

ESMT

Elite Semiconductor Microelectronics Technology Inc.

2023 Annual Shareholders' Meeting

Meeting Agenda

(Translation)

May 30, 2023

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Elite Semiconductor Microelectronics Technology Inc.

2023 Annual Shareholders' Meeting Procedure

- I. Call the Meeting to Order
- II. Chairman Remarks
- III. Reported matters
- IV. Acknowledged matters
- V. Discussions
- VI. Extraordinary Motions
- VII. Meeting Adjourned

The chairman may decide to be voted by poll for one single proposal or to be voted by poll for all or some proposals before the extraordinary motions.

Elite Semiconductor Microelectronics Technology Inc.

2023 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m., May 30, 2023 (Tuesday)

Place: No. 16, Daxue Rd., East Dist., Hsinchu City, Taiwan

The HO Hotel Zhu hu Hall Meeting, 1F

Held by way of: Physical Shareholders' Meeting

Chairman Remarks:

I. Reported matters:

- (1) Business report of 2022
- (2) Report of audit committee reviews the 2022 annual accounting books and statements
- (3) Report of 2022 employees' compensation and directors' remuneration
- (4) Report of 2022 annual cash dividend situation from earnings distribution

II. Acknowledged matters:

- (1) Acknowledgment of 2022 business report and financial statements (Proposed by the Board of Directors. The Board of Directors, marked "BOD" bellow)
- (2) Acknowledgment of 2022 earnings distribution (Proposed by the BOD)

III. Discussions:

- (1) Discussion of amendment to the Company's "Articles of Incorporation" (Proposed by the BOD)

IV. Extraordinary motions

V. Meeting adjourned

I. Reported matters:

Item 1: Business report of 2022

Explanation: Please refer to page 5 to 10 of this handbook.

Item 2: Report of audit committee review the 2022 annual accounting books and statements.

Explanation: Please refer to page 11.

Item 3: Report of 2022 employees' compensation and directors' remuneration.

Explanation: Pursuant to the "Articles of Incorporation" and based on the 2022 profitability, the company has resolved to distribute that the compensation to employees is NT\$12,650,940, and the remuneration to directors is NT\$12,650,940.

Item 4: Report of 2022 annual cash dividend situation from earnings distribution.

Explanation: 1. Pursuant to the Article 24 of the "Articles of Incorporation", the Company may distribute dividends to shareholders in cash by a resolution of BOD shall be reported to the Shareholders' Meeting.

2. The Company's 2022 earnings distribution is proposed with a cash dividend of NT\$1.8 per share by a resolution of BOD in Feb. 23, 2023. Earnings Distribution Table is attached hereto as page 34.

3. The Chairman is authorized by the BOD to determine an ex-dividend basis date, payment date, and other related matters.

II. Acknowledged matters:

Item 1: Acknowledgment of 2022 business report and financial statements. (Proposed by the BOD)

Explanation: The Company's 2022 financial statements has completed preparation, together with the business report and review report of the unqualified opinions issued by Shu-Chian, Pai and Ya-Hui, Cheng from PwC, was submitted to and reviewed by the Audit Committee, found no discrepancy.

1. Business report (please refer to page 5-10)

2. Financial statements (please refer to page 12-33)

Resolution:

Item 2: Acknowledgment of 2022 earnings distribution. (Proposed by the BOD)

Explanation: 1. The Company's 2022 earnings distribution is proposed with a cash dividend of NT\$1.8 per share.

2. The current cash dividends are calculated according to the distribution ratio up to yuan, and rounded down for numbers less than one yuan; The total amount of the fractional amount is included into the Company's other income

3. After the proposal has been approved in the Shareholders' Meeting, the Chairman is authorized by the BOD to determine an ex-dividend basis date, payment date, and other related matters.

4. Where the dividend distribution rate of NT\$1.8 per share is maintained in the proposed appropriation of earnings, if, prior to the ex-dividend date, the number of outstanding shares is affected by any amendment by the competent authorities or by any change in the Company's share capital, such as the conversion of employee stock warrants into common shares, which subsequently results in a change in the earnings distribution, it is intended that the shareholders will authorize the Chairman of the BOD to exercise his or her full authority to deal with such changes.
5. 2022 earnings distribution table is attached hereto as page 34.

Resolution:

III. Discussions

Item 1: Discussion of amendment to the Company's "Articles of Incorporation" (Proposed by the BOD)

Explanation: 1. In order to meet the Company's operation needs, it is proposed to make partial amendments to the "Articles of Incorporation".

2. The comparison table for "Articles of Incorporation" before and after revision is attached hereto as page 35-36.

Resolution:

IV. Extraordinary Motions

V. Meeting Adjourned

Elite Semiconductor Microelectronics Technology Inc. Business Report

In early 2022, geopolitical conflicts spilled over into the outbreak of the Russo-Ukrainian War when Russia invaded Ukraine, a war which is still ongoing today. Countries in Europe and America have imposed sanctions on Russia one after another, leading to skyrocketing energy prices and food shortages. This, in turn, has triggered an inflation crisis rarely seen in Europe and America in the past three to four decades, affecting consumer spending and worsening the global economy. The US Federal Reserve and the European Central Bank have made aggressive interest rate hikes in response, but inflation remains high, and high interest rates still need to last for a while. In addition, the COVID-19 pandemic has continued for three years now, during which time the virus has continued to mutate, becoming more contagious but less dangerous. Many countries have begun to gradually lift restrictions and return to everyday life and work, leading to a decline in the stay-at-home economy. Port congestion issues have gradually been resolved, and many electronic products have become oversupplied. The shortage and prosperity of semiconductors over the last two-plus years have enabled significant manufacturers to take active measures to increase their production capacity. Due to the rapid decline in demand for consumer electronics and the lower-than-expected shipment of servers, memory products have become overstocked overnight and prices have plummeted, resulting in heavy losses. It is estimated that it will take at least three quarters to one year to adjust the inventory. According to WSTS, global memory revenue reached US\$137.4 billion in 2022, a 17.2% decline compared to 2021, and the decline in 2023 is projected to be 13.5%, for total revenue of US\$118.9 billion. In terms of the leading memory companies, Samsung's profit declined 97% in the fourth quarter of last year, while Hynix reported a loss of \$278 million in the same period. Micron also reported a loss of \$195 million in the latest quarter. Starting from the third quarter of 2022, the DRAM and NAND markets have encountered unfavorable conditions leading to a rapid decline in demand, including the aftermath of the COVID-19 pandemic, the Russo-Ukrainian War, soaring inflation, and supply chain restructuring, all of which have led to an economic recession much more severe than the typical cyclical downturn.

Affected by the Russo-Ukrainian War, soaring inflation, supply chain restructuring, and the gradual lifting of COVID-19 lockdowns in various countries, the stay-at-home economy has cooled off rapidly and the port congestion issues have been resolved. The boom in semiconductors that has lasted for more than two years rapidly turned to a bust, and the consumer electronics and semiconductor markets are both oversupplied. The memory industry is experiencing its most unfavorable operating conditions in 25 years. Memory products (DRAM, NAND/NOR) have always been one of the important components of electronic products, with a market size that accounts for about 1/4 to 1/3 of the overall IC market. As they are products with standard specifications, their business cycle fluctuations are higher than other IC products. The market is currently in a correction period. As the

inventory adjustments are gradually completed in the next few quarters, another wave of growth is to be expected by the memory industry. The Company has been engaged in low-density niche memory, and the business cycle fluctuations are lower than that of standard memory products. However, it will still be affected by the general environment, resulting in price drops. Operations in 2023 will be full of tough challenges, with expected growth in shipping volume but a decline in revenue.

Moving into 2023, affected by the sluggish demands for consumer products, major European and American manufacturers have laid off employees to get through the winter. It is estimated that it will take several quarters to adjust the inventory, however, markets such as 5G cellphones, cloud computing, Smart Edge, EVs, and the metaverse remain in growth mode. The future growth of the semiconductor industry is still worth looking forward to. Semiconductors are key to every business, which is why many countries put semiconductor technology and production as their priority, investing a large amount of capital to build factories.

With regard to the semiconductor market in the automotive industry, the shortage of automotive semiconductor chips gradually eased in 2022. Due to the manufacturing disruptions experienced by automotive manufacturers, governments around the world have increased their investments in the semiconductor industry. In 2022, the sales volume of EVs reached approximately 7.8 million units, an increase of 68% compared to 2021. This is an astonishing growth rate, and the demand for semiconductor devices doubled. Moreover, with more vehicle vendors putting EVs into their main product roadmaps, the semiconductor market is promising.

As regards power IC and analog IC products, product lines are becoming more and more comprehensive after years of hard work and cultivation. The products have gained the recognition of large customers, and in particular, the market share of audio amplifiers in the TV market has been on the rise. Meanwhile, benefiting from the demand for audio-visual devices in the stay-at-home economy in 2022, the smart speaker market expansion has achieved very good results. Due to the impact of semiconductor shortages, audio amplifier ICs have gradually been adopted by major audio brands in Europe and the United States in 2022, and their sales volume and revenue have grown by approximately 36.6%. As the shortage of semiconductors gradually eased and the sluggish demands in the consumer market led to price falls, it is estimated that business operations in 2023 will see an increase in shipments but a slight decline in revenue.

