Stock Code: 2383

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements with CPA's Review Report

Third Quarter of 2022 and 2021

Address: No.18, Datong 1st Rd., Guanyin Dist., Taoyuan City 328, Taiwan (R.O.C.)

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CPA's Review Report

To the Board of Directors of Elite Material Co., Ltd.:

Foreword

The consolidated balance sheet of Elite Material Co., Ltd. and its subsidiaries on September 30, 2022 and 2021 and the consolidated income statement from July 1 to September 30, and from January 1 to September 30 in 2022 and 2021, consolidated statement of changes in equity, consolidated statement of cash flows, and consolidated financial statements notes (including the summary of major accounting policies) from January 1 to September 30 in 2022 and 2021 are reviewed by the CPA. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC recognized and published IAS 34 "Interim Financial Reporting", it is the management's responsibility to prepare a fair representation of the consolidated financial statements , and the CPA's responsibility to draw a conclusion on the consolidated financial statements based on the review results.

Scope of the report

The CPA has reviewed in accordance with the Statement of Auditing Standards No. 65. The procedures performed in reviewing the consolidated financial statements include inquiries (primarily with those responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the review is significantly smaller than that of the audit work, so the CPA may not be able to detect all the matters that can be identified through the audit work, and therefore cannot express an audit opinion.

Conclusion

According to the review results of the CPA, it was not found that the consolidated financial statements of Elite Material Co., Ltd. did not comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC recognized and published IAS 34 “Interim Financial Reporting”, which cannot properly express the consolidated financial position of Elite Material Co., Ltd. and its subsidiaries on September 30, 2022 and 2021, and the consolidated financial performance from July 1 to September 30, and from January 1 to September 30 in 2022 and 2021, and consolidated cash flow from January 1 to September 30 in 2022 and 2021.

KPMG

CPA:

Securities Competent Authority Approval Certified Number	：	Chin-Kuan-Cheng-Shen-Tzu No. 1000011652 Chin-Kuan-Cheng-Shen-Tzu No. 1080303300

October 28, 2022

Reviewed on September 30, 2022 and 2021, not audited with generally accepted auditing standards

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

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

(Expressed in Thousands of New Taiwan Dollars)

Code	Assets	September 30, 2022 Amount	%	December 31, 2021 Amount	%	September 30, 2021 Amount	%
	Current Assets:						
1100	Cash and cash equivalents (Note 6 (1))	$ 7,526,066	18	6,642,069	18	5,567,830	16
1150	Notes receivable, net (Note 6 (3))	210,577	1	146,612	-	176,805	-
1170	Accounts receivable, net (Notes 6 (3) and 7)	13,098,675	32	13,127,064	36	13,454,164	38
1200	Other receivables (Note 7)	54,287	-	97,758	-	176,802	1
1220	Current income tax assets	16,032	-	-	-	-	-
1310	Inventories (Note 6 (4))	4,710,475	11	5,465,411	15	5,335,589	15
1479	Other current assets - others	151,772	-	364,830	1	259,014	1
	Total current assets	25,767,884	62	25,843,744	70	24,970,204	71
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (2))	22,924	-	-	-	-	-
1550	Investments accounted for using equity method (Note 6 (5))	-	-	-	-	4,783	-
1600	Property, plant and equipment (Note 6 (6))	13,742,052	33	8,468,582	23	7,883,136	22
1755	Right-of-use assets (Note 6 (7))	631,252	2	600,189	2	605,759	2
1780	Total intangible assets	770,526	2	669,410	2	679,590	2
1840	Deferred income tax assets (Note 6 (15))	131,422	-	281,368	1	284,127	1
1900	Other non-current assets	541,732	1	625,368	2	571,711	2
1920	Refundable deposits paid (Note 8)	64,789	-	61,780	-	56,146	-
1975	Net defined benefit asset, non-current (Note 6 (14))	15,604	-	14,620	-	3,599	-
	Total non-current assets	15,920,301	38	10,721,317	30	10,088,851	29
	Total assets	$ 41,688,185	100	36,565,061	100	35,059,055	100

Code	Liabilities and Stockholders' Equity	September 30, 2022 Amount	%	December 31, 2021 Amount	%	September 30, 2021 Amount	%
	Current Liabilities:						
2100	Short-term borrowings (Note 6 (8))	$ 4,708,426	11	2,588,894	7	2,741,297	8
2110	Short-term notes payable (Note 6 (9))	-	-	199,820	1	-	-
2170	Accounts payable	6,880,381	17	8,127,533	22	8,827,817	25
2200	Other payables (Note 7)	3,137,462	8	2,841,515	8	2,314,056	7
2230	Current tax liabilities	594,782	1	424,343	1	422,842	1
2280	Current lease liabilities (Note 6 (12))	13,399	-	11,604	-	10,602	-
2322	Long-term borrowings due within one year or one business cycle (Note 6 (10))	21,085	-	128,571	-	85,714	-
2399	Other current liabilities - others	130,441	-	162,952	-	107,892	-
	Total current liabilities	15,485,976	37	14,485,232	39	14,510,220	41
	Non-Current liabilities:						
2500	Financial liabilities at fair value through profit or loss - non-current (Note 6 (11))	38,118	-	-	-	-	-
2530	Bonds payable (Note (6) (11))	3,292,955	8	-	-	-	-
2540	Long-term borrowings (Note 6 (10))	676,174	2	721,429	2	964,286	3
2570	Deferred income tax liabilities (Note 6 (15))	435,244	1	859,997	2	757,222	2
2580	Lease liabilities - non-current (Note 6 (12))	324,493	1	291,641	1	297,366	1
2600	Other non-current liabilities (Note 6 (13))	487,587	1	432,875	1	352,343	1
	Total non-current liabilities	5,254,571	13	2,305,942	6	2,371,217	7
	Total liabilities	20,740,547	50	16,791,174	45	16,881,437	48
	Equity attributable to owners of the parent company (Note 6 (16)):						
3100	Share capital	3,329,183	8	3,329,183	9	3,329,183	10
3200	Capital surplus	2,076,279	5	1,868,661	5	1,868,661	5
	Retained earnings:						
3310	Legal reserve	2,953,134	7	2,403,968	7	2,403,968	7
3320	Special reserve	903,909	2	756,891	2	756,891	2
3350	Unappropriated Retained Earnings	11,986,527	29	12,298,052	34	10,809,812	31
3400	Other equity interest	(301,394)	(1)	(903,909)	(2)	(1,009,959)	(3)
	Total equity attributable to owners of the parent company	20,947,638	50	19,752,846	55	18,158,556	52
36XX	**Non-controlling interests**	-	-	21,041	-	19,062	-
	Total equity	20,947,638	50	19,773,887	55	18,177,618	52
	Total liabilities and equity	$ 41,688,185	100	36,565,061	100	35,059,055	100

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

Chairman: Ding-Yu Dong **Managerial Officer: En-Xiang Guan** **Accounting Manager: Sara Yen**

