asset value method. The management of the Group evaluates that the amount of the net assets of this investment is equivalent to its fair value. The evaluation covers the total value of the investment's individual assets and liabilities, which reflects the value of the entity or business.

4) Adjustment of financial instruments measured using Level 3 fair values

The Group's financial assets under level 3 fair value measurement are equity instruments measured at fair value through other comprehensive income.

For the nine-month periods ended September 30, 2022

	<u>Financial assets at FVTPL</u>	<u>Financial assets at FVTOCI</u>	<u>Total</u>
Balance at January 1	\$ 18,067	\$ 790,532	\$ 808,599
Additions	20,000	-	20,000
Recognized under profit or loss	(1,202)	-	(1,202)
Recognized under other comprehensive income	-	(182,964)	(182,964)
Balance at September 30	<u>\$ 36,865</u>	<u>\$ 607,568</u>	<u>\$ 644,433</u>

For the nine-month periods ended September 30, 2021

	<u>Financial assets at FVTPL</u>	<u>Financial assets at FVTOCI</u>	<u>Total</u>
Balance at January 1	\$ -	\$ 553,404	\$ 553,404
Additions	12,500	160,000	172,500
Recognized under profit or loss	-	-	-
Recognized under other comprehensive income	-	26,813	26,813
Balance at September 30	<u>\$ 12,500</u>	<u>\$ 740,217</u>	<u>\$ 752,717</u>

c. Categories of financial instrument

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 901,490	\$ 905,489	\$ 734,681
Financial assets at amortized cost (1)	9,799,497	14,635,821	12,837,378
Financial assets at FVTOCI			
Equity instruments	1,073,626	1,514,417	1,434,746
Debt instruments	418,204	159,525	162,060
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	88,160	1,228	4,740
Financial liabilities at amortized cost(2)	4,741,684	4,696,087	4,666,074

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, pledged fixed deposits, time deposits with original maturities of more than 3 months, notes receivable and trade receivables (including receivables from related parties), other receivables, other current assets and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable, other payables (including other payables to related parties), other current liabilities and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change in the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group's operating activities are partially denominated in foreign currencies and thus have partial natural hedging effects.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY and CNY.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant currency.

	USD		JPY		CNY	
	Impact		Impact		Impact	
	For the nine-month periods ended September 30		For the nine-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021	2022	2021
Profit or loss	\$ 47,038	\$ 33,847	\$ 329	\$ 86	\$ 8,339	\$ 3,619

b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial assets	\$ 4,830,517	\$ 8,707,977	\$ 8,741,779
Financial liabilities	-	55,381	272,138
Cash flow interest rate risk			
Financial assets	2,935,538	3,387,803	1,730,529
Financial liabilities	-	-	18,952

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine-month periods ended September 30, 2022 and 2021 would increase/decrease by \$2,936 thousand and \$1,712 thousand, which was mainly attributable to the Group's exposure to interest rates on variable-rate net assets. The Group's pre-tax other comprehensive income for the nine-month periods ended September 30, 2022 and 2021 would decrease/increase by \$418 thousand and \$162 thousand, respectively, which was mainly a result of the changes in the fair value of investments in fixed-rate debt instruments at FVTOCI.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities, convertible bonds, exchangeable bond, credit linked structured notes of listed companies and mutual funds investments. The Group does not actively trade these investments. The Group's equity price risk is mainly concentrated in equity instruments operating in the semiconductor industry, convertible bonds, exchangeable bond, credit linked structured notes, finance and insurance industries, and exchange-traded funds quoted on the Taiwan Stock Exchange and the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax income for the nine-month periods ended September 30, 2022 and 2021 would have increased/decreased by \$38,362 thousand and \$34,869 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. Pre-tax other comprehensive income for the nine-month periods ended September 30, 2022 and 2021 would have increased/decreased by \$23,303 thousand and \$34,726 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, the management of the Group assigns a dedicated team responsible for credit line decisions, credit approvals and other monitoring procedures to ensure appropriate actions are taken for the collections of overdue receivables. In addition the Group reviews conditions on each collecting receivable to ensure the uncollectible amounts are provided with appropriate impairment losses. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced.