The Company's revenue for 2022 was NT\$16,207,898 thousand, an decrease of 32.03% from the revenue of NT\$23,844,898 thousand in 2021, with an annual gross margin of 18.00% and a net profit before tax of NT\$1,239,792 thousand.

I. 2022 Business Result (based on parent company only financial statement)

1. The Comparison of Business Results from 2022 and 2021 is as Follows:

(In thousands of New Taiwan Dollars)

	2022	2021	Increase (decrease) amount	Increase (decrease) percentage
Operating revenue	16,207,898	23,844,898	(7,637,000)	(32.03%)
Gross profit	2,917,561	8,679,125	(5,761,564)	(66.38%)
Operating expenses	(2,192,015)	(2,821,980)	629,965	22.32%
Operating profit (loss)	725,546	5,857,145	(5,131,599)	(87.61%)
Non-operating income (expenses) - net	514,246	52,038	462,208	888.21%
Income (loss) before tax	1,239,792	5,909,183	(4,669,391)	(79.02%)
Income (loss) after tax	1,042,193	4,976,211	(3,934,018)	(79.06%)

2. Financial Revenue and Expenditure and Profitability Analysis

(1) Financial revenue and expenditure

(In thousands of New Taiwan Dollars)

Items	2022	2021	Increase (decrease) amount	Increase (decrease) percentage
Cash flow from operating activities	(3,580,229)	8,125,798	(11,706,027)	(144.06%)
Cash flow from investment activities	(1,284,050)	(1,749,731)	465,681	26.61%
Cash flow from financing activities	(178,963)	(345,983)	167,020	48.27%

(2) Profitability

Items	2022	2021
ROA (%)	5.37	30.12
ROE (%)	8.60	47.43
Percentage of paid-in capital (%)	Operating profit	25.35
	Net profit before tax	43.33
Net profit ratio (%)	6.43	20.87
Earnings per share (NT\$)	3.71	17.76

- (3) R&D status: The R&D expenditure in 2022 was NT\$1,533,186 thousand, accounting for approximately 9.46% of operating revenue.

II. 2023 Business Plan

1. Business strategy

- (1) Expand the R&D team to enhance the potentials and increase relevant equipment expenditures to improve efficiency.
- (2) Expand 25nm low-density niche DRAM memory product lines such as DDR4, DDR3, LP DDR3, DDR2, LP DDR2, etc.
- (3) Complete the development of 21nm DRAM products and begin mass production.
- (4) Accelerate the R&D of 19nm DRAM.
- (5) Complete the mass production of 28nm NAND products.
- (6) Accelerate the expansion of MCP, eMCP and eMMC production line.
- (7) Expand the 50nm NOR Flash product line and business in full force.
- (8) Research and develop niche memory for automotive applications.
- (9) Accelerate the development of audio amplifier IC and power IC product lines.
- (10) Expand the Company's product lines, such as IoT IC, Motor Drive IC, Sensor IC, etc.
- (11) Maintain a stable financial structure.

2. Sales Volume Forecast and its Basis

Benefiting from the demand of the stay-at-home economy, the semiconductor market has experienced in the past two years a boom unlike any seen in years. The Company's shipping volume and revenue hit a record high in 2020/2021. However, with the outbreak of the Russo-Ukrainian war and inflation crises in Europe and America worsening the global economy, and COVID-19 variants becoming less virulent resulting in countries gradually lifting their lockdowns, the stay-at-home economy has rapidly cooled off, resulting in an oversupply of consumer electronics. The memory market had a decent performance in the first half of 2022, but demand declined rapidly and prices dropped in the second half, resulting in major companies being in a state of loss by the fourth quarter. It will take several quarters to adjust inventory to experience the next wave of growth as 5G cellphones become more prevalent and the memory capacity of PCs and smartphones increases significantly to improve performance. In addition, the demand for memory capacity in EVs is increasing rapidly, providing momentum for the next wave of growth.

Memory products are easily affected by economic fluctuations, and although the Company has been engaged in niche memory, it is difficult to remain unaffected by this economic downturn in the memory market. As prices fall back to pre-boom levels, business operations face severe tests. Adjusting inventory and accelerating product development are urgent priorities to provide competitive products and have the opportunity to experience the next wave of growth. Shipping volume is estimated to increase slightly in 2023, but revenue will still decline.

3. Policies on Production and Marketing

- (1) Strengthen the partnership with wafer suppliers and post-production outsourcers to maintain stable production capacity and supply.
- (2) Strengthen the promotion of SOC memory, NOR flash, NAND flash and MCP/eMCP.
- (3) Provide cost structure and quality superior to peers, and expand the market share in domestic and foreign markets.
- (4) Strengthen the interactive relationship with customers and distributors, and expand the application fields of new products to increase business sales.

III. Future Development Strategies of the Company

Global suppliers of DRAM and NAND flash tend to consolidate and they are no longer in cut-throat price competition like in the past. However, the past two and a half years of semiconductor shortages and prosperity have enabled major manufacturers to expand their production capacity to meet customer demands, and now they are facing tough challenges in this economic downturn. In addition, China has enthusiastically supported the semiconductor industry through governmental resources, especially the DRAM and NAND memory industry, which has added a variable into the future memory products market and will also affect the niche memory market. The niche memory market is still in a state of inventory adjustment in the short term. In this macro-environment, improving technical strength, accelerating new product development, and continuing to reduce costs are the only way to prepare for future competition.

The application range of low-density niche memory is becoming wider and wider, and it is an indispensable electronic component for technology products. The global demand for niche memory is expected to keep growing in 2023. The Company will continue to increase new product development in response to market demand. Besides focusing on high-integration, high-speed and low-power memory IC products, known good die (KGD), NOR and NAND Flash, and MCP/eMCP, the Company accelerates the R&D of analog IC, analog and digital mixed integrated circuit product lines to enhance product competitiveness to meet customer needs. The Company will actively strengthen the R&D of new products to improve its competitiveness to have a more robust foundation for the future competition, and create the greatest benefits for the Company.

IV. Impacts of the External Competition Environment, Regulatory Environment, and the Overall Business Environment

The progress of the stay-at-home economy and digital life has driven demand for semiconductor devices beyond expectations. In the past two years, major manufacturers have expanded their production capacity in response. However, when the economy reverses direction, business operations will face tough challenges. Since the outbreak of COVID-19, people's lives have encountered never-before-seen challenges. Governments in many countries have imposed quantitative easing policies and money printing to solve economic problems and improve people's lives. The aftermath has gradually emerged as inflation in various countries has hit record highs. In addition, the Russo-Ukrainian War has exacerbated the situation, causing inflation to reach a 30-40-year peak. People have suffered greatly, and this has affected consumer trust. In 2022, central banks around the world adopted drastic interest rate hikes to deal with the inflation crisis, but the crisis has not yet been resolved. Central banks will thus continue to raise interest rates, so these high interest rates will continue for a period of time in 2023, leading to tremendous uncertainty regarding economic development. In addition to geopolitical issues such as intensifying conflict between China and the United States and the Russo-Ukrainian War, the prices of petroleum and natural gas have hit new highs in recent years. Overall, the semiconductor market in 2023 will be in a period of inventory adjustment. However, the future of digital life relies on semiconductors to be realized, so the future growth of semiconductors is still worth anticipating.

The Company's current operations are in compliance with the relevant existing laws and regulations of domestic and foreign reinvestment countries. The management team will also continue to pay close attention to any changes in policies and laws that may affect the Company's finances and business, as a reference for operations. In addition, the Company also cooperates with professional organizations, pays close attention to the development of relevant laws and regulations, and adjusts strategies to meet the needs of operations in a timely manner. In other words, the Company is able to timely grasp and respond to important domestic and foreign policy and legal changes.

Chairman: Hsing-Hai, Chen Manager: Ming-Chien, Chang Accounting Manager: Candy Chu

Audit Committees' Review Report

The BOD has prepared business report, financial statements, and proposal for earnings distribution of the Company for the year 2022. The Certified Public Accountant firm of PricewaterhouseCoopers has audited the financial statements and issued an audit report relating to the financial statements. The business report, financial statements, and proposal for earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee of the Elite Semiconductor Microelectronics Technology Inc. We hereby report to the shareholders as described above in accordance with relevant requirements of the Securities and Exchange Act and the Company Act.

To: 2023 Annual General Shareholders' Meeting of Elite Semiconductor
Microelectronics Technology Inc.