Reviewed only, not audited with generally accepted auditing standards

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		July 2022 to September2022		July 2021 to September 2021		January 2022 to September 2022		January 2021 to September 2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (Notes 6 (18) and 7)**	$ 9,882,771	100	10,776,448	100	29,784,514	100	28,338,062	100
5000	**Operating costs (Notes 6 (4) and 7)**	(7,334,033)	(74)	(7,698,732)	(72)	(22,461,128)	(75)	(21,027,488)	(74)
	Gross profit from operations	2,548,738	26	3,077,716	28	7,323,386	25	7,310,574	26
	Operating expenses:								
6100	Total selling expenses	(331,135)	(3)	(293,703)	(3)	(923,010)	(3)	(795,925)	(3)
6200	Total administrative expenses	(341,621)	(4)	(353,647)	(3)	(1,004,860)	(4)	(914,154)	(3)
6300	Total research and development expenses	(277,914)	(3)	(180,669)	(2)	(692,723)	(2)	(524,646)	(2)
6450	(Reversal of) expected credit impairment loss and gains (Note 6 (3))	(19)	-	(177)	-	(71)	-	3,331	-
	Total operating expenses	(950,689)	(10)	(828,196)	(8)	(2,620,664)	(9)	(2,231,394)	(8)
	Net operating income	1,598,049	16	2,249,520	20	4,702,722	16	5,079,180	18
	Non-operating income and expenses (Note 6 (20)):								
7100	Total interest income	19,998	-	12,376	-	46,931	-	42,995	-
7020	Other gains and losses	66,494	-	23,110	-	123,897	-	16,772	-
7050	Finance costs	(54,111)	-	(20,090)	-	(126,672)	-	(47,005)	-
7770	Share of profit of associates and joint ventures accounted for using equity method	-	-	(491)	-	-	-	(5,149)	-
	Total non-operating income and expenses	32,381	-	14,905	-	44,156	-	7,613	-
7900	**Profit from continuing operations before tax**	1,630,430	16	2,264,425	20	4,746,878	16	5,086,793	18
7950	**Less: Income tax expenses (Note 6 (15))**	(322,763)	(3)	(471,364)	(4)	(1,029,723)	(4)	(1,078,241)	(4)
8200	**Profit**	1,307,667	13	1,793,061	16	3,717,155	12	4,008,552	14
	Other comprehensive income:								
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**								
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	-	-	(15,335)	-	-	-	(15,335)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	-	-	(15,335)	-	-	-	(15,335)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**								
8361	Exchange differences on translation of foreign financial statements	304,482	3	(42,106)	-	753,853	3	(297,504)	(1)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(60,851)	-	8,412	-	(150,629)	(1)	59,433	-
	Components of other comprehensive income that will be reclassified to profit or loss	243,631	3	(33,694)	-	603,224	2	(238,071)	(1)
	Current period other comprehensive income (post-tax profit or loss)	243,631	3	(49,029)	-	603,224	2	(253,406)	(1)
	Total comprehensive income in current period	**$ 1,551,298**	**16**	**1,744,032**	**16**	**4,320,379**	**14**	**3,755,146**	**13**
	Income attributable to:								
	Owners of the parent company	$ 1,307,182	13	1,790,897	16	3,713,842	12	4,003,422	14
	Non-controlling interests	485	-	2,164	-	3,313	-	5,130	-
		$ 1,307,667	**13**	**1,793,061**	**16**	**3,717,155**	**12**	**4,008,552**	**14**
	Comprehensive income attributable to:								
	Owners of the parent company	$ 1,550,583	16	1,741,916	16	4,316,357	14	3,750,354	13
	Non-controlling interests	715	-	2,116	-	4,022	-	4,792	-
		$ 1,551,298	**16**	**1,744,032**	**16**	**4,320,379**	**14**	**3,755,146**	**13**
	Earnings per share (NTD) (Note 6 (17))								
	Basic earnings per share (NTD)	**$**	**3.93**		**5.38**		**11.16**		**12.03**
	Diluted earnings per share (NTD)	**$**	**3.81**		**5.37**		**10.97**		**12.00**

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

Chairman: Ding-Yu Dong　　Managerial Officer: En-Xiang Guan　Accounting Manager: Sara Yen

Reviewed only, not audited with generally accepted auditing standards

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From January 1 to September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Share capital		Retained earnings			Total other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Equity instrument investment gains (losses) at fair value through other comprehensive income	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2021	$ 3,329,183	1,868,661	2,035,014	832,393	9,430,270	(756,453)	(438)	16,738,630	16,879	16,755,509
Profit	-	-	-	-	4,003,422	-	-	4,003,422	5,130	4,008,552
Other comprehensive income in the current period	-	-	-	-	-	(237,733)	(15,335)	(253,068)	(338)	(253,406)
Total comprehensive income in current period	-	-	-	-	4,003,422	(237,733)	(15,335)	3,750,354	4,792	3,755,146
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	368,954	-	(368,954)	-	-	-	-	-
Special reserve	-	-	-	(75,502)	75,502	-	-	-	-	-
Cash dividends	-	-	-	-	(2,330,428)	-	-	(2,330,428)	-	(2,330,428)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(2,609)	(2,609)
Balance as of September 30, 2021	**$ 3,329,183**	**1,868,661**	**2,403,968**	**756,891**	**10,809,812**	**(994,186)**	**(15,773)**	**18,158,556**	**19,062**	**18,177,618**
Balance as of January 1, 2022	$ 3,329,183	1,868,661	2,403,968	756,891	12,298,052	(888,136)	(15,773)	19,752,846	21,041	19,773,887
Profit	-	-	-	-	3,713,842	-	-	3,713,842	3,313	3,717,155
Other comprehensive income in the current period	-	-	-	-	-	602,515	-	602,515	709	603,224
Total comprehensive income in current period	-	-	-	-	3,713,842	602,515	-	4,316,357	4,022	4,320,379
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	549,166	-	(549,166)	-	-	-	-	-
Special reserve	-	-	-	147,018	(147,018)	-	-	-	-	-
Cash dividends	-	-	-	-	(3,329,183)	-	-	(3,329,183)	-	(3,329,183)
Equity component (subscription right) of convertible bonds issued by the Company	-	207,618	-	-	-	-	-	207,618	-	207,618
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(25,063)	(25,063)
Balance as of September 30, 2022	**$ 3,329,183**	**2,076,279**	**2,953,134**	**903,909**	**11,986,527**	**(285,621)**	**(15,773)**	**20,947,638**	**-**	**20,947,638**

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

Chairman: Ding-Yu Dong **Managerial Officer: En-Xiang Guan** **Accounting Manager: Sara Yen**

Reviewed only, not audited with generally accepted auditing standards

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	January 2022 to September 2022	January 2021 to September 2021
Cash flows from operating activities:		
Profit before tax	$ 4,746,878	5,086,793
Adjustments:		
Adjustments to reconcile:		
Depreciation expense	538,150	512,671
Amortization expense	29,125	20,665
(Reversal of) expected credit impairment loss	71	(3,331)
Net losses on financial assets or liabilities at fair value through profit or loss	28,415	-
Interest expenses	111,363	47,005
Total interest income	(46,931)	(42,995)
Share of profit of associates and joint ventures accounted for using equity method	-	5,149
Loss on disposal of property, plant and equipment	688	868
Bond discounted amortized interest expense	15,309	-
Dividend income	-	(24,304)
Total adjustments to reconcile	676,190	515,728
Changes in operating assets and liabilities:		
Changes in operating assets:		
Note receivable	(62,970)	114,263
Accounts receivable	383,433	(3,982,740)
Other receivables	101,541	(168,094)
Inventory	886,733	(1,688,441)
Other current assets	192,353	(118,527)
Other non-current assets	97,251	(6,616)
Total changes in operating assets	1,598,341	(5,850,155)
Changes in operating liabilities:		
Accounts payable	(1,453,067)	3,092,120
Other payables	(17,996)	281,444
Other current liabilities	(6,351)	(53,289)
Other non-current liabilities	37,993	342,578
Total changes in operating liabilities	(1,439,421)	3,662,853
Total changes in operating assets and liabilities	158,920	(2,187,302)
Total adjustments	835,110	(1,671,574)
Cash inflow generated from operations	5,581,988	3,415,219
Interest received	55,186	52,889
Dividend received	-	24,304
Interest paid	(107,118)	(44,756)
Income taxes paid	(1,306,556)	(1,099,837)
Net Cash flows from operating activities	4,223,500	2,347,819
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(20,670)	-
Acquisitions of subsidiaries (net of cash acquired)	(24,741)	-
Acquisition of property, plant and equipment	(5,352,973)	(2,008,212)
Proceed from disposal of property, plant and equipment	-	7,836
Acquisition of intangible assets	(38,559)	(42,855)
Acquisition of right-of-use assets	-	(74,785)
Increase in refundable deposits paid	(778)	(31,395)
Other investments	-	227
Net cash flows used in investing activities	(5,437,721)	(2,149,184)
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,004,481	2,152,850
Decrease in short-term notes payable	(200,000)	-
Issuance of bonds	3,499,953	-
Long-term loan	791,212	750,000
Repay long-term loan	(951,670)	(814,286)
Increase in guarantee deposits paid	2,828	278
Payment of lease liabilities	(9,160)	(8,509)
Cash dividends paid	(3,333,150)	(2,333,037)
Net cash flows from (used in) financing activities	1,804,494	(252,704)
Effect of exchange rate fluctuations on cash held	293,724	(109,963)
Net increase (decrease) in cash and cash equivalents	883,997	(164,032)
Cash and cash equivalents at beginning of period	6,642,069	5,731,862
Cash and cash equivalents at end of period	$ 7,526,066	5,567,830