In addition, since the counterparties of liquidity and derivative financial instruments are banks with sound credit ratings, the credit risk is limited.

Apart from customers whose accounts receivable constitute more than 10% of the Group's total accounts receivable, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk is minimal because the customers which account for more than 10% of the Group's accounts receivable balance are creditworthy companies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,201,973	\$ 1,403,542	\$ 1,761,705	\$ -	\$ 4,367,220
Lease liabilities	4,242	8,368	36,028	101,457	150,095

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,357,324	\$ 1,624,205	\$ 1,342,209	\$ 500	\$ 4,324,238
Lease liabilities	3,940	7,918	34,856	125,147	171,861
Fixed interest rate liabilities	55,381	-	-	-	55,381

September 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,091,862	\$ 1,725,791	\$ 1,289,722	\$ 800	\$ 4,108,175
Lease liabilities	3,887	7,801	34,812	135,800	182,300
Fixed interest rate liabilities	263,218	8,920	-	-	272,138
Variable interest rate liabilities	-	18,952	-	-	18,952

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates were to differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Foreign exchange forward and foreign exchange swaps contracts</u>				
Inflows	\$ 62,620	\$ 786,454	\$1,094,766	\$ -
Outflows	(63,500)	(776,937)	(1,094,180)	-
	<u>\$ (880)</u>	<u>\$ 9,517</u>	<u>\$ 586</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward and foreign exchange swaps contracts				
Inflows	\$ 166,588	\$ 664,822	\$ 2,077,516	\$ -
Outflows	(165,940)	(661,311)	(2,056,859)	-
	<u>\$ 648</u>	<u>\$ 3,511</u>	<u>\$ 20,657</u>	<u>\$ -</u>

September 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward				
Inflows	\$ -	\$ -	\$ 1,137,512	\$ -
Outflows	-	-	(1,117,451)	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,061</u>	<u>\$ -</u>

c) Financing facilities

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 305,000	\$ 55,360	\$ 290,981
Amount unused	6,279,750	5,470,760	5,721,544
	<u>\$ 6,584,750</u>	<u>\$ 5,526,120</u>	<u>\$ 6,012,525</u>

The amount of used bank facilities includes a performance guarantee of \$305,000 thousand, which were guaranteed by the bank in respect of the Accounts receivable guarantee letter opened by the Group as of September 30, 2022.

32. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, detail of transactions between the Group and related parties are disclosed below:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Silicon Power Computer & Communications Inc. ezGlobal Corp.	Substantive related party Substantive related party

b. Sales of goods

Related Party Category	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Substantive related party	\$ 608	\$ 865	\$ 1,494	\$ 1,615

The transactions for related parties were negotiated under the terms of general transactions and prices.

c. Operating expenses

Related Party Category	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Substantive related party	\$ 292	\$ 192	\$ 722	\$ 1,657

The transaction in which the Group made payments of operating expenses to a related party was subject to a contractual agreement as there is no similar transaction for comparison.

d. Receivables from related parties

Related Party Category	Line Item	September 30, 2022	December 31, 2021	September 30, 2021
Substantive related party	Accounts receivable from related parties	\$ 640	\$ 715	\$ 909

The outstanding accounts receivable from related parties were unsecured. No impairment losses were recognized for accounts receivable from related parties.

e. Prepayments

Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Substantive related party	\$ 348	\$ 497	\$ 587

f. Payables to related parties

Related Party Category	Line Item	September 30, 2022	December 31, 2021	September 30, 2021
Substantive related party	Other payables to related parties	\$ 212	\$ 210	\$ 107

The outstanding trade payables to related parties are unsecured.

g. Lease arrangement - the Group is lessor

Operating Lease

Future lease receivables are as follows:

Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Substantive related party	\$ 1,017	\$ 508	\$ 1,017

Lease income was as follows:

Related Party Category	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Substantive related party	\$ 509	\$ 509	\$ 1,528	\$ 1,528

The terms of transactions between the Group and its related parties for the collection of rent are based on the terms of contractual agreements as there were no similar transactions for comparison.