Elite Semiconductor Microelectronics Technology Inc.
Convener of the Audit Committee: William W. Shen

February 23, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE
(PARENT COMPANY ONLY FINANCIAL STATEMENTS)

To the Board of Directors and Shareholders of Elite Semiconductor Microelectronics Technology Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Elite Semiconductor Microelectronics Technology Inc. as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Elite Semiconductor Microelectronics Technology Inc. as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Parent Company Only Financial Statements section of our report. We are independent of Elite Semiconductor Microelectronics Technology Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of Elite Semiconductor Microelectronics Technology Inc.'s 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for Elite Semiconductor Microelectronics Technology Inc.'s 2022 parent company only financial statements are stated as follows:

Allowance for inventory valuation losses

Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(5) for details of inventories. As of December 31, 2022, the Company's inventories and allowance for inventory valuation losses amounted to NT\$9,212,355 thousand and NT\$865,439 thousand, respectively.

Elite Semiconductor Microelectronics Technology Inc. is primarily engaged in researching, developing, manufacturing, selling integrated circuits. Elite Semiconductor Microelectronics Technology Inc. recognises inventories at the lower of cost and net realisable value. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged. As the estimation of net realisable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter, including assessing the reasonability of the policies and procedures adopted to provide for inventory losses based on the understanding of Elite Semiconductor Microelectronics Technology Inc. operations and industry, including the historical information of depletion of inventories, and the rationality of judging obsolete inventory items. We validated the appropriateness of relevant information in the inventory aging report utilised by Elite Semiconductor Microelectronics Technology Inc. to confirm that the information in the report is consistent with its policy. We then evaluated and confirmed the reasonableness of net realisable value for inventories through validating respective supporting documents and information.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing Elite Semiconductor Microelectronics Technology Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Elite Semiconductor Microelectronics Technology Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing Elite Semiconductor Microelectronics Technology Inc.'s financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Elite Semiconductor Microelectronics Technology Inc.'s internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Elite Semiconductor Microelectronics Technology Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Elite Semiconductor Microelectronics Technology Inc. to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Elite Semiconductor Microelectronics Technology Inc. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of parent company only audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Shu-Chien, Pai

Ya-Huei, Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2023

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Elite Semiconductor Microelectronics Technology Inc.
Parent Company Only Balance Sheets
December 31, 2022 and 2021

Unit: NT\$ thousand

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,705,997	19	\$ 8,749,239	43
1110	Financial assets at fair value through profit or loss - current	6(2)	94,813	1	173,513	1
1136	Financial assets at amortised cost - current		-	-	110,720	1
1150	Notes receivable, net		9	-	-	-
1170	Accounts receivable, net	6(4)	886,551	5	1,910,845	9
1180	Accounts receivable due from related parties, net	6(4) and 7(2)	1,482	-	-	-
1200	Other receivables		81,556	-	115,503	1
1210	Other receivables due from related parties	7(2)	100	-	-	-
1220	Current income tax assets		220,468	1	-	-
130X	Inventories	6(5)	8,346,916	42	5,363,309	27
1410	Prepayments		440,854	2	60,776	-
1470	Other current assets		821	-	170	-
11XX	Total current assets		<u>13,779,567</u>	<u>70</u>	<u>16,484,075</u>	<u>82</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	6,495	-	17,697	-
1550	Investments accounted for using equity method	6(6)	1,423,932	7	1,385,929	7
1600	Property, plant and equipment	6(7) and 8	1,991,347	10	1,237,536	6
1755	Right-of-use assets	6(8)	71,272	1	69,562	-
1760	Investment property, net	6(9)	15,761	-	16,731	-
1780	Intangible assets	6(10)(11)	51,410	-	83,825	1
1840	Deferred income tax assets	6(28)	213,192	1	3,116	-
1900	Other non-current assets	6(12) and 8	2,140,867	11	857,372	4
15XX	Total non-current assets		<u>5,914,276</u>	<u>30</u>	<u>3,671,768</u>	<u>18</u>
1XXX	Total assets		<u>\$ 19,693,843</u>	<u>100</u>	<u>\$ 20,155,843</u>	<u>100</u>

(Continued)

Elite Semiconductor Microelectronics Technology Inc.
Parent Company Only Balance Sheets
December 31, 2022 and 2021

Unit: NT\$ thousand

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(13)	\$ 3,175,000	16	\$ 1,700,000	8
2130	Contract liabilities - current	6(21)	6,096	-	21,399	-
2150	Notes payable		2,399	-	2,205	-
2170	Accounts payable		2,132,751	11	2,799,845	14
2180	Accounts payable - related parties	7(2)	88,172	1	52,939	-
2200	Other payables	6(14) and 7(2)	1,432,504	7	1,830,027	9
2230	Current income tax liabilities		-	-	904,582	5
2250	Provisions for liabilities - current	6(12)(24)	530,888	3	-	-
2280	Lease liabilities - current		9,224	-	7,509	-
2300	Other current liabilities		6,966	-	5,611	-
21XX	Total current liabilities		<u>7,384,000</u>	<u>38</u>	<u>7,324,117</u>	<u>36</u>
Non-current liabilities						
2540	Long-term borrowings	6(15)	643,400	3	-	-
2550	Provisions for liabilities - non-current		19,850	-	18,040	-
2570	Deferred income tax liabilities	6(28)	55,208	-	15,455	-
2580	Lease liabilities - non-current		62,421	1	63,328	1
2600	Other non-current liabilities	6(16)	14,634	-	13,488	-
25XX	Total non-current liabilities		<u>795,513</u>	<u>4</u>	<u>110,311</u>	<u>1</u>
2XXX	Total Liabilities		<u>8,179,513</u>	<u>42</u>	<u>7,434,428</u>	<u>37</u>
Equity						
Share capital						
3110	Common stock	6(18)	2,861,570	15	2,861,570	14
Capital surplus						
3200	Capital surplus	6(19)	255,317	1	181,329	1
Retained earnings						
3310	Legal reserve	6(20)	2,014,288	10	1,516,762	8
3320	Special reserve		23,906	-	-	-
3350	Unappropriated retained earnings		6,553,259	33	8,323,076	41
Other equity interest						
3400	Other equity interest		(46,310)	-	(23,906)	-
3500	Treasury shares	6(18)	(147,700)	(1)	(137,416)	(1)
3XXX	Total equity		<u>11,514,330</u>	<u>58</u>	<u>12,721,415</u>	<u>63</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 19,693,843</u>	<u>100</u>	<u>\$ 20,155,843</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Hsing-Hai Chen

Manager: Ming-Chien Chang

Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc.
Parent Company Only Statements of Comprehensive Income
Years ended December 31, 2022 and 2021

Unit: NT\$ thousand
(Except earnings per share)

Items	Notes	Year ended December 31,			
		2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21) and 7(2)	\$ 16,207,898	100	\$ 23,844,898	100
5000 Operating costs	6(5)(26)(27) and 7(2)	(13,290,337)	(82)	(15,165,773)	(63)
5950 Gross profit		<u>2,917,561</u>	<u>18</u>	<u>8,679,125</u>	<u>37</u>
Operating expenses	6(26)(27)				
6100 Selling expenses	7(2)	(337,139)	(2)	(486,325)	(2)
6200 General and administrative expenses		(321,690)	(2)	(563,666)	(2)
6300 Research and development expenses	7(2)	(1,533,186)	(10)	(1,777,702)	(8)
6450 Expected credit impairment gain	12(2)	-	-	5,713	-
6000 Total operating expenses		<u>(2,192,015)</u>	<u>(14)</u>	<u>(2,821,980)</u>	<u>(12)</u>
6900 Operating profit		<u>725,546</u>	<u>4</u>	<u>5,857,145</u>	<u>25</u>
Non-operating income and expenses					
7100 Interest income	6(22)	83,306	1	27,254	-
7010 Other income	6(23) and 7(2)	69,068	-	56,853	-
7020 Other gains and losses	6(24)	360,144	2	75,268	-
7050 Finance costs	6(25)	(33,488)	-	(20,341)	-
7070 Share of profit of associates and joint ventures accounted for using equity method	6(6)	<u>35,216</u>	<u>-</u>	<u>63,540</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>514,246</u>	<u>3</u>	<u>52,038</u>	<u>-</u>
7900 Profit before income tax		<u>1,239,792</u>	<u>7</u>	<u>5,909,183</u>	<u>25</u>
7950 Income tax expense	6(28)	(197,599)	(1)	(932,972)	(4)
8200 Profit for the period		<u>\$ 1,042,193</u>	<u>6</u>	<u>\$ 4,976,211</u>	<u>21</u>
Other comprehensive income-net					
Other comprehensive income components that will not be reclassified to profit or loss					
8311 Remeasurement of defined benefit plans	6(16)	(\$ 1,322)	-	(\$ 949)	-
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(11,202)	-	(14,721)	-
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		<u>(11,202)</u>	<u>-</u>	<u>(14,721)</u>	<u>-</u>
8300 Other comprehensive loss for the period-net		<u>(\$ 23,726)</u>	<u>-</u>	<u>(\$ 30,391)</u>	<u>-</u>
8500 Total comprehensive income for the period		<u>\$ 1,018,467</u>	<u>6</u>	<u>\$ 4,945,820</u>	<u>21</u>
Profit attributable to:					
Earnings per share (in dollars)	6(29)				
9750 Basic earnings per share		<u>\$</u>	<u>3.71</u>	<u>\$</u>	<u>17.76</u>
9850 Diluted earnings per share		<u>\$</u>	<u>3.71</u>	<u>\$</u>	<u>17.63</u>