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

Chairman: Ding-Yu Dong Managerial Officer: En-Xiang Guan Accounting Manager: Sara Yen

<u>Reviewed only, not audited with generally accepted auditing standards</u>

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements.

Third Quarter of 2022 and 2021

(Unless otherwise stated, all amounts are in thousands of NTD)

I. Company history

Elite Material Co., Ltd. (hereinafter referred to as "The Company") was established on March 24, 1992, with the MOEA approval to manufacture and sale of copper foil substrates, special chemicals for the electronic industry and raw materials for electronic components, semi-finished products, and finished products where the main source of operating income is the manufacture and sale of printed circuit substrates and adhesive sheets.

On October 3, 1996, the Company was approved to be listed on the OTC stock trading, and the stock was officially listed for trading on December 26 of the same year; The Company was approved on October 22, 1998 and officially listed on TSWE on November 27 of the same year. The registration address is at No.18, Datong 1st Rd., Guanyin Dist., Taoyuan City 328, Taiwan (R.O.C.)

II. Dates and procedures for the financial statement approval

The financial statements were approved by the Company's Board of Directors on October 28, 2022.

III. Application of new and revised standards, amendments, and interpretations

(I) Impact of new and revised standards, amendments, and interpretations endorsed by the FSC

The application of the amendments to the IFRSs from January 1, 2022, did not have any material impact on the Company's financial statement:

- Amendments to IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 - Reference to the Conceptual Framework

(II) Effect of not adopting IFRS recognized by the FSC

The consolidated company has assessed the application of the following newly amended IFRS, which took effect on January 1, 2023, and determined that it will not have a significant impact on the consolidated financial report.

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

(III) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

The consolidated company does not anticipate that the following newly issued and amended standards, which have not yet been endorse, will have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 17 and IFRS 17 - Insurance Contracts
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current
- Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

IV. Summary of significant accounting policies

(I) Statement of compliance

This consolidated financial statements has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Regulations”) and the IAS 34 “Interim Financial Reporting” endorsed and issued by the FSC. This consolidated financial statements does not include all necessary information to be disclosed in the entire annual consolidated financial statement prepared in accordance with the IFRS, IAS, Interpretations endorsed and issued by the FSC (hereinafter referred to as the “IFRS endorsed by the FSC”).

The significant accounting policies adopted in this consolidated financial statements are the same as those in the 2021 consolidated financial statements. For relevant information, please refer to Note 4 to the 2021 consolidated financial statements.

(II) Consolidation basis

1. Subsidiaries included in the consolidated financial statements

Subsidiaries included in this consolidated financial statements include:

Investment Company	Subsidiary	Nature of business	Shareholding percentage September 30, 2022	 December 31, 2021	 September 30, 2021	Description
The Company	EMC OVERSEAS HOLDING INCORPORATED	Investment	100.00%	100.00%	100.00%	It was established in the British Virgin Islands in July 1996 and as of the end of September 2022, the paid-in capital was USD 36,257 thousand.

Investment Company	Subsidiary	Nature of business	Shareholding percentage September 30, 2022	 December 31, 2021	 September 30, 2021	Description
The Company	Grand Wuhan Incorporated	Investment	100.00%	100.00%	100.00%	It was established in the Cayman Islands in January 2018 and as of the end of September 2022, the paid-in capital was USD 20,020 thousand.
The Company	EMC INTERNATIONAL HOLDING INCORPORATED	Investment	100.00%	100.00%	100.00%	It was established in the Cayman Islands in July 2020 where the investment of equity capital taken place in December 2020, and as of the end of September 2022, the paid-in capital was USD 27,042 thousand.
EMC OVERSEAS HOLDING INCORPORATED	Grand Zhuhai Incorporated	Investment	100.00%	100.00%	100.00%	It was established in the Cayman Islands in April 2004 and as of the end of September 2022, the paid-in capital was USD 34,618 thousand.
Grand Zhuhai Incorporated	Grand Shanghai Incorporated	Investment	100.00%	99.79%	99.79%	It was established in the British Virgin Islands in May 1997 and as of the end of September 2022, the paid-in capital was USD 18,200 thousand.
Grand Zhuhai Incorporated	Grand Zhongshan Incorporated	Investment	100.00%	100.00%	100.00%	It was established in the British Virgin Islands in 2004 and as of the end of September 2022, the paid-in capital was USD 16,437 thousand.
Grand Shanghai Incorporated	Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Manufacturing of Prepreg and Copper Clad Laminate for PCB	100.00%	100.00%	100.00%	It was established in Kunshan Economic & Technological Development Zone, Jiangsu Province, China in September 1997 and as of the end of September 2022, the paid-in capital was USD 63,200 thousand.

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

Investment Company	Subsidiary	Nature of business	Shareholding percentage September 30, 2022	December 31, 2021	September 30, 2021	Description
Grand Zhongshan Incorporated	Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	Manufacturing of Prepreg and Copper Clad Laminate for PCB	100.00%	100.00%	100.00%	It was established in Zhongshan Torch Development Zone, Guangdong Province, China in July 2004 and as of the end of September 2022, the paid-in capital was USD 20,200 thousand.
Grand Wuhan Incorporated	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	Manufacturing of Prepreg and Copper Clad Laminate for PCB	100.00%	100.00%	100.00%	It was established in Economic and Technological Development Zone in Huangshi, China in March 2008 and as of the end of September 2022, the paid-in capital was USD 20,000 thousand.
EMC INTERNATIONAL HOLDING INCORPORATED	EMC SPECIAL APPLICATION INCORPORATED	Investment	100.00%	100.00%	100.00%	It was established in the Cayman Islands in August 2020 where the investment of equity capital taken place in December 2020, and as of the end of September 2022, the paid-in capital was USD 26,255 thousand.
EMC INTERNATIONAL HOLDING INCORPORATED	EMC USA HOLDING INCORPORATED	Investment	100.00%	100.00%	- %	It was invested in 100% equity by EMC INTERNATIONAL HOLDING INCORPORATED in December 2021 and as of the end of September 2022, the paid-in capital was USD 732 thousand.
EMC SPECIAL APPLICATION INCORPORATED	EMD SPECIALTY MATERIALS, LLC	Manufacturing of Prepreg and Copper Clad Laminate for PCB	100.00%	100.00%	100.00%	It was invested in 100% equity by EMC SPECIAL APPLICATION INCORPORATED in December 2020.

2. Subsidiaries not included in the consolidated financial statement: None.

(III) Income tax

The Consolidated Company measures and discloses the income tax expense for the interim period in accordance with IAS 34 Appendix B12, “Interim Financial Reporting”.