Related Party Category	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
<u>Deposit interest</u> Substantive related party	\$ -	\$ -	\$ 3	\$ 3

h. Guarantee deposits received

Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Substantive related party	\$ 356	\$ 356	\$ 356

The guarantee deposits received are mainly generated from the rental deposits.

i. Remuneration of key management personnel

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 35,976	\$ 85,166	\$ 207,918	\$ 205,129
Post-employment benefits	449	476	1,344	1,435
Share-based payments	8	-	8	4
	\$ 36,433	\$ 85,642	\$ 209,270	\$ 206,568

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and the Group's profits.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariff of imported raw materials guarantees:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Pledged deposits	\$ 755,697	\$ 721,720	\$ 605,698

Pledged deposits are classified as financial assets measured at amortized cost - current.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the significant commitments of the Group at the balance sheet date are as follows:

a. Long-term purchase agreements

The Group entered into long-term purchase agreements of materials with suppliers during 2021. Both parties agreed that during the contract period, the suppliers would deliver the materials to the Group in accordance with the agreements. The Group has paid the suppliers USD35,683 thousand as guarantee to ensure the supply of materials. The rights and obligations of both parties are based on the content of each agreement.

b. Long-term supply agreements

The Group entered into long-term supply agreements of products with clients from 2021 to September 30, 2022. Both parties agreed that during the contract period, the Group would deliver the products to clients in accordance with the agreements. The Group has collected USD3,347 thousand to ensure the supply of products. The rights and obligations of both parties are based on the content of each agreement.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 109,752	31.75	\$ 161,721	27.680	\$ 130,423	27.850
JPY	81,402	0.2201	79,577	0.2405	61,314	0.2490
CNY	37,288	4.473	21,629	4.344	16,814	4.305
<u>Non-monetary items</u>						
USD	21,720	31.75	26,373	27.680	24,536	27.850

(Continued)

September 30, 2022		December 31, 2021		September 30, 2021	
Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate

Financial liabilities

Monetary items

USD	80,122	31.75	112,588	27.680	106,116	27.850
JPY	51,545	0.2201	59,156	0.2405	54,387	0.2490

(Concluded)

The Group is mainly exposed to the USD, CNY and JPY. The following information was aggregated by the functional currencies of the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the three-month periods ended September 30, 2022		For the three-month periods ended September 30, 2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1(NTD:NTD)	\$ 81,627	1(NTD:NTD)	\$ 17,132
CNY	4.473(CNY:NTD)	1,233	4.305(CNY:NTD)	(28)
		<u>\$ 82,860</u>		<u>\$ 17,104</u>

Foreign Currency	For the nine-month periods ended September 30, 2022		For the nine-month periods ended September 30, 2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1(NTD:NTD)	\$ 209,164	1(NTD:NTD)	\$ (12,893)
CNY	4.473(CNY:NTD)	1,558	4.305(CNY:NTD)	(193)
		<u>\$ 210,722</u>		<u>\$ (13,086)</u>

36. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions and b. information on investees:
- 1) Financing provided to others: Table 1 (attached)
 - 2) Endorsements/guarantees provided: Table 2 (attached)
 - 3) Marketable securities held (excluding investment in subsidiaries): Table 3 (attached)
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 9) Trading in derivative instruments: Note 7 and Note 31.
 - 10) Intercompany relationships and significant intercompany transactions: Table 6 (attached)
 - 11) Information on investees: Table 7 (attached)
- c. Information on investments in mainland China: Table 8 and 9 (attached)

In the preparation of the consolidated financial statements, major transactions between parent and subsidiary companies and their balances have been fully eliminated.

- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

37. SEGMENT INFORMATION

The operating decision makers of the Group use the distribution of resources and the evaluation of segment performance to focus on the financial information of the Group as a whole, while individual companies have similar economic characteristics, and individual companies have used similar processes to produce similar products and sell them through the same sales method, so the Company and its subsidiaries are reported by the single operating department.

The Company and its subsidiaries provide the segment information reviewed by the operating decision maker on the same basis as the financial statements, and the profit and loss, assets and liabilities of the operating department are measured on the same basis as the combined financial report preparation. Therefore, the segment income and operating results for the nine-month periods ended September 30, 2022 and 2021 can be referenced by the combined consolidated income and loss Statement for the nine-month periods ended September 30, 2022 and 2021.