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Hsing-Hai Chen

Manager: Ming-Chien Chang

Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc.
Parent Company Only Statements of Changes in Equity
Years ended December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	Retained earnings				Unappropriated retained earnings	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Treasury share	Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve				
<u>2021</u>									
Balance at January 1, 2021		\$ 2,857,589	\$ 109,677	\$ 1,409,039	\$ 8,524	\$ 4,019,327	\$ 5,536	(\$ 145,649)	\$ 8,264,043
Profit for the year		-	-	-	-	4,976,211	-	-	4,976,211
Other comprehensive loss for the year		-	-	-	-	(949)	(29,442)	-	(30,391)
Total comprehensive income (loss) for the period		-	-	-	-	4,975,262	(29,442)	-	4,945,820
Distribution of 2020 earnings:	6(20)								
Legal reserve appropriated		-	-	107,723	-	(107,723)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(572,314)	-	-	(572,314)
Reversal of special reserve		-	-	-	(8,524)	8,524	-	-	-
Disposal of parent company's share by subsidiary recognised as treasury share	6(19)	-	40,089	-	-	-	-	8,233	48,322
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(19)	-	1,146	-	-	-	-	-	1,146
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(19)	-	11,739	-	-	-	-	-	11,739
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(19)	-	(27)	-	-	-	-	-	(27)
Difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount	6(19)	-	(311)	-	-	-	-	-	(311)
Issuance of new shares due to employee stock options exercised	6(17)(18)(19)	3,981	18,946	-	-	-	-	-	22,927
Expired cash dividends transferred to capital surplus	6(19)	-	70	-	-	-	-	-	70
Balance at December 31, 2021		<u>\$ 2,861,570</u>	<u>\$ 181,329</u>	<u>\$ 1,516,762</u>	<u>\$ -</u>	<u>\$ 8,323,076</u>	<u>(\$ 23,906)</u>	<u>(\$ 137,416)</u>	<u>\$ 12,721,415</u>
<u>2022</u>									
Balance at January 1, 2022		\$ 2,861,570	\$ 181,329	\$ 1,516,762	\$ -	\$ 8,323,076	(\$ 23,906)	(\$ 137,416)	\$ 12,721,415
Profit for the year		-	-	-	-	1,042,193	-	-	1,042,193
Other comprehensive loss for the year		-	-	-	-	(1,322)	(22,404)	-	(23,726)
Total comprehensive income (loss) for the period		-	-	-	-	1,040,871	(22,404)	-	1,018,467
Distribution of 2021 earnings:	6(20)								
Legal reserve appropriated		-	-	497,526	-	(497,526)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(2,289,256)	-	-	(2,289,256)
Special reserve appropriated		-	-	-	23,906	(23,906)	-	-	-
Acquisition of the Company's share by subsidiary recognised as treasury share		-	-	-	-	-	-	(10,284)	(10,284)
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(19)	-	989	-	-	-	-	-	989
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(19)	-	44,720	-	-	-	-	-	44,720
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(19)	-	(29)	-	-	-	-	-	(29)
Change in associates and joint ventures accounted for using equity method	6(19)	-	28,165	-	-	-	-	-	28,165
Expired cash dividends transferred to capital surplus	6(19)	-	143	-	-	-	-	-	143
Balance at December 31, 2022		<u>\$ 2,861,570</u>	<u>\$ 255,317</u>	<u>\$ 2,014,288</u>	<u>\$ 23,906</u>	<u>\$ 6,553,259</u>	<u>(\$ 46,310)</u>	<u>(\$ 147,700)</u>	<u>\$ 11,514,330</u>

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Hsing-Hai Chen

Manager: Ming-Chien Chang

Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc.
Parent Company Only Statements of Cash Flows
Years ended December 31, 2022 and 2021

Unit: NT\$ thousand
2021

	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,239,792	\$ 5,909,183
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(9)(26)	505,867	401,657
Amortisation	6(10)(26)	122,085	116,866
Expected credit impairment gain	12(2)	-	(5,713)
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(24)	11,804	(52,007)
Interest expenses	6(25)	33,488	20,341
Interest income	6(22)	(83,306)	(27,254)
Dividend income	6(23)	(771)	(3,155)
Impairment loss	6(10)(11)(24)	-	18,302
Share of profit of associates and joint ventures accounted for using equity method		(35,216)	(63,540)
Onerous contracts losses	6(12)(24)	530,888	-
Gains on lease modifications	6(24)	(1,213)	(4)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit and loss		66,896	47,042
Notes receivable	(9)	-	-
Accounts receivable		1,024,294	(400,325)
Accounts receivable - related parties	(1,482)	973	-
Other receivables		35,879	(17,200)
Other receivables - related parties		100	-
Inventories	(2,983,607)	606,335	-
Prepayments	(380,078)	(37,299)	-
Other current assets	(651)	5,013	-
Other non-current assets	(1,182,950)	-	-
Changes in operating liabilities			
Notes payable		194	90
Accounts payable	(667,094)	518,187	-
Accounts payable-related parties		35,233	52,939
Contract liabilities	(15,303)	16,063	-
Other payables	(395,340)	1,193,033	-
Other current liabilities		1,355	(3,639)
Other non-current liabilities		104	(2,049)
Cash (outflow) inflow generated from operations		(2,139,041)	8,293,839
Interest received		81,174	23,562
Interest paid	(29,390)	(19,246)	-
Income taxes paid	(1,492,972)	(172,357)	-
Net cash flows (used in) from operating activities		(3,580,229)	8,125,798

(Continued)

Elite Semiconductor Microelectronics Technology Inc.
Parent Company Only Statements of Cash Flows
Years ended December 31, 2022 and 2021

Unit: NT\$ thousand
2021

	Notes	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 83,540)	(\$ 144,324)
Disposal of financial assets at amortised cost		194,260	170,308
Acquisition of property, plant and equipment	6(30)	(1,269,380)	(850,539)
Acquisition of intangible assets	6(30)	(89,454)	(106,876)
Increase in refundable deposits		(86,279)	(836,550)
Dividends received		50,343	18,250
Net cash flows used in investing activities		(1,284,050)	(1,749,731)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(30)	1,475,000	360,000
Increase in long-term borrowings	6(30)	643,400	-
Increase (decrease) short-term notes and bills payable	6(30)	271	(148,869)
Repayment of lease liabilities	6(30)	(8,241)	(7,499)
Decrease in guarantee deposit received	6(30)	(280)	(298)
Proceeds from exercise of employee stock options		-	22,927
Cash dividends paid	6(20)	(2,289,256)	(572,314)
Expired cash dividends	6(19)	143	70
Net cash flows used in financing activities		(178,963)	(345,983)
Net (decrease) increase in cash and cash equivalents		(5,043,242)	6,030,084
Cash and cash equivalents at beginning of year	6(1)	8,749,239	2,719,155
Cash and cash equivalents at end of year	6(1)	\$ 3,705,997	\$ 8,749,239

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

Chairman: Hsing-Hai Chen

Manager: Ming-Chien Chang

Accounting Manager: Candy Chu

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE
(CONSOLIDATED FINANCIAL STATEMENTS)

To the Board of Directors and Shareholders of Elite Semiconductor Microelectronics Technology Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Elite Semiconductor Microelectronics Technology Inc. and its subsidiaries (the“ Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Allowance for inventory valuation losses

Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(5) for details of inventories. As of December 31, 2022, the Group's inventories and allowance for inventory valuation losses amounted to NT\$9,234,664 thousand and NT\$865,439 thousand, respectively.

The Group is primarily engaged in researching, developing, manufacturing, selling of integrated circuits. The Group recognises inventories at the lower of cost and net realisable value. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged. As the estimation of net realisable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter, including assessing the reasonability of the policies and procedures adopted to provide for inventory losses based on the understanding of the Group's operations and industry, including the historical information of depletion of inventories, and the rationality of judging obsolete inventory items. We validated the appropriateness of relevant information in the inventory aging report utilised by the Group to confirm that the information in the report is consistent with its policy. We then evaluated and confirmed the reasonableness of net realisable value for inventories through validating respective supporting documents and information.