Income tax expense is measured by multiplying the net profit before tax for the interim reporting period by management’s best estimate of the expected effective tax rate for the full year and is fully recognized as current income tax expense.

Where income tax expense is recognized directly in equity or other comprehensive profit and loss items, it is measured at the tax rate that is expected to be applicable when realized or settled on temporary differences between the carrying amounts of related assets and liabilities for financial reporting purposes and their tax basis.

(IV) Employee benefits

The defined benefit plan pension during the interim period is calculated based on the determined pension cost rate on the reporting date of the previous year, from the beginning of the year to the end of the current period where adjustments are made for significant market fluctuations after the closing date, as well as significant reductions, liquidations, or other significant one-off events.

V. Major sources of uncertainty in significant accounting judgments, estimations, and assumptions

When the management prepares this consolidated financial statements in accordance with the preparation standards and the IAS 34 “Interim Financial Reporting” approved by the FSC, it must make judgments, estimations, and assumptions, which will affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from estimations.

During the preparation of the consolidated financial statement, the significant judgments made by the management in adopting the accounting policies of the consolidated company and the main sources of estimation uncertainty are consistent with Note 5 to the 2021 Consolidated Financial Statement.

VI. Description of significant accounting items

Except for the following, there is no significant difference between the description of significant accounting items in this consolidated financial statement and the 2021 Consolidated Financial Statement. For relevant information, please refer to Note 6 to the 2021 Consolidated Financial Statement.

(I) Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Cash	$ 528	520	523
Demand deposits	5,848,727	5,034,224	4,171,220
Time deposits	494,195	877,965	941,899
Cash equivalents	1,182,616	729,360	454,188
Cash and cash equivalents shown in the consolidated statement of cash flows	$ 7,526,066	6,642,069	5,567,830

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

	September 30, 2022	December 31, 2021	September 30, 2021
Equity instruments at fair value through other comprehensive income:			
Foreign unlisted company shares (preferred shares) - Technica USA	$ 22,924	-	-

1. Investments in equity instruments at fair value through other comprehensive income
   The equity instrument investments held by the consolidated company are long-term strategic investments not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive gains and losses.
   The consolidated company did not dispose of its strategic investments from January 1 to September 30, 2022 and 2021, and the accumulated profits and losses during this period were not transferred in equity.
2. For credit risk and market risk information, please refer to Note 6 (21).
3. None of the above financial assets are guaranteed for long-term borrowings and the amount of financing.

(III) Note receivable and accounts receivable

	September 30, 2022	December 31, 2021	September 30, 2021
Notes Receivable - resulting from operating activities	$ 210,986	146,961	177,155
Accounts Receivable - measured at amortized cost	13,103,375	13,131,350	13,458,590
Less: loss allowances	(5,109)	(4,635)	(4,776)
	$ 13,309,252	13,273,676	13,630,969

The consolidated company used the simplified approach to estimate expected credit losses on September 30, 2022 and 2021 for all note and accounts receivables which is measured using lifetime expected credit losses. For this measurement, these notes and accounts receivable are grouped by a common credit risk characteristic that represents the customer's ability to pay all amounts due in accordance with the terms of the contract with the forward-looking information included. The expected credit loss analysis of the consolidated company's note receivable and accounts receivable is as follows:

	September 30, 2022		
	Carrying amount of accounts receivable	Weighted average expected credit loss	Allowance for lifetime expected credit losses
Not past due	$ 13,195,621	0.04%	5,045
Less than 30 days past due	116,166	0.06%	62
31~120 days past due	2,574	0.08%	2
More than 121 days past due	-	-	-
	$ 13,314,361		5,109

	December 31, 2021		
	Carrying amount of accounts receivable	Weighted average expected credit loss	Allowance for lifetime expected credit losses
Not past due	$ 13,061,161	0.03%	4,441
Less than 30 days past due	209,480	0.06%	119
31~120 days past due	7,670	0.98%	75
More than 121 days past due	-	-	-
	$ 13,278,311		4,635

	September 30, 2021		
	Carrying amount of accounts receivable	**Weighted average expected credit loss**	**Allowance for lifetime expected credit losses**
Not past due	$ 13,465,014	0.03%	4,481
Less than 30 days past due	138,259	0.11%	156
31~120 days past due	32,472	0.43%	139
More than 121 days past due	-	-	-
	$ 13,635,745		4,776

Changes in lose allowance for note receivable and accounts receivable of the consolidated company is as follows:

	January 2022 to September 2022	**January 2021 to September 2021**
Opening Balance	$ 4,635	8,209
(Reversal of) recognized impairment loss	71	(3,331)
Foreign currency exchange gains and losses	403	(102)
Ending balance	$ 5,109	4,776

(IV) Inventory

	September 30, 2022	**December 31, 2021**	**September 30, 2021**
Raw material	$ 2,932,226	3,525,433	3,672,042
Goods-in-process	391,591	272,089	371,373
Finished goods	1,386,658	1,667,889	1,292,174
	$ 4,710,475	5,465,411	5,335,589

The consolidated company's composition for the cost of goods sold is as follows:

	July 2022 to September2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Cost of goods sold	$ 7,359,796	7,780,759	22,572,928	21,203,913
Inventory obsolescence	1,524	4,593	1,524	4,593
Gain from price recovery of inventory	22,706	(21,080)	56,444	7,231
Revenue from sale of scraps	(49,993)	(65,540)	(169,768)	(188,249)
Total	**$ 7,334,033**	**7,698,732**	**22,461,128**	**21,027,488**

As of September 30, 2022, December 31, 2021, and September 30, 2021, the consolidated company's inventory had not been provided as a pledge.

Loss for market price decline and obsolete and slow-moving inventories are because the inventory is slow-moving, outdated, or unusable, and the net realizable value of the inventory is lower than the cost as operating costs; in addition, the inventory market price decline and slow-moving recovery profit are due to the unrecognized scrapped or disposed inventories which previously net realizable value are lower than the cost. As a result, the net realizable value of inventories is increased, and a deduction of operating costs is recognized.

(V) Investments accounted for using equity method

The associate that adopted the equity method at the end of the financial reporting period of the consolidated company are individually insignificant, and the carrying amounts of their investments are presented as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Associate - Technica USA (Investment cost is NTD 18,624 thousand)	**$ -**	**-**	**4,783**

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

	July 2022 to September2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Income attributable to the consolidated company:				
Net loss from continuing operations	$ -	(491)	-	(5,149)
Other comprehensive income	-	-	-	-
Total comprehensive income	$ -	(491)	-	(5,149)

(VI) Property, plant and equipment

The details of the cost and change on depreciation for property, plant, and equipment of the consolidated company from January 1 to September 30, 2022 and 2021 are as follows:

	Land	Property and building	Equipment	Other	Unfinished works and equipment to be inspected	Total
Cost or deemed cost:						
Balance as of January 1, 2022	$ 470,621	2,786,073	7,948,500	2,179,534	2,622,734	16,007,462
Addition (including interest capitalization)	2,066,622	-	-	-	3,481,713	5,548,335
Disposal	-	(483)	(48,448)	(6,905)	-	(55,836)
Reclassification	-	42,253	144,164	132,623	(319,040)	-
Impact from change in exchange rate	-	57,055	157,033	52,790	112,142	379,020
Balance as of September 30, 2022	$ 2,537,243	2,884,898	8,201,249	2,358,042	5,897,549	21,878,981
Balance as of January 1, 2021	$ 470,621	2,792,434	7,416,342	1,934,789	919,498	13,533,684
Enhancements	-	-	-	-	1,940,200	1,940,200
Disposal	-	(210)	(58,107)	(38,120)	-	(96,437)
Reclassification	-	5,189	465,151	212,678	(683,018)	-