Segment assets that should be reported can be found in the consolidated balance sheets for the years ended September 30, 2022, December 31, 2021 and September 30, 2021.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	The Company	mCore Technology Corp.	Other receivables from related parties	Yes	\$ 100,000	\$ 100,000	\$ -	-	For financing	\$ -	Working capital	\$ -	-	\$ -	\$ 2,351,035	\$ 4,702,070
		INFSitronix Technology Corp.	Other receivables from related parties	Yes	100,000	100,000	7,858	1.68%~3.36%	For financing	-	Working capital	-	-	-	2,351,035	4,702,070

Note 1: The description is as follows

- Lender is numbered as 0.
- Investee is numbered sequentially from 1.

Note 2: According to the "Financing providing and operation management method", the total amount and the available amount to any individual for lending are as follows:

- The total amount for lending shall not exceed forty percent of SITRONIX's net worth. However the total amount lendable to any subsidiary for short-term financing could upper to the total available amount of the company.
- The total amount for lending to or lending from any directly or indirectly hold foreign subsidiaries with 100% ownership, shall not exceed 40% of the net worth of the lending company. The total amount for lending to any individual shall not exceed 50% of the total available amount.
- Where funds are lent to a company or business with business relationships with the Company, the total amount for lending to any individual shall not exceed the amount of business transaction between the two parties. Amount of business transaction defines the highest amount of purchase or sales.
- The total amount for lending to any individual shall not exceed 50% of the Company's net worth for the company or firm that needs short-term financing.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Hefei Sitronix Technology Co., Ltd.	Subsidiary	\$ 5,877,588	\$ 600,000	\$ 600,000	\$ -	\$ -	5.43	\$ 5,877,588	Yes	—	Yes
		mCore Technology Corp.	Subsidiary	5,877,588	100,000	100,000	13,973	-	0.90	5,877,588	Yes	—	—
		HeFei Sitronix Co., Ltd.	Subsidiary	5,877,588	400,000	400,000	222,250	-	3.62	5,877,588	Yes	—	Yes
		INFSitronix Technology Corp.	Subsidiary	5,877,588	100,000	100,000	4,763	-	0.90	5,877,588	Yes	—	—