Other matter—Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Elite Semiconductor Microelectronics Technology Inc. as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Shu-Chien, Pai

Ya-Huei, Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: NT\$ thousand

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,764,681	24	\$ 9,790,722	48
1110	Financial assets at fair value through profit or loss - current	6(2)	205,510	1	359,686	2
1136	Financial assets at amortised cost - current		-	-	110,720	-
1150	Notes receivable, net		9	-	-	-
1170	Accounts receivable, net	6(4)	962,383	5	1,989,419	10
1200	Other receivables		84,473	1	116,462	1
1220	Current income tax assets		220,468	1	-	-
130X	Inventories	6(5)	8,369,225	42	5,375,685	27
1410	Prepayments		444,561	2	69,113	-
1470	Other current assets		821	-	170	-
11XX	Total current assets		<u>15,052,131</u>	<u>76</u>	<u>17,811,977</u>	<u>88</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	12,990	-	35,394	-
1550	Investments accounted for using equity method	6(6)	103,857	1	51,812	-
1600	Property, plant and equipment	6(7) and 8	2,052,992	11	1,302,287	7
1755	Right-of-use assets	6(8)	74,924	-	73,549	-
1760	Investment property, net	6(9)	15,761	-	16,731	-
1780	Intangible assets	6(10)(11)	51,410	-	83,825	1
1840	Deferred income tax assets	6(28)	213,192	1	3,116	-
1900	Other non-current assets	6(12) and 8	2,148,472	11	858,688	4
15XX	Total non-current assets		<u>4,673,598</u>	<u>24</u>	<u>2,425,402</u>	<u>12</u>
1XXX	Total assets		<u>\$ 19,725,729</u>	<u>100</u>	<u>\$ 20,237,379</u>	<u>100</u>

(Continued)

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: NT\$ thousand

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(13)	\$ 3,175,000	16	\$ 1,700,000	8
2130	Contract liabilities - current	6(21)	6,096	-	21,399	-
2150	Notes payable		2,399	-	2,205	-
2170	Accounts payable		2,325,661	12	2,980,701	15
2200	Other payables	6(14)	1,426,556	7	1,832,840	9
2230	Current income tax liabilities		3,464	-	911,140	5
2250	Provisions for liabilities - current	6(12)(24)	530,888	3	-	-
2280	Lease liabilities - current		12,881	-	11,501	-
2300	Other current liabilities		9,430	-	7,919	-
21XX	Total current liabilities		<u>7,492,375</u>	<u>38</u>	<u>7,467,705</u>	<u>37</u>
Non-current liabilities						
2540	Long-term borrowings	6(15)	643,400	3	-	-
2550	Provisions for liabilities - non-current		19,850	-	18,040	-
2570	Deferred income tax liabilities	6(28)	55,208	-	15,455	-
2580	Lease liabilities - non-current		62,421	1	63,328	-
2600	Other non-current liabilities	6(16)	14,599	-	13,291	-
25XX	Total non-current liabilities		<u>795,478</u>	<u>4</u>	<u>110,114</u>	<u>-</u>
2XXX	Total Liabilities		<u>8,287,853</u>	<u>42</u>	<u>7,577,819</u>	<u>37</u>
Equity						
Equity attributable to owners of parent						
	Share capital	6(18)				
3110	Common stock		2,861,570	15	2,861,570	14
	Capital surplus	6(19)				
3200	Capital surplus		255,317	1	181,329	1
	Retained earnings	6(20)				
3310	Legal reserve		2,014,288	10	1,516,762	8
3320	Special reserve		23,906	-	-	-
3350	Unappropriated retained earnings		6,553,259	33	8,323,076	41
	Other equity interest					
3400	Other equity interest		(46,310)	-	(23,906)	-
3500	Treasury shares	6(18)	(147,700)	(1)	(137,416)	(1)
31XX	Total equity attributable to owners of the parent		<u>11,514,330</u>	<u>58</u>	<u>12,721,415</u>	<u>63</u>
36XX	Non-controlling interests		<u>(76,454)</u>	<u>-</u>	<u>(61,855)</u>	<u>-</u>
3XXX	Total equity		<u>11,437,876</u>	<u>58</u>	<u>12,659,560</u>	<u>63</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 19,725,729</u>	<u>100</u>	<u>\$ 20,237,379</u>	<u>100</u>

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

Chairman: Hsing-Hai Chen

Manager: Ming-Chien Chang

Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years ended December 31, 2022 and 2021

Unit: NT\$ thousand
(Except earnings per share)

		Year ended December 31,					
		2022		2021			
Items	Notes	AMOUNT	%	AMOUNT	%		
4000	Operating revenue	\$ 16,207,898	100	\$ 23,844,898	100		
5000	Operating costs	(13,228,940)	(82)	(15,128,779)	(63)		
5950	Gross profit	<u>2,978,958</u>	<u>18</u>	<u>8,716,119</u>	<u>37</u>		
	Operating expenses						
6100	Selling expenses	(328,630)	(2)	(483,319)	(2)		
6200	General and administrative expenses	(325,125)	(2)	(576,825)	(2)		
6300	Research and development expenses	(1,532,493)	(9)	(1,786,681)	(8)		
6450	Expected credit impairment gain	-	-	5,713	-		
6000	Total operating expenses	<u>(2,186,248)</u>	<u>(13)</u>	<u>(2,841,112)</u>	<u>(12)</u>		
6900	Operating profit	<u>792,710</u>	<u>5</u>	<u>5,875,007</u>	<u>25</u>		
	Non-operating income and expenses						
7100	Interest income	97,380	1	33,234	-		
7010	Other income	92,266	-	48,630	-		
7020	Other gains and losses	332,510	2	26,526	-		
7050	Finance costs	(33,530)	-	(20,432)	-		
7060	Share of profit of associates and joint ventures accounted for using equity method	<u>23,880</u>	<u>-</u>	<u>17,929</u>	<u>-</u>		
7000	Total non-operating income and expenses	<u>512,506</u>	<u>3</u>	<u>105,887</u>	<u>-</u>		
7900	Profit before income tax	<u>1,305,216</u>	<u>8</u>	<u>5,980,894</u>	<u>25</u>		
7950	Income tax expense	(201,501)	(1)	(940,874)	(4)		
8200	Profit for the period	<u>\$ 1,103,715</u>	<u>7</u>	<u>\$ 5,040,020</u>	<u>21</u>		
	Other comprehensive income-net						
	Other comprehensive income components that will not be reclassified to profit or loss						
8311	Remeasurement of defined benefit plans	(\$ 1,322)	-	(\$ 949)	-		
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	<u>(22,404)</u>	<u>-</u>	<u>(29,442)</u>	<u>-</u>		
8300	Other comprehensive loss for the period-net	<u>(\$ 23,726)</u>	<u>-</u>	<u>(\$ 30,391)</u>	<u>-</u>		
8500	Total comprehensive income for the period	<u>\$ 1,079,989</u>	<u>7</u>	<u>\$ 5,009,629</u>	<u>21</u>		
	Profit attributable to:						
8610	Owners of the parent	<u>\$ 1,042,193</u>	<u>7</u>	<u>\$ 4,976,211</u>	<u>21</u>		
8620	Non-controlling interest	<u>\$ 61,522</u>	<u>-</u>	<u>\$ 63,809</u>	<u>-</u>		
	Total comprehensive income attributable to:						
8710	Owners of the parent	<u>\$ 1,018,467</u>	<u>7</u>	<u>\$ 4,945,820</u>	<u>21</u>		
8720	Non-controlling interest	<u>\$ 61,522</u>	<u>-</u>	<u>\$ 63,809</u>	<u>-</u>		
	Earnings per share(in dollars)						
9750	Basic earnings per share	<u>\$</u>	<u>3.71</u>	<u>\$</u>	<u>17.76</u>		
9850	Diluted earnings per share	<u>\$</u>	<u>3.71</u>	<u>\$</u>	<u>17.63</u>		

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

Chairman: Hsing-Hai Chen

Manager: Ming-Chien Chang

Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
Years ended December 31, 2022 and 2021