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

	Land	Property and building	Equipment	Other	Unfinished works and equipment to be inspected	Total
Impact from change in exchange rate	-	(31,674)	(80,172)	(21,523)	(21,987)	(155,356)
Balance as of September 30, 2021	$ 470,621	2,765,739	7,743,214	2,087,824	2,154,693	15,222,091
Depreciation and impairment losses:						
Balance as of January 1, 2022	$ -	1,098,834	5,173,292	1,266,754	-	7,538,880
Depreciation for the year	-	93,934	278,758	145,189	-	517,881
Disposal	-	(483)	(48,055)	(6,610)	-	(55,148)
Impact from change in exchange rate	-	20,144	87,026	28,146	-	135,316
Balance as of September 30, 2022	$ -	1,212,429	5,491,021	1,433,479	-	8,136,929
Balance as of January 1, 2021	$ -	975,102	4,905,298	1,122,276	-	7,002,676
Depreciation for the year	-	98,592	251,753	143,064	-	493,409
Disposal	-	(210)	(50,608)	(36,915)	-	(87,733)
Impact from change in exchange rate	-	(9,754)	(48,194)	(11,449)	-	(69,397)
Balance as of September 30, 2021	$ -	1,063,730	5,058,249	1,216,976	-	7,338,955
Book value:						
January 1, 2022	$ 470,621	1,687,239	2,775,208	912,780	2,622,734	8,468,582
September 30, 2022	$ 2,537,243	1,672,469	2,710,228	924,563	5,897,549	13,742,052
January 1, 2021	$ 470,621	1,817,332	2,511,044	812,513	919,498	6,531,008
September 30, 2021	$ 470,621	1,702,009	2,684,965	870,848	2,154,693	7,883,136

On September 30, 2022, December 31, 2021, and September 30, 2021, the property, plant, and equipment of the consolidated company were not provided as guarantees for bank loans and pledges of financing lines.

Due to operational needs, the consolidated company purchased industrial land in 2021. The total contract price was NTD 2,160,000 thousand. As of September 30, 2022, the price had been paid in full, and the contract and transfer were completed in May 20, 2022.

To expand production capacity and cooperate with the local government’s relocation plan, the consolidated company purchased relevant equipment and conducted further construction.

Please refer to Note 9 (1) for the relevant major engineering contracts.

Please refer to Note 6 (20) for capitalized interest.

(VII) Right-of-use assets

The cost and depreciation of the land leased by the consolidated company are detailed as follows:

		Land	Property and building	Total
Cost of right-of-use assets:				
Balance as of January 1, 2022	$	357,364	314,479	671,843
Impact from change in exchange rate		10,613	46,240	56,853
Balance as of September 30, 2022	**$**	**367,977**	**360,719**	**728,696**
Balance as of January 1, 2021	$	284,615	-	284,615
Enhancements		74,785	318,882	393,667
Impact from change in exchange rate		(5,245)	(2,471)	(7,716)
Balance as of September 30, 2021	**$**	**354,155**	**316,411**	**670,566**
Depreciation and impairment losses on right-of-use assets:				
Balance as of January 1, 2022	$	53,684	17,970	71,654
Depreciation		6,026	14,243	20,269
Impact from change in exchange rate		1,662	3,859	5,521
Balance as of September 30, 2022	**$**	**61,372**	**36,072**	**97,444**
Balance as of January 1, 2021	$	46,458	-	46,458
Depreciation		5,596	13,666	19,262
Impact from change in exchange rate		(807)	(106)	(913)
Balance as of September 30, 2021	**$**	**51,247**	**13,560**	**64,807**
Book value:				
January 1, 2022	**$**	**303,680**	**296,509**	**600,189**
September 30, 2022	**$**	**306,605**	**324,647**	**631,252**
January 1, 2021	**$**	**238,157**	**-**	**238,157**
September 30, 2021	**$**	**302,908**	**302,851**	**605,759**

On September 30, 2022, December 31, 2021, and September 30, 2021, the consolidated company's land use rights were not provided as guarantees for bank loans and the amount of financing.

(VIII) Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loan	$ 4,708,426	2,588,894	2,741,297
Unused short-term credit lines	$ 13,648,513	11,763,907	10,178,535
Interest rate range	1.30%~4.66%	0.49%~3.85%	0.43%~3.85%

Please refer to Note 6 (21) for information on exposure to interest rate, foreign currency and liquidity risks of the consolidated company.

(IX) Short-term notes payable

	September 30, 2022	December 31, 2021	September 30, 2021
Commercial Paper Payable	$ -	200,000	-
Less: Unamortized discount	-	(180)	-
Net value	$ -	199,820	-
Interest rate range	-	0.58%~0.65%	-

Please refer to Note 6 (21) for information on exposure to interest rate, foreign currency and liquidity risks of the consolidated company.

(X) Long-term borrowings

The detail of the consolidated company's long-term borrowings is as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loan	$ 697,259	850,000	1,050,000
Less: Amount due within one year	(21,085)	(128,571)	(85,714)
Total	$ 676,174	721,429	964,286
Unused short-term credit lines	$ 6,548,064	4,650,000	3,600,000
Interest rate range	3.60%~4.35%	0.80%~1.05%	0.80%~1.05%
Due year	2023~2025	2022~2024	2023~2024

Please refer to Note 6 (21) for information on exposure to interest rate, foreign currency and liquidity risks of the consolidated company.

The consolidated company signs a credit contract with a financial institution. According to the credit contract, during the loan period, the financial statement of the merging company must maintain the current ratio, debt ratio, tangible net worth, interest coverage ratio and other financial ratios specified on the balance sheet date. If the loan contract is violated Certain conditions, according to the agreement, should be improved by cash capital increase or other means. On September 30, 2022, December 31, 2021, and September 30, 2021, the Consolidated Company did not violate the above financial ratio restrictions.

(XI) Unsecured convertible bonds

	September 30, 2022
Bond issuance amount	$ 3,465,300
Unamortized balance of discounted corporate bonds payable	(172,345)
Ending balance of corporate bonds payable	**$ 3,292,955**
Embedded derivative financial instruments - call-back and repurchase rights (presented as financial liabilities at fair value through profit or loss)	**$ 38,118**
Equity component - conversion right (reported in capital surplus - subscription right)	**$ 207,618**

	July 2022 to September 2022	January 2022 to September 2022
Embedded derivative financial instruments - remeasurement of call-back and repurchase at fair value through profit and loss (presented in the non-operating income and expense in financial assets (liabilities) at fair value through profit or loss)	**$ (11,435)**	**(28,415)**
Interest expenses	**$ 9,185**	**15,309**

The Company issued 5th 5-year unsecured convertible bonds with a coupon rate of 0% on April 25, 2022, with a total amount of NTD 3,465,300 thousand, issued at 101% of the face value. The actual debt amount was NTD 3,499,953 thousand. The maturity date is April 25, 2027, and the bond discount rate is 1.3057%. Thirty days before the 3-year issuance date, the creditor may request the Company to redeem the convertible bonds held by the Company in cash at the denomination of the bond. The conversion price of convertible bonds shall be handled in accordance with the Company's issuance agreement.