Note 1: The description is as follows

1. Lender is numbered as 0.
2. Investee is numbered sequentially from 1.

Note 2: According to the “endorsement guarantee operation management measures” of Sitronix Technology Corp. The total amount of endorsement guarantee shall not exceed 50% of the net value in the latest year’s financial statements audited by CPA. The amount of endorsement guarantee for a single enterprise shall not exceed 25% of the net value of the latest year’s financial statements audited by CPA. However, the amount of endorsement guarantee for the company that directly and indirectly holds more than 50% of the voting shares of a company shall not exceed 50% of the net value of the latest year’s financial statements audited by CPA.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Bond</u>							
	FORCAY 3.375% 04/22/2025, USD Bond	-	Financial assets at amortized cost - non-current	-	\$ 32,086	-	\$ 32,086	Note 2
	Savior Lifetec Corporation second Secured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	30,163	-	30,163	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	9,800	-	9,800	Note 1
	TSMC ARIZONA CORP 4.125% 04/22/2029, USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	30,250	-	30,250	Note 1
	Taishin Financial Holding Co., Ltd. first Unsecured Exchangeable Bond	-	Financial assets at fair value through profit or loss - current	-	20,280	-	20,280	Note 1
	<u>Derivatives</u>							
	3M USD FCN [TSM+GOOGL] 9.28% 12/21/2022	-	Financial assets at fair value through profit or loss - current	-	15,537	-	15,537	Note 1
	Ennoconn Corporation third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	50,048	-	50,048	Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	39,754	-	39,754	Note 1
	Taishin Financial Holding Co., Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	35,117	-	35,117	Note 1
	Ultra Chip, Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,175	-	30,175	Note 1
	Shin Kong Financial Holding Co., Ltd. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,057	-	30,057	Note 1
	Wah Lee Industrial Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,062	-	20,062	Note 1
	Gloria Material Technology Corp. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	10,049	-	10,049	Note 1
	<u>Fund</u>							
	KGI Taiwan Assets Fund	-	Financial assets at fair value through profit or loss - current	5,504	61,667	-	61,667	Note 1
	UPAMC CB Strategy Fund	-	Financial assets at fair value through profit or loss - current	10,000	100,118	-	100,118	Note 1
	UPAMC Taiwan Smart Strategy Fund	-	Financial assets at fair value through profit or loss - current	1,000	9,210	-	9,210	Note 1
	<u>Stock</u>							
Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7	333	-	333	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Silicon Power Computer & Communications Inc.	Substantive related party	Investments in equity instruments at fair value through other comprehensive income - current	4,199	\$ 82,085	-	\$ 82,085	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	29	1,456	-	1,456	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E (2)	-	Investments in equity instruments at fair value through other comprehensive income - current	181	8,770	-	8,770	Note 1
	Kwong Lung Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	180	10,350	-	10,350	Note 1
	WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	690	33,258	-	33,258	Note 1
	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	250	24,650	-	24,650	Note 1
	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	1,000	48,100	-	48,100	Note 1
	Fubon Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	175	10,517	-	10,517	Note 1
	Cathay Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	131	7,716	-	7,716	Note 1
	Nan Ya Plastics Corporation	-	Investments in equity instruments at fair value through other comprehensive income - current	150	10,035	-	10,035	Note 1
	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	120	221,450	-	221,450	Note 3
	Fong Huang Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	28,671	9	28,671	Note 3
	Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	27,372	7	27,372	Note 3
	Top Taiwan XIII Venture Capital Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	10,000	96,939	12	96,939	Note 3
	<u>Limited Partnership</u> CDIB-Innolux Limited Partnership	-	Financial assets at fair value through profit or loss - non-current	3,250	36,865	-	36,865	Note 3
Sitronix Investment Corp.	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	112	205,764	-	205,764	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sensortek Technology Corp.	<u>Bond</u> CHLEAS 3.75% 10/22/2023 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	\$ 62,694	-	\$ 62,694	Note 1
	China Huadian Corporation 3.375% Perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,994	-	29,994	Note 1
	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	30,838	-	30,838	Note 1
	HSBC 3.75% 05/24/2024 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	15,568	-	15,568	Note 1
	FORCAY 3.375% 04/22/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	15,164	-	15,164	Note 1
	TSMC ARIZONA CORP 4.125% 04/22/2029 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	30,250	-	30,250	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	28,126	-	28,126	Note 1
	AcBel Polytech Inc. first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	8,000	-	8,000	Note 1
	Elite Material Co., Ltd. fifth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	5,000	-	5,000	Note 1
	MIC fourth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	3,135	-	3,135	Note 1
	Taishin Financial Holding Co., Ltd. first Unsecured Exchangeable Bond	-	Financial assets at fair value through profit or loss - current	-	20,280	-	20,280	Note 1
	<u>Derivatives</u> Anli International Co., Ltd. first Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	9,869	-	9,869	Note 1
	Yeong Guan Energy Technology Group Co., Ltd. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	12,937	-	12,937	Note 1
	Taishin Financial Holding Co., Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	35,117	-	35,117	Note 1
	Ultra Chip, Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,175	-	30,175	Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	29,770	-	29,770	Note 1
	Shin Kong Financial Holding Co., Ltd. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,057	-	30,057	Note 1
	Ennoconn Corporation third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,029	-	30,029	Note 1
	Wah Lee Industrial Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,063	-	20,063	Note 1
	Gloria Material Technology Corp. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	10,049	-	10,049	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sensortek Technology Corp.	RiTdisplay Corporation second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	\$ 9,629	-	\$ 9,629	Note 1
	<u>Stock</u> WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	2,000	96,200	-	96,200	Note 1
	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	300	29,580	-	29,580	Note 1
	FuBon Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	800	48,080	-	48,080	Note 1
	Tai Shin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	609	30,572	-	30,572	Note 1
	Taiwan Cement Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - current	69	2,347	-	2,347	Note 1
	Powertech Technology Inc.	-	Investments in equity instruments at fair value through other comprehensive income - current	171	13,184	-	13,184	Note 1
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	32	1,598	-	1,598	Note 1
	Sitronix Technology Corp.	The Parent Company	Investments in equity instruments at fair value through other comprehensive income - non-current	548	90,146	-	90,146	Note 1
	<u>Equity Investment</u> Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	27,372	7	27,372	Note 3
Forcelead Technology Corp.	<u>Fund</u> TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	1,747	21,038	-	21,038	Note 1
	<u>Stock</u> WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	190	9,158	-	9,158	Note 1
Sitronix Holding International Ltd.	<u>Bond</u> AT&T INC 5.35% 11/01/2066 (TBB) USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	18,567	-	18,567	Note 1
	China Huadian Corporation 3.375% Perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,994	-	29,994	Note 1
	Chailease Finance 3.75% 10/22/2023 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	31,347	-	31,347	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sitronix Holding International Ltd.	CITI 2.75% 04/08/2024 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	\$ 92,700	-	\$ 92,700	Note 1
	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	30,838	-	30,838	Note 1