Unit: NT\$ thousand

	Equity attributable to owners of the parent										
	Note	Retained earnings					Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Treasury share	Total	Non-controlling interest	Total equity
Common stock		Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
2021											
Balance at January 1, 2021	\$	2,857,589	\$ 109,677	\$ 1,409,039	\$ 8,524	\$ 4,019,327	\$ 5,536	(\$ 145,649)	\$ 8,264,043	(\$ 134,760)	\$ 8,129,283
Profit for the period		-	-	-	-	4,976,211	-	-	4,976,211	63,809	5,040,020
Other comprehensive loss for the period		-	-	-	-	(949)	(29,442)	-	(30,391)	-	(30,391)
Total comprehensive income (loss) for the period		-	-	-	-	4,975,262	(29,442)	-	4,945,820	63,809	5,009,629
Distribution of 2020 earnings:	6(20)										
Legal reserve appropriated		-	-	107,723	-	(107,723)	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	(572,314)	-	(572,314)	-	-	(572,314)
Reversal of special reserve		-	-	-	(8,524)	8,524	-	-	-	-	-
Disposal of parent company's share by subsidiary recognised as treasury share	6(19)	-	40,089	-	-	-	-	8,233	48,322	11,435	59,757
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(19)	-	1,146	-	-	-	-	-	1,146	(7,233)	(6,087)
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(19)	-	11,739	-	-	-	-	-	11,739	-	11,739
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(19)(30)	-	(27)	-	-	-	-	-	(27)	(1)	(28)
Difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount	6(19)	-	(311)	-	-	-	-	-	(311)	4,895	4,584
Issuance of new shares due to employee stock options exercised	6(17)(18)(19)	3,981	18,946	-	-	-	-	-	22,927	-	22,927
Expired cash dividends transferred to capital surplus	6(19)	-	70	-	-	-	-	-	70	-	70
Balance at December 31, 2021	\$	2,861,570	\$ 181,329	\$ 1,516,762	\$ -	\$ 8,323,076	(\$ 23,906)	(\$ 137,416)	\$ 12,721,415	(\$ 61,855)	\$ 12,659,560
2022											
Balance at January 1, 2022	\$	2,861,570	\$ 181,329	\$ 1,516,762	\$ -	\$ 8,323,076	(\$ 23,906)	(\$ 137,416)	\$ 12,721,415	(\$ 61,855)	\$ 12,659,560
Profit for the period		-	-	-	-	1,042,193	-	-	1,042,193	61,522	1,103,715
Other comprehensive loss for the period		-	-	-	-	(1,322)	(22,404)	-	(23,726)	-	(23,726)
Total comprehensive income (loss) for the period		-	-	-	-	1,040,871	(22,404)	-	1,018,467	61,522	1,079,989
Distribution of 2021 earnings:	6(20)										
Legal reserve appropriated		-	-	497,526	-	(497,526)	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(2,289,256)	-	(2,289,256)	-	-	(2,289,256)
Special reserve appropriated		-	-	-	23,906	(23,906)	-	-	-	-	-
Acquisition of parent company's share by subsidiary recognised as treasury share		-	-	-	-	-	-	(10,284)	(10,284)	(14,284)	(24,568)
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(19)	-	989	-	-	-	-	-	989	(61,155)	(60,166)
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(19)	-	44,720	-	-	-	-	-	44,720	-	44,720
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(19)(30)	-	(29)	-	-	-	-	-	(29)	(18)	(47)
Change in associates and joint ventures accounted for using equity method	6(19)	-	28,165	-	-	-	-	-	28,165	-	28,165
Expired cash dividends transferred to capital surplus	6(19)	-	143	-	-	-	-	-	143	-	143
Disposal of a subsidiary		-	-	-	-	-	-	-	-	(664)	(664)
Balance at December 31, 2022	\$	2,861,570	\$ 255,317	\$ 2,014,288	\$ 23,906	\$ 6,553,259	(\$ 46,310)	(\$ 147,700)	\$ 11,514,330	(\$ 76,454)	\$ 11,437,876

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

Chairman: Hsing-Hai Chen

Manager: Ming-Chien Chang

Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2022 and 2021

Unit: NT\$ thousand
2021

	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,305,216	\$ 5,980,894
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(9)(26)	514,396	409,566
Amortisation	6(10)(26)	122,101	116,858
Expected credit impairment gain	12(2)	-	(5,713)
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(24)	87,280	(114,844)
Interest expense	6(25)	33,530	20,432
Interest income	6(22)	(97,380)	(33,234)
Dividend income	6(23)	(68,750)	(22,184)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(23,880)	(17,929)
Loss on disposal of a subsidiary	6(24)	161	-
Gains on disposals of property, plant and equipment	6(24)	-	(10)
Transfer property, plant and equipment to miscellaneous expenses	6(7)	477	-
Impairment loss	6(10)(11)(24)	-	18,302
Onerous contracts losses	6(12)(24)	530,888	-
Gains on lease modifications	6(24)	(1,213)	(37)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit and loss		66,896	120,632
Notes receivable		(9)	-
Accounts receivable		1,028,518	(350,686)
Accounts receivable - related parties		(1,482)	973
Other receivables		36,041	(16,889)
Inventories		(2,993,540)	593,645
Prepayments		(375,495)	(37,468)
Other current assets		(651)	5,027
Other non-current assets		(1,182,950)	-
Changes in operating liabilities			
Notes payable		194	90
Accounts payable		(655,040)	584,543
Contract liabilities		(15,303)	16,053
Other payables		(404,101)	1,190,428
Other current liabilities		1,521	(2,984)
Other non-current liabilities		106	(2,049)
Cash (outflow) inflow generated from operations		(2,092,469)	8,453,416
Interest received		93,328	29,491
Interest paid		(29,432)	(19,336)
Income taxes paid		(1,499,968)	(173,972)
Net cash flows (used in) from operating activities		(3,528,541)	8,289,599

(Continued)

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2022 and 2021

Unit: NTS thousand
2021

	Notes	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost	(\$	114,250)	(\$ 144,324)
Proceeds from disposal of financial assets at amortised cost		224,970	170,308
Decrease in cash due to disposal of a subsidiary	(	793)	-
Acquisition of property, plant and equipment	6(31) (	1,276,718)	(917,073)
Proceeds from disposal of property, plant and equipment		-	10
Dividends received	6(23)	68,750	22,184
Acquisition of intangible assets	6(31) (	89,470)	(106,868)
Increase in refundable deposits		(86,336)	(835,542)
Net cash flows used in investing activities		(1,273,847)	(1,811,305)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(31)	1,475,000	360,000
Increase in long-term borrowings	6(31)	643,400	-
Increase (decrease) in short-term notes and bills payable	6(31)	271 (	148,869)
Repayments of lease liabilities	6(31) (	13,030)	(12,386)
Decrease in guarantee deposit received	6(31) (	120)	(298)
Cash dividends paid	6(20) (	2,289,256)	(572,314)
Proceeds from exercise of employee stock options		-	22,927
Subsidiaries paid cash dividends to non-controlling interests	(	60,166)	(6,087)
Subsidiaries received cash dividends from parent company	6(19)	44,720	11,739
Purchase of treasury shares	(	24,568)	-
Proceeds from disposal of treasury shares	6(19)	-	48,322
Proceeds from disposal of treasury shares – increase of non-controlling interests		-	11,435
Expired cash dividends	6(19)	143	70
Acquisition of additional shares of a subsidiary from non-controlling interests	6(30) (	47)	(28)
Net cash flows used in financing activities		(223,653)	(285,489)
Net (decrease) increase in cash and cash equivalents		(5,026,041)	6,192,805
Cash and cash equivalents at beginning of year	6(1)	9,790,722	3,597,917
Cash and cash equivalents at end of year	6(1)	\$ 4,764,681	\$ 9,790,722

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

Chairman: Hsing-Hai Chen

Manager: Ming-Chien Chang

Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc.

2022 Earnings Distribution Table

Unit: NT\$

Items	Amount	Remarks
I. Earnings available for distribution		
1. Undistributed earnings of previous year	5,512,388,859	
2. Less: Actuarial loss of defined benefit plan	(1,321,941)	
3. Add: Net income of 2022	1,042,192,612	
4. Less: Appropriated for legal reserve	(104,087,067)	
5. Less: Appropriated for special reserve	(22,403,890)	
Total	6,426,768,573	
II. Distribution item:		
1. Cash dividend to shareholders	(515,082,515)	NT\$1.8 per share
III. Undistributed earnings transferred to the following year	5,911,686,058	

Note : 2022 cash dividend was NT\$1.8 per share.

The cash dividend distribution is calculated temporarily based on the Company's outstanding common shares of 286,156,953 shares as of February 23, 2023. To maintain the dividend distribution of NT\$1.8 per share, if, prior to the ex-dividend date, the number of outstanding shares is affected by any amendment by the competent authorities or by any change in the Company's share capital, such as the conversion of employee stock warrants into common shares, which subsequently results in a change in the earnings distribution, it is intended that the Chairman of the BOD will be authorized to deal with such changes.