1. Repayment date and method:
   Except for those that are converted into common shares of the Company in advance, or called-back by the Company or repurchased by bond holders in advance, the principal will be repaid in cash in one lump sum upon maturity.
2. Conversion prices and the adjustments:
   The conversion price at the time of issuance is set at NTD 263 per share. In the events of a change in the total number of common shares of the Company, allotment of cash dividends on common shares, a conversion price lower than the current price per share, or reissue of common shares conversion rights, adjustment shall be made. As the Company takes September 2, 2022 as the base date for dividend distribution, according to the provisions of Article 11 of the Company's 5th domestic unsecured convertible corporate bond issuance and conversion methods, the adjustment conversion price is adjusted from NTD 263 to NTD 246.8. This bond does not have reset feature.
3. The call-back right of the Company for the convertible corporate bonds:
   (1) From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date:
      A. If the closing price of the Company's common shares exceeds 30% of the current conversion price for 30 consecutive business days;
      B. If the outstanding balance of the convertible corporate bonds converted by the Company per the requests of the bond holders is less than 10% of total initial issue amount;

      The Company may delivery a "Notice to call back bonds" due in 30 days through registered mails (the aforesaid period starts from the date when the Company sends the notice, and the expiry date of the period is the base date for bond call back), and send a letter to TPEX for announcement and call back the current convertible corporate bonds in cash at face value within five business days after the bond call back base date which shall not fall within the period in which the conversion of the convertible corporate bonds is suspended.
   (2) The Yield to Call are as follows:
      From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, call back by cash at par value.
   (3) If the bond holders fails to provide a written response to the Company's agency

before the bond call-back date stated in the "Notice to call back bonds" (which takes effect when it is served, and the postmark date for registered mail shall be used as the basis for call-back date), the Company will call-back the bonds in cash within five business days after the bond call back date.

4. The bond holders' right of repurchase:

   30 days before the 3-year issuance date, the bond holder may request the Company to call-back the convertible bonds held by the Company in cash at par value. The conversion price of convertible bonds shall be handled in accordance with the Company's issuance agreement. The Company accepts the repurchase request and shall call-back the convertible bonds in cash within five business days after the repurchase date.

   Please refer to Note 6 (21) for information on exposure to interest rate, foreign currency and liquidity risks of the consolidated company.

(XII) Lease liabilities

The carrying amounts of the consolidated company's lease liabilities are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Current	$ 13,399	11,604	10,602
Non-current	$ 324,493	291,641	297,366

For maturity analysis, please refer to Note 6 (21) Financial Instruments.

The amounts recognized in profit or loss are as follows:

	July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Interest expense on lease liability	$ 2,640	2,506	7,667	7,637
Expense on short-term lease	$ 10,941	9,755	30,391	26,586

The amounts recognized in the statement of cash flows are as follows:

	January 2022 to September 2022	January 2021 to September 2021
Total cash outflow from lease	$ 47,218	42,732

1. Leasing of houses and buildings

   On January 1, 2021, the consolidated company leased houses and buildings as plants and offices for a period of 17.5 years. When the lease term expires, the consolidated company has no preferential purchasing right to the lease.

2. Other leases

The lease period of office equipment and transportation equipment leased by the consolidated company is usually one year, and these leases are short-term or low-value leases. The consolidated company selects applicable exemption from recognition of the relevant right-of-use assets and lease liabilities.

(XIII) Other non-current liabilities

		September 30, 2022	December 31, 2021	September 30, 2021
Prepayments	$	467,194	415,442	339,847
Guarantee deposits and margins received		20,393	17,433	12,496
Total	**$**	**487,587**	**432,875**	**352,343**

Due to the relocation of the Kunshan Youbi Factory, the consolidated company received an advance payment of NTD 353,109 thousand as of September 30, 2022. Please refer to Note 9 (2) for details.

(XIV) Employee benefits

1. Defined benefit plans

Since there were no major market fluctuations, major reductions, liquidations, or other major one-off events after the reporting date of the previous year, the consolidated company adopted the actuarially determined pensions on December 31, 2021 and 2020 and disclose the pension costs for interim periods.

The details of the consolidated company's reported expenses are as follows:

		July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Operating costs	$	176	2,472	5,015	7,331
Total selling expenses		16	145	275	416
Total administrative expenses		62	577	1,290	1,595
Total research and development expenses		42	313	808	854
	$	**296**	**3,507**	**7,388**	**10,196**

2. Determined appropriation plan

The consolidated company has determined the pension expenses under the appropriation method as follows, which have been appropriated to the Bureau of Labor Insurance:

	July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Operating costs	$ 38,525	33,375	118,519	93,786
Total selling expenses	2,815	2,420	8,428	7,153
Total administrative expenses	4,509	3,890	12,717	11,150
Total research and development expenses	3,255	2,429	9,231	6,547
Total	**$ 49,104**	**42,114**	**148,895**	**118,636**

(XV) Income tax

The detail of the consolidated corporate income tax expense is as follows:

	July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Current income tax expense				
Current tax expense recognized in the current year	$ 907,504	784,310	1,463,658	1,288,834
Income tax adjustments on prior years	(741)	(1,984)	(9,759)	(53,683)
	906,763	782,326	1,453,899	1,235,151
Deferred income tax expense				
Occurrence and reversal of temporary differences	(584,000)	(310,962)	(424,176)	(156,910)
Income tax expenses	**$ 322,763**	**471,364**	**1,029,723**	**1,078,241**

The details of income tax (expense) gains and losses recognized by the consolidated company under other comprehensive income are as follows:

		July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	$	(60,851)	8,412	(150,629)	59,433

The income tax settlement declaration of the profit-seeking enterprise of the consolidated company has been approved by the tax collection authority until 2019.

(XVI) Capital and other equity

Except for the following, there was no significant change in the capital and other equity of the consolidated company from January 1 to September 30, 2022 and 2021. For relevant information, please refer to Note 6 (17) to the 2021 Consolidated Financial Statement.

1. Issuance of common stock

   On September 30, 2022, December 31, 2021, and September 30, 2021, the Company’s total rated share capital was NTD 6,000,000 thousand, 6,000,000 thousand, and 4,000,000 thousand respectively. The face value of each share is NTD 10, which are 600,000 thousand, 600,000 thousand, and 400,000 thousand shares respectively. The issued common shares are all 332,918 thousand shares, and all share price on the issued shares have been received.

2. Capital surplus

   The balance of the Company’s capital surplus is as follows:

		September 30, 2022	December 31, 2021	September 30, 2021
Additional paid-in capital in excess of par - common stock	$	95,627	95,627	95,627
Additional paid-in capital in excess of par - convertible bond		1,773,034	1,773,034	1,773,034
Conversion right		207,618	-	-
	$	2,076,279	1,868,661	1,868,661

3. Retained earnings

According to the Company’s Articles of Association, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% as legal reserve of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for distribution of dividends and bonus to shareholders. But if the Company’s legal reserve equals to or exceeds paid-in capital, this restriction does not apply.

To consider the characteristics of industrial growth and improve the Company’s financial structure, the annual earning distribution may not be made if the year in which the loss occurs, and the dividend policy will give priority to the Company’s future development, financial status, and shareholders’ remuneration where stock dividends will be distributed in consideration of the Company’s future capital expenditure budget to retain the required cash. The rest will be distributed to shareholders in the form of cash dividends, provided that the distribution of cash dividends shall not be less than 20% of the total distributed dividends.

The earning distribution shall be appropriated with adding 10%-70% of the distributable earning after accumulating undistributed earnings in the past after setting aside various reserves.

Dividends and bonuses distributed by the Company in whole or in part of the legal reserve and capital surplus are distributed in cash shall be authorized by the Board of Directors meeting attended by more than 2/3 of the Directors with a simple majority of the Directors in session and reported to the General Meeting of Shareholders.

The rest is the same as the undistributed earnings in previous years, and the Board of Directors will formulate a distribution proposal and submit it to the shareholders’ meeting for resolution.