(Concluded)

Note 1: Calculated based on the closing price on September 30, 2022.

Note 2: Listed based on book value.

Note 3: Calculated based on the net value on September 30, 2022.

Note 4: As of September 30, 2022, the above listed marketable securities were neither provided as guarantee nor pledged as collateral for loans.

Note 5: The number of shares/units are in thousands.

Note 6: The marketable securities listed in the table above refer to the securities, bonds, beneficiary certificates and securities that fall within the scope of IFRS 9 "Financial Instruments".

TABLE 4**SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Marketable Securities Type and Name	Financial Statement Account	January 1, 2022		Acquisition		Disposal				September 30, 2022	
			Units (Note 1)	Amount	Units (Note 1)	Amount	Units (Note 1)	Amount	Carrying Value	Gain/Loss on Disposal	Units (Note 1)	Amount
Sensortek Technology Corp.	Fund KGI Taiwan Assets Fund	Financial assets at fair value through profit or loss – current	20,009	\$ 235,848	-	\$ -	20,009	\$ 225,676	\$ 200,000	\$ 25,676	-	\$ -

Note 1: The number of units are in thousands.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Sensortek Technology Corp.	Subsidiary	Purchase	\$ 1,154,544	19.38%	Net 60 days from the ship date	\$ -	—	\$ 202,830	14%	—

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS AND AMOUNTS
 FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	Sensortek Technology Corp.	from the parent company to the subsidiary	Sales	\$ 40,216	—	-
				Purchases	1,154,544	—	8%
				Accounts receivable	7,876	—	-
				Accounts payable	202,830	—	-
		Forcelead Technology Corp.	from the parent company to the subsidiary	Sales	47,013	—	-
				Purchases	79,715	—	-
				Accounts receivable	8,005	—	-
Accounts payable	18,238			—	-		
Other receivables	8,842			—	-		
Rental income	3,815			—	-		
INFSitronix Technology Corp.	from the parent company to the subsidiary	Sales	10,911	—	-		
		Other receivables	7,973	—	-		
mCore Technology Corp.	from the parent company to the subsidiary	Sales	12,776	—	-		
		Purchases	2,115	—	-		
		Accounts receivable	2,973	—	-		
Sync-Tech System Corp.	from the parent company to the subsidiary	Rental income	5,432	—	-		
		Manufacturing expenses	26,674	—	-		
		Other payables	12,105	—	-		
Sitronix Technology (Shenzhen) Co., Ltd.	from the parent company to the subsidiary	Professional service fees	113,602	—	-		
1	Forcelead Technology Corp.	Sync-Tech System Corp.	from the subsidiary to the subsidiary	Manufacturing expenses	24,729	—	-
				Other payables	10,263	—	-
1	mCore Technology Corp.	HeFei Sitronix Co., Ltd.	from the subsidiary to the subsidiary	Purchases	18,525	—	-
				Accounts Payable	4,216	—	-

Note 1: The purchase transactions of the Company and its subsidiaries, their trading prices and collection conditions, are not significantly different from those of non-subsidiaries, and the rest of the transactions with the subsidiaries are calculated in accordance with the contractual agreements.

Note 2: The transaction of the Forcelead Technology Corp. and the Sync-Tech System Corp. is calculated according to mutual agreements.