Elite Semiconductor Microelectronics Technology Inc.
Comparison Table for “Articles of Incorporation” Before and After Revision

Articles	Articles before Amendments	Articles after Amendments	Description
Article 10	<p>Shareholders' meetings are of two types: (1) annual meetings and (2) special meetings.</p> <p>Annual meetings will be convened by the BOD in accordance with the law once a year within six months after the close of each fiscal year.</p> <p>Special meetings will be called for any time under law as necessary.</p>	<p>Shareholders' meetings are of two types: (1) annual meetings and (2) special meetings.</p> <p>Annual meetings will be convened by the BOD in accordance with the law once a year within six months after the close of each fiscal year. Special meetings will be called for any time under law as necessary.</p> <p><u>The shareholders' meeting of the Company can be held by means of video conferencing or other methods promulgated by the central competent authority.</u></p> <p><u>The prerequisites, procedures and other compliance matters of shareholders' meeting held by means of video conferencing shall be subject to prescriptions provided for by the competent authority in charge of securities affairs.</u></p>	Amended in accordance with the operation needs of the Company
Article 16	<p>The BOD shall be organized by Directors. The BOD shall elect a Chairman from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors. The Chairman shall represent the Company externally.</p>	<p>The BOD shall be organized by Directors.</p> <p>The BOD shall elect a Chairman from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors <u>and may also elect a Vice Chairman when deemed necessary for business operations.</u></p> <p>The Chairman shall represent the Company externally.</p>	

<p>Article 26</p>	<p>The Articles of Incorporation was instituted on May 20, 1998. The 1st amendment was made on May 28, 1999. The 2nd amendment was made on Feb. 25, 2000. The 3rd amendment was made on Mar 31, 2000. The 4th amendment was made on Jun. 18, 2001. The 5th amendment was made on Jun. 19, 2002. The 6th amendment was made on Feb. 18, 2003. The 7th amendment was made on Jun. 6, 2003. The 8th amendment was made on Jun. 25, 2004. The 9th amendment was made on Jun. 13, 2005. The 10th amendment was made on Jun. 23, 2006. The 11th amendment was made on Jun. 15, 2007. The 12th amendment was made on Jun. 13, 2008. The 13th amendment was made on Jun. 18, 2010. The 14th amendment was made on Jun. 15, 2017. The 15th amendment was made on Jun. 15, 2012. The 16th amendment was made on Jun. 11, 2013. The 17th amendment was made on Jun. 2, 2015. The 18th amendment was made on Jun. 14, 2018. The 19th amendment was made on Jun. 13, 2019. The 20th amendment was made on Jun. 15, 2020. The 21th amendment was made on Jul. 12, 2021. The 22th amendment was made on Jun. 15, 2022.</p>	<p>The Articles of Incorporation was instituted on May 20, 1998. The 1st amendment was made on May 28, 1999. The 2nd amendment was made on Feb. 25, 2000. The 3rd amendment was made on Mar 31, 2000. The 4th amendment was made on Jun. 18, 2001. The 5th amendment was made on Jun. 19, 2002. The 6th amendment was made on Feb. 18, 2003. The 7th amendment was made on Jun. 6, 2003. The 8th amendment was made on Jun. 25, 2004. The 9th amendment was made on Jun. 13, 2005. The 10th amendment was made on Jun. 23, 2006. The 11th amendment was made on Jun. 15, 2007. The 12th amendment was made on Jun. 13, 2008. The 13th amendment was made on Jun. 18, 2010. The 14th amendment was made on Jun. 15, 2017. The 15th amendment was made on Jun. 15, 2012. The 16th amendment was made on Jun. 11, 2013. The 17th amendment was made on Jun. 2, 2015. The 18th amendment was made on Jun. 14, 2018. The 19th amendment was made on Jun. 13, 2019. The 20th amendment was made on Jun. 15, 2020. The 21th amendment was made on Jul. 12, 2021. The 22th amendment was made on Jun. 15, 2022. <u>The 23th amendment was made on May 30, 2023.</u></p>	<p>Added the date of amendment</p>
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Appendix I

Elite Semiconductor Microelectronics Technology Inc. Rules and Procedure of Shareholders' Meetings

Approved at the Annual Shareholders' Meeting on Jun. 2, 2015

- Article 1. Unless otherwise provided by laws or regulations, the Company's shareholders' meetings shall be regulated according to the Rules.
- Article 2. The attending shareholders shall be furnished with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.
- Article 3. Attendance and voting at a shareholders' meeting shall be calculated based the number of shares.
- Article 4. The venue for the Company's shareholders' meeting shall be the premises of the Company, or a place accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5. If a shareholders' meeting is convened by the Board of Directors("BOD"), the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise the powers of the Chairman, the Vice-Chairman shall act in place of the Chairman; if there is no Vice-Chairman or the Vice-Chairman is also on leave or for any reason unable to exercise the powers of the Vice-Chairman, the Chairman shall appoint one of the Managing Directors to act as chair. If there are no Managing Directors, one of the Directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select from among themselves one person to serve as chair.
- If a shareholders' meeting is convened by a party with powers to convene but other than the BOD, the convening party shall chair the meeting.
- Article 6. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.
- Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
- Article 7. The Company shall make an uninterrupted audio or video recording of the meeting and the recorded materials shall be retained for at least 1 year.

Article 8. The Chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act.

Before the end of current meeting, when the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9. If a shareholders' meeting is convened by the BOD, the meeting agenda shall be set by the BOD. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the BOD.

The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda (including extraordinary motions) mentioned in the preceding two paragraphs, except by a resolution of the shareholders' meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, a new chairman shall be promptly elected by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. After the meeting is adjourned, shareholders shall not elect another chairman to continue the meeting at the same place or at any other place.

Article 10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairman.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairman and the shareholder that has the floor; the chairman shall stop any violation.

Article 11. Except with the consent of the chairman, a shareholder may not speak more than twice on the same motion, and a single speech may not exceed five minutes.

If the shareholder's speech violates the rules in the preceding paragraph or exceeds the scope of the agenda item, the chairman may terminate the speech.

Article 12. When a juristic person is appointed to attend as a proxy, the juristic person may designate only one person to represent him/her in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, one of the representatives so appointed may speak on the same motion.

Article 13. After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

Article 14. When the chairman assumes the opinion that the discussion for a motion has been discussed sufficiently to put it to a resolution, the chairman may announce discontinuance of the discussion and call for resolution.

Article 15. Vote monitoring and counting personnel for the voting on a motion shall be appointed by the chairman, provided that all monitoring personnel shall be shareholders of the Company. The results of the resolution(s) shall be announced in the meeting and recorded in the meeting minutes.

Article 16. During a meeting, the chairman may announce for a break based on time considerations.

Article 17. Except as otherwise provided in the Company Act or in the Company's Articles of Incorporation, the resolution of a motion shall require the vote of a majority of the voting rights represented by the attending shareholders.

When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means, and method of execution and the declaration of intent thereof shall be handled in accordance with Article 177-1 and 177-2 of the Company Act. At the time of a vote, the chairman or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal shall be updated to the MOPS.

Article 18. If there shall be an amendment or alternative to a motion, the chairman may combine the amendment or alternative into the original motion, and determine their orders for resolution.

When any one among them is passed, the other proposals will then be deemed to be rejected, and no further voting shall be required.

Article 19. The chairman may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband that reads “Proctor”.

Article 20. Any matters that are not addressed in the Rules shall be governed by the Articles of Incorporation.

Article 21. The Rules and any amendments hereto, shall be implemented after adoption at the shareholders’ meetings.

Appendix II

Elite Semiconductor Microelectronics Technology Inc.

Articles of Incorporation

Approved at the Annual Shareholders' Meeting on Jun. 15, 2022

Chapter 1. General Provision

Article 1. The Corporation shall be incorporated as a company limited by shares under the Company Act of the Republic of China, and its name shall be 晶豪科技股份有限公司 in the Chinese language, and ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. in the English language.

Article 2. The Company is engaged in the following business:

- (I) CC01080 Electronic Parts and Components Manufacturing
- (II) I301010 Software Design Services
- (III) F401030 Manufacture Export

The Company is engaged in the research, development, production, manufacture, and sales of the following products:

- 1. DRAM manufactured under 0.21 micron (incl.) process and all SRAM and Flash Memory manufactured under 0.25 micron (incl.) process.
- 2. Analog integrated circuit
- 3. Analog and digital mixed integrated circuit
- 4. Technical services related to product design and R&D related to the Company's business.
- 5. Import and export trade business related to the Company's business.

Article 3. The Company may act as a guarantor for others due to business requirements.

Article 4. The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Act. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the BOD.

Article 5. The Company set up head offices in Hsinchu Science Park, upon resolution of the BOD and approval of competent authority, to set up branches or offices at various locations within and without the territory of ROC.

Article 6. The Company shall make public announcements in accordance with Article 28 of the Company Act.

Chapter 2. Shares

Article 7. The capital sum of the Company is NT\$3,500,000,000 to be divided for 350,000,000 shares at par value of NT\$10 per share. Unissued shares may be issued in installments in accordance with the resolution of the BOD. 20,000,000 shares are reserved for the subscription of subscription warrants, preference shares with subscription warrants, or corporate bonds with warrants.

The Company's bough-back treasury shares are assigned or transferred to subsidiary company employees who meet certain conditions.

The Company's share subscription warrants are entitled to subsidiary company employees who meet certain conditions

When the Company issues new share, the obtaining of new shares is entitled to subsidiary company employees who meet certain conditions.

The Company's restricted stocks are entitled to subsidiary company employees who meet certain conditions.

Article 8. The Company issues registered shares and each stock certificate shall be duly certified or authenticated in accordance with the law before issuance. The company may issue shares without printed certificates. However, those shares shall be registered with Taiwan Depository & Clearing Corp., or may print a new consolidated certificate to represent the total number of shares of that new issue.

Article 8-1. The shares issued by the Company may be merged and reissued in large denominations at the request of Taiwan Depository & Clearing Corp.

Article 9. The rename for transferring shares shall be suspended by 60 days before an annual shareholders' meeting, or 30 days before a temporary shareholders' meeting, or five days before the Company decides to distribute stock dividends, bonuses, or other benefits.