(1) Legal reserve

The Company shall set aside 10% of the net profit after tax as legal reserve of the remaining profit until it equals the total capital. When the Company has no losses, it may, upon a resolution of the shareholders’ meeting, distribute legal reserve by issuing new shares or by cash, but only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

(2) Earnings distribution

The Board of Directors passed the resolution for the 2021 and 2020 earnings distribution proposal on annual general shareholders' meeting on May 26, 2022 and July 1, 2021. The amount of the owner's dividend is as follows:

	2021	2020
Dividends distributed to owners of common stock:		
Cash	$ 3,329,183	2,330,428

4. Other equity (net post-tax)

	Exchange differences on translation of foreign financial statements	Equity instrument investment losses measured at fair value through other comprehensive income	Total
January 1, 2022	$ (888,136)	(15,773)	(903,909)
Exchange differences arising on translation of foreign operations	602,515	-	602,515
Balance as of September 30, 2022	$ (285,621)	(15,773)	(301,394)
January 1, 2021	$ (756,453)	(438)	(756,891)
Exchange differences arising on translation of foreign operations	(237,733)	-	(237,733)
Equity instrument investment losses measured at fair value through other comprehensive income	-	(15,335)	(15,335)
Balance as of September 30, 2021	$ (994,186)	(15,773)	(1,009,959)

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

(XVII) Earnings per share

The basic EPS and diluted EPS of the consolidated company are calculated as follows:

	July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Earnings per share - basic				
Net income attributable to common shareholders of the Company	$ 1,307,182	1,790,897	3,713,842	4,003,422
Common stock outstanding as of January 1	332,918	332,918	332,918	332,918
Weighted average number of common stocks outstanding as of September 30	$ 332,918	332,918	332,918	332,918
Earnings per share - basic	$ 3.93	5.38	11.16	12.03
Earnings per share - diluted				
Net profit attributable to the Company for the period	$ 1,307,182	1,790,897	3,713,842	4,003,422
Amount of after-tax effect of relevant gains and losses on convertible bonds	16,496	-	34,979	-
Net income attributable to common shareholders of the Company (With the effect of dilutive potential common shares)	$ 1,323,678	1,790,897	3,748,821	4,003,422
Weighted average number of common shares outstanding	332,918	332,918	332,918	332,918
Effect of potential dilutive common shares				
The impact on employee bonuses	806	636	940	797
Effect of convertible corporate bond conversion	14,041	-	7,801	-
Weighted average number of common shares outstanding (With the effect of dilutive potential common shares)	347,765	333,554	341,659	333,715
Earnings per share - diluted	$ 3.81	5.37	10.97	12.00

(XVIII) Revenue from customer contracts

1. Breakdown of income

	July 2022 to September 2022			
	Domestic department	Foreign department	Adjustment and write off	Total
Key market region:				
Taiwan	$ 1,489,624	279,447	8,850	1,777,921
China	252,353	8,597,679	(1,462,753)	7,387,279
Other countries	512,608	246,256	(41,293)	717,571
	$ 2,254,585	9,123,382	(1,495,196)	9,882,771
Key products:				
Prepreg	$ 959,676	3,860,736	(493,210)	4,327,202
Copper clad laminate	915,465	5,146,290	(653,094)	5,408,661
Mass lamination boards	123,048	-	-	123,048
Other	256,396	116,356	(348,892)	23,860
	$ 2,254,585	9,123,382	(1,495,196)	9,882,771

	July 2021 to September 2021			
	Domestic department	Foreign department	Adjustment and write off	Total
Key market region:				
Taiwan	$ 1,589,241	16,104	948	1,606,293
China	437,169	9,749,505	(1,784,477)	8,402,197
Other countries	517,414	250,544	-	767,958
	$ 2,543,824	10,016,153	(1,783,529)	10,776,448
Key products:				
Prepreg	$ 977,760	4,024,676	(604,737)	4,397,699
Copper clad laminate	987,348	5,922,028	(853,532)	6,055,844
Mass lamination boards	263,164	-	-	263,164
Other	315,552	69,449	(325,260)	59,741
	$ 2,543,824	10,016,153	(1,783,529)	10,776,448

	January 2022 to September 2022			
	Domestic department	Foreign department	Adjustment and write off	Total
Key market region:				
Taiwan	$ 4,456,505	416,883	(14,939)	4,858,449
China	885,069	26,447,742	(4,824,887)	22,507,924
Other countries	1,765,494	704,327	(51,680)	2,418,141
	$ 7,107,068	27,568,952	(4,891,506)	29,784,514
Key products:				
Prepreg	$ 3,015,598	11,214,381	(1,623,582)	12,606,397
Copper clad laminate	2,865,221	16,075,403	(2,325,607)	16,615,017
Mass lamination boards	493,705	-	-	493,705
Other	732,544	279,168	(942,317)	69,395
	$ 7,107,068	27,568,952	(4,891,506)	29,784,514

	January 2021 to September 2021			
	Domestic department	Foreign department	Adjustment and write off	Total
Key market region:				
Taiwan	$ 4,281,900	44,301	(11,559)	4,314,642
China	1,016,688	25,341,156	(4,546,841)	21,811,003
Other countries	1,484,897	727,520	-	2,212,417
	$ 6,783,485	26,112,977	(4,558,400)	28,338,062
Key products:				
Prepreg	$ 2,609,667	10,857,650	(1,722,204)	11,745,113
Copper clad laminate	2,544,959	15,108,087	(2,147,533)	15,505,513
Mass lamination boards	879,982	-	-	879,982
Other	748,877	147,240	(688,663)	207,454
	$ 6,783,485	26,112,977	(4,558,400)	28,338,062

(XIX) Remuneration to the employees and directors

In accordance with the Company's Articles of Association, when there is profit in the annual closing, the employee's remuneration shall not be less than 3% and the director's remuneration shall not be higher than 1.2%. However, when the Company still has accumulated losses, it should reserve the profit to make up for the loss. In addition, when employee remuneration is distributed in stock or cash, the recipients of the payment include employees of subsidiaries that meet certain conditions

The estimated figure of the Company's employees' remuneration from July 1 to September 30 and January 1 to September 30, 2022 and 2021 were NTD 43,888 thousand, 61,390 thousand, 128,990 thousand, and 138,366 thousand respectively, and the estimated amount of directors' remuneration NTD 0, 20,463 thousand, 28,367 thousand, and 46,122 thousand respectively which is estimated based on the pre-tax net profit for each period before deducting employee and directors' remuneration multiplied by the distribution of employee and director's remuneration percentage stipulated in the Company's Articles of Association. The employee's remuneration is reported as the operating costs or expenses from January 1 to September 30, 2022 and 2021. If there is a difference between the actual distribution amount in the next year and the estimated figure, it will be handled according to the change in accounting estimates, and the difference will be recognized as the profit and loss of the next year.

The Company's employee remuneration in 2021 and 2020 was NTD 189,120 thousand and 130,767 thousand respectively, and the amount of directors' remuneration was NTD 63,040 thousand and 43,589 thousand respectively. There is no difference between the amount of employee remuneration and director's remuneration in 2021 and 2020 and the actual distribution and the relevant information can be inquired at the MOPS.

(XX) Non-operating income and expenses

1. Total interest income

The details of interest income of the consolidated company from January 1 to September 30, 2022 and 2021 are as follows:

	July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Bank deposit interest	$ 19,998	12,376	46,931	42,995

2. Other gains and losses

   The details of other profits and losses of the consolidated company from January 1 to September 30, 2022 and 2021 are as follows:

	July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Foreign currency exchange gain (loss)	$ 44,588	(4,684)	74,858	(31,365)
Loss in financial liabilities at fair value through profit or loss	(11,435)	-	(28,415)	-
Loss on disposal of property, plant and equipment	(341)	(575)	(688)	(868)
Other gains	33,682	28,369	78,142	49,005
	$ 66,494	**23,110**	**123,897**	**16,772**

3. Finance costs

   The details of financial cost of the consolidated company from January 1 to September 30, 2022 and 2021 are as follows:

	July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Interest expenses	$ 57,920	20,090	131,479	47,005
Less: capitalized interest	(3,809)	-	(4,807)	-
	$ 54,111	**20,090**	**126,672**	**47,005**

(XXI) Financial instrument

Except for the following, there is no significant change in the fair value of the financial instruments of the consolidated company and the exposure to credit risk, liquidity risk and market risk due to financial instruments. For relevant information, please refer to Note 6 (22) to 2021 Consolidated Financial Statement.