Note 3: The purchase transactions of the mCore Technology Corp. and HeFei Sitronix Co., Ltd., their trading prices and collection conditions, are not significantly different from those of non-subsidiaries.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Foreign Currencies in Thousands)		Balance as of September 30, 2022			Net Income (Loss) of the Investee	Share of (Loss) Profit
				September 30, 2022	December 31, 2021	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount		
The Company	Sitronix Investment Corp.	Taiwan	Investment	\$ 367,270	\$ 367,270	33,249	100.00	\$ 215,867	(\$ 3,309)	(\$ 3,309)
	Forcelead Technology Corp.	Taiwan	R&D and sale of multi-functional integrated automotive display driver ICs	717,634	717,634	24,337	70.76	1,071,701	519,754	419,296
	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	113,318	113,318	22,530	46.06	1,918,451	736,578	332,819
	mCore Technology Corp.	Taiwan	Providing solutions for consumer display and voice/audio related applications.	131,074	131,074	9,583	90.73	126,615	26,309	23,869
	Sync-Tech System Corp.	Taiwan	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	160,554	160,554	12,160	42.86	314,848	86,469	39,297
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	193,559	193,559	9,796	58.42	70,743	(16,204)	(9,466)
	ezGreen Inc.	Taiwan	Software design and electronic information supply services	100,000	100,000	10,000	100.00	16,700	(21,034)	(21,034)
	Sitronix Holding International Ltd.	Samoa	Investment	190,500 (USD 6,000)	63,500 (USD 2,000)	6,000	100.00	212,672	3,508	3,508
Sitronix Investment Corp.	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	10	10	2	-	205	736,578	34
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	10	10	-	-	2	(16,204)	-

Note : Foreign currencies is converted into NTD using the exchange rates of the US dollar to NTD on September 30, 2022.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Foreign Currencies in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Foreign Currencies in Thousands)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022 (Foreign Currencies in Thousands)	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain(Loss)	Carrying Amount as of September 30, 2022	Accumulated Repatriation of Investment Income as of September 30, 2022
					Outward (Foreign Currencies in Thousands)	Inward						
Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	\$ 12,700 (USD 400)	Note 1	\$ 12,700 (USD 400)	\$ -	\$ -	\$ 12,700 (USD 400)	\$ 8,852	100	\$ 8,852	\$ 31,811	\$ 10,237
HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	44,730 (CNY 10,000)	Note 4	22,365 (CNY 5,000)	22,365 (CNY 5,000)	-	44,730 (CNY 10,000)	(6,603)	100	(6,603)	21,851	-
HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	111,825 (CNY 25,000)	Note 5	100,643 (CNY 22,500)	-	-	100,643 (CNY 22,500)	84,030	90	75,628	411,879	-
HeFei Sitronix Technology Co., Ltd.	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip	134,190 (CNY 30,000)	Note 6	134,190 (CNY 30,000)	-	-	134,190 (CNY 30,000)	(2,475)	100	(2,475)	131,728	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2022 (Foreign Currencies in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (Foreign Currencies in Thousands)	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
\$312,642 (US\$ 9,847)	\$740,124 (US\$ 23,311)	\$6,632,297

Note 1: Direct Investment, as of September 30, 2022, the total investment amount approved by the Investment Commission, MOEA, is US\$400 thousand, and the investment amount of US\$400 thousand has been remitted.

Note 2: Foreign currencies are converted into NTD using the exchange rates of the US dollar and CNY to NTD on September 30, 2022.

Note 3: According to the Investment Commission, MOEA, 60% of the net value of investments in mainland China is set.

Note 4: Direct Investment, as of September 30, 2022, the total investment amount approved by the Investment Commission, MOEA, is CNY10,000 thousand, and the investment amount of CNY10,000 thousand has been remitted.

Note 5: Direct Investment, as of September 30, 2022, the total investment amount approved by the Investment Commission, MOEA, is CNY45,000 thousand, and the investment amount of CNY22,500 thousand has been remitted.

Note 6: Direct Investment, as of September 30, 2022, the total investment amount approved by the Investment Commission, MOEA, is CNY90,000 thousand, and the investment amount of CNY30,000 thousand has been remitted.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Relationship	Transaction Type	Total Operating Expenses		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
The Company	Sitronix Technology (Shenzhen) Co., Ltd.	from the parent company to the subsidiary	Professional service fees	\$ 113,602	7%	Calculated based on the contract	Calculated based on the contract	No related similar transactions to follow	\$ -	-	\$ -	—