Chapter 3. Shareholders' Meetings

Article 10. Shareholders' meetings are of two types: (1) annual meetings and (2) special meetings. Annual meetings will be convened by the BOD in accordance with the law once a year within six months after the close of each fiscal year. Special meetings will be called for any time under law as necessary.

Article 11. Shareholders who are unable to attend the shareholders' meetings in person may appoint a proxy to attend the meeting by providing a signed and sealed proxy form issued by the Company stating the scope of the proxy's authorization. The attendance of shareholders shall be handled not only in accordance with Article 177 of the Company Act, but also the provisions in "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" stipulated by competent authorities.

Article 12. A shareholder shall have one voting right in respect of each share held.

Article 13. At a shareholders' meeting, it shall be presided over by the chairman of the BOD. Under circumstances where the chairman is unable to perform his/her duty for any reason, the shareholders' meetings shall be presided over in accordance with Paragraph 3, Article 208 of the Company Act. If the shareholders' meetings are convened by a party with power to convene but other than the BOD, the convening party shall host the meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.

Article 13-1. Matters related to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the

shareholders' meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The aforementioned meeting minutes may be distributed and announced.

Article 14. Except otherwise regulated by the Company Act, a shareholders' meeting resolution is passed when more than half of all outstanding shares are represented in the meeting and voted in favor by more than half of all voting rights represented at the meeting.

Chapter 4. Directors and Supervisors

Article 15. The BOD of the Company shall appoint seven to eleven Directors with a three-year term by means of a candidate nomination system, and the shareholders shall elect Directors from among the nominees and Directors may be re-elected after the term.

Amongst the Directors' number mentioned above, there shall be no fewer than three independent Directors and they must not represent less than one-fifth of the Board. Independent Directors and Non-Independent Directors shall be elected at the same time and the quota shall be calculated separately.

The Company may purchase liability insurance policies to insure itself against liabilities that arise due to operational decisions made by Directors during their terms of service.

Article 15-1. The Company has set up an Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act. The Audit Committee consists of all Independent Directors. The duties and other related matters of the Audit Committee shall be performed as stipulated by the Company Act, Securities and Exchange Act, and other regulations.

Article 15-2. In calling a meeting of the BOD, a notice stating the cause of the meeting shall be given to each Director no later than seven days prior to the scheduled meeting date. Under emergent circumstances, however, a meeting may be called at any time.

The Company's BOD advices may be delivered via written documents, fax or email.

Article 16. The BOD shall be organized by Directors. The BOD shall elect a Chairman from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors. The Chairman shall represent the Company externally.

Article 17. In case the Chairman is on leave or absent or cannot exercise his/her power and authority for any cause, his/her representative shall be selected according to Article 208 of the Company Act.

Article 18. Unless otherwise regulated by the Company Act, the BOD's resolutions are passed only when more than half of the Board members are present in a meeting, and with more than half of attending Directors voting in favor. In case a Director is unable to attend the BOD's Meeting in person, he/she may appoint another Director to attend the meeting on his/her behalf; he/she shall issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A Director may accept the appointment to act as the proxy of one other Director only. BOD can be convened by a video conference, and those who participate in the meeting using video conferencing are considered to have attended the meeting in person.

Article 19. Any significant matters regarding the Company's operation and policies, other than those which shall be by law or approved by resolution at a shareholders' meeting, shall be approved by resolution at a Board meeting.

Article 19-1. The BOD shall be authorized to determine the remuneration to the Company's Directors based on the standard generally adhered to by other firms of the same industry.

Article 20. Deleted

Chapter 5. Managerial Personnel

Article 21. The Company shall have a President and several Vice Presidents. The appointment, discharge and the remuneration shall be done in accordance with Article 29 of the Company Act.

Chapter 6. Accounting

Article 22. The fiscal year of the Company shall start from January 1 to December 31, and the Company makes final accounts at the end of each fiscal year.

Article 23. The BOD shall prepare the following statements at the end of each accounting period and submitted them to the annual shareholders' meeting for ratification.

(I) Business Report

(II) Financial Statements

(III) Proposal Concerning Earnings Distribution or Covering of Losses.

Article 24. The Company's annual profit, if any, shall be distributed in the following order:

(I) Pay taxes

(II) Offset the losses.

(III) Appropriate 10% as legal reserve, excepting for the accumulated legal reserve that has reached total paid-in capital of the Company

(IV) Appropriate or reversal for special reserve by law

(V) The remaining earnings, together with the accumulated undistributed earnings from the previous period, shall be allocated as dividends for shareholders and will be distributed according to the shareholders' meeting.

The Company is still at the growth stage of related industry life cycle. In response to future capital needs, long-term financial plans, and shareholders' demand for cash dividends, the distributable earnings in the current year can all be allocated. The allocation plan is made by the BOD according to regulations and should be resolved by the shareholders' meeting. The Company may distribute dividends to shareholders in cash or stocks. The ratio of cash dividends shall be no less than 50% of the total dividends of the shareholders.

Where earnings, legal reserve, and capital reserve are distributed entirely or partially in cash, the BOD shall be authorized, pursuant to Articles 240 and 241 of the Company Act, to approve the distribution by a resolution adopted by a majority of the Directors at a meeting attended by over two-thirds of the total number of BOD. The distribution by a

resolution of BOD shall be reported to the Shareholders' Meeting.

Article 24-1. Based on the profit of the year, the Company shall appropriate no less than 1% of the profit as compensation to employees, and no more than 1% of the profit as remuneration to Directors. However, profits must first be taken to offset against cumulative losses if any. The compensation of employees shall be distributed in stock or cash, and the recipients of shares or cash may include the subsidiary company employees who meet certain conditions.

“The profit of the year” referred in the preceding paragraph means earnings before tax, after deduction the compensation to employees and the remuneration to Directors.

The distribution of the compensation to employees and the remuneration to Directors shall be approved by a majority of the Directors at a meeting attended by over two-thirds of the total number of BOD, and then be reported to the Shareholders' Meeting.

Chapter 7. Supplementary Provisions

Article 25. Any matters that are not addressed in the Articles of Incorporation shall be governed by the Company Act and relevant laws and regulations.

Article 26. The Articles of Incorporation was instituted on May 20, 1998.

The 1st amendment was made on May 28, 1999.

The 2nd amendment was made on Feb. 25, 2000.

The 3rd amendment was made on Mar 31, 2000.

The 4th amendment was made on Jun. 18, 2001.

The 5th amendment was made on Jun. 19, 2002.

The 6th amendment was made on Feb. 18, 2003.

The 7th amendment was made on Jun. 6, 2003.

The 8th amendment was made on Jun. 25, 2004.

The 9th amendment was made on Jun. 13, 2005.

The 10th amendment was made on Jun. 23, 2006.

The 11th amendment was made on Jun. 15, 2007.

The 12th amendment was made on Jun. 13, 2008.

The 13th amendment was made on Jun. 18, 2010.

The 14th amendment was made on Jun. 15, 2017.

The 15th amendment was made on Jun. 15, 2012.

The 16th amendment was made on Jun. 11, 2013.

The 17th amendment was made on Jun. 2, 2015.

The 18th amendment was made on Jun. 14, 2018.

The 19th amendment was made on Jun. 13, 2019.

The 20th amendment was made on Jun. 15, 2020.

The 21th amendment was made on Jul. 12, 2021.

The 22th amendment was made on Jun. 15, 2022.

Appendix III

Elite Semiconductor Microelectronics Technology Inc.

Shareholdings of All Directors

- I. As of the book closure date for the 2023 AGM, the issued shares were 286,156,953.
- II. The statutory number of shares held by the directors of the Company is 12,000,000 shares.
- III. The Company has established Audit Committee, and the minimum shareholding requirement for supervisors do not apply.
- IV. As of the book closure date for the 2023 AGM, the shareholding of individual director and all directors recorded in the shareholders' register is as follows, which comply with the percentage as stipulated in Article 26 of the Securities and Exchange Act.

As of April 1, 2023

Position	Name	Book closure date	
		Shares	Shareholding ratio
Chairman	Hsing-Hai, Chen	8,411,629	2.94%
Director	Ming-Chien, Chang	5,523,825	1.93%
Director	Chih-Hong, Ho	619,172	0.22%
Director	Yeong-Wen, Daih	581,205	0.20%
Director	Chia-Neng, Huang	-	-
Independent Director	William W. Shen	-	-
Independent Director	Tai-Haur Kuo	-	-
Independent Director	Bing-Yue Tsui	-	-
Independent Director	Cheng-Yan Chien	-	-
Shareholdings of All Directors		15,135,831	5.29%

Appendix IV

Relevant information on the proposals and nomination made by shareholders who hold 1% or more of the total issued shares of the Company

- I. In accordance with Article 172-1 and Article 192-1 of the Company Act, the proposal and nomination accepting period of 2023 AGM is from March 28, 2023 to April 7, 2023.
- II. Proposals made by shareholders who hold 1% or more of the total issued shares of the Company at the 2023 AGM: None.