1. Liquidity risk

   The following table shows the contractual expiration dates for financial liabilities, including estimated interest but excluding the effect of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	Over 2 years
September 30, 2022						
Non-derivative financial liabilities						
Unsecured bank loan	$ 5,405,685	5,527,160	2,933,959	1,891,878	342,613	358,710
Convertible Bond	3,292,955	3,465,300	-	-	-	3,465,300
Accounts payable	6,880,381	6,880,381	6,880,381	-	-	-
Other payables	3,137,462	3,137,462	3,137,462	-	-	-
Lease liabilities	337,892	437,846	12,176	11,938	23,545	390,187
	$ 19,054,375	**19,448,149**	**12,963,978**	**1,903,816**	**366,158**	**4,214,197**
December 31, 2021						
Non-derivative financial liabilities						
Unsecured bank loan	$ 3,438,894	3,481,867	2,179,078	572,914	427,672	302,203
Short-term notes payable	199,820	200,000	200,000	-	-	-
Accounts payable	8,127,533	8,127,533	8,127,533	-	-	-
Other payables	2,841,515	2,841,515	2,841,515	-	-	-
Lease liabilities	303,245	397,642	10,615	10,615	20,815	355,597
	$ 14,911,007	**15,048,557**	**13,358,741**	**583,529**	**448,487**	**657,800**
September 30, 2021						
Non-derivative financial liabilities						
Unsecured bank loan	$ 3,791,297	3,834,954	2,523,137	701,908	6,173	603,736
Accounts payable	8,827,817	8,827,817	8,827,817	-	-	-
Other payables	2,314,056	2,314,056	2,314,056	-	-	-
Lease liabilities	307,968	405,423	10,680	10,680	21,152	362,911
	$ 15,241,138	**15,382,250**	**13,675,690**	**712,588**	**27,325**	**966,647**

The consolidated company does not expect that the cash flows for the maturity analysis will occur significantly earlier, or that the actual amounts will be significantly different.

2. Currency risk

(1) Currency risk exposure

The consolidated company's significant currency risk exposure of financial assets and liabilities is as follows:

	September 30, 2022		
	Foreign currency (thousand)	**Exchange rate**	**NTD**
Financial asset			
Monetary items			
USD	$ 89,585	USD: NTD 31.7500	2,844,336
	74,213	USD: RMB 7.0981	2,356,266
Financial liabilities			
Monetary items			
USD	50,457	USD: NTD 31.7500	1,602,023
	94,258	USD: RMB 7.0981	2,992,679

	December 31, 2021		
	Foreign currency (thousand)	**Exchange rate**	**NTD**
Financial asset			
Monetary items			
USD	$ 86,974	USD: NTD 27.6800	2,407,432
	81,428	USD: RMB 6.3720	2,253,931
Financial liabilities			
Monetary items			
USD	59,290	USD: NTD 27.6800	1,641,136
	87,083	USD: RMB 6.3720	2,410,458

	September 30, 2021		
	Foreign currency (thousand)	Exchange rate	NTD
Financial asset			
Monetary items			
USD	$ 81,700	USD: NTD 27.8500	2,275,348
	84,504	USD: RMB 6.4692	2,353,456
Financial liabilities			
Monetary items			
USD	57,220	USD: NTD 27.8500	1,593,585
	99,633	USD: RMB 6.4692	2,774,768

(2) Sensitivity analysis

The exchange rate risk of monetary items of the consolidated company arises from cash and cash equivalents, accounts and other receivables, borrowings, and accounts and other payables denominated in foreign currencies where the foreign currency exchange gains and losses arise upon exchange. From January 1 to September 30, 2022 and 2021, when the New Taiwan dollar depreciated or appreciated by 1% relative to the US dollar, and all other factors remained unchanged, the net profit after tax from January 1 to September 30, 2022 and 2021 will increase or decrease by NTD 5,150 thousand and NTD 2,608 thousand respectively.

Due to the variety of functional currencies of the consolidated company, the exchange profit and loss information of monetary items was disclosed in summary. The foreign currency exchange gains and losses (including realized and unrealized) from January 1 to September 30, 2022 and 2021 were a profit of NTD 74,858 thousand and a loss of NTD 31,365 thousand respectively.

3. Fair value information

(1) Type and fair value of financial instruments

The consolidated company's financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive profit or loss are measured at fair value on a recurring basis. The carrying amount and fair value of various types of financial assets and liabilities (including fair value level, but the carrying amount of financial instruments not measured at fair value is a reasonable approximation of the fair value. For equity instrument investments that are not quoted in the active market and whose fair value cannot be reliably measured, there is no need to disclose fair value information according to regulations) are listed as follows:

	September 30, 2022				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Domestic and foreign unlisted (non-OTC) stocks	$ 22,924	-	-	22,924	22,924
Financial assets measured at amortized cost					
Cash and cash equivalents	7,526,066	-	-	-	-
Note receivable and accounts receivable	13,309,252	-	-	-	-
Other receivables	54,287	-	-	-	-
Refundable deposits paid	64,789	-	-	-	-
Subtotal	20,954,394	-	-	-	-
Total	$ 20,977,318	-	-	22,924	22,924
Financial liabilities at fair value through profit or loss					
Corporate bond repurchase rights and call-back rights	$ 38,118	-	-	38,118	38,118
Financial liabilities measured at amortized cost					
Bank loan	5,405,685	-	-	-	-
Accounts payable	6,880,381	-	-	-	-
Other payables	3,137,462	-	-	-	-
Bonds payable	3,292,955	-	-	-	-
Guarantee deposits and margins received	20,393	-	-	-	-
Lease liabilities	337,892	-	-	-	-
Subtotal	19,074,768	-	-	-	-
Total	$ 19,112,886	-	-	38,118	38,118

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 6,642,069	-	-	-	-
Note receivable and accounts receivable	13,273,676	-	-	-	-
Other receivables	97,758	-	-	-	-
Refundable deposits paid	61,780	-	-	-	-
Total	$ 20,075,283	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loan	$ 3,438,894	-	-	-	-
Short-term notes payable	199,820	-	-	-	-
Accounts payable	8,127,533	-	-	-	-
Other payables	2,841,515	-	-	-	-
Guarantee deposits and margins received	17,433	-	-	-	-
Lease liabilities	303,245	-	-	-	-
Total	$ 14,928,440	-	-	-	-

	September 30, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 5,567,830	-	-	-	-
Note receivable and accounts receivable	13,630,969	-	-	-	-
Other receivables	176,802	-	-	-	-
Refundable deposits paid	56,146	-	-	-	-
Total	$ 19,431,747	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loan	$ 3,791,297	-	-	-	-
Accounts payable	8,827,817	-	-	-	-
Other payables	2,314,056	-	-	-	-
Guarantee deposits and margins received	12,496	-	-	-	-
Lease liabilities	307,968	-	-	-	-
Total	$ 15,253,634	-	-	-	-

(2) The valuation techniques based on fair value

(2.1) Non-derivative financial instruments

If there is an active market and a price for a financial instrument is quoted in that market, the quoted price will be the fair value of the financial instrument. Market prices provided by major stock exchanges and market prices of popular central government bonds announced by the Taipei Exchange are considered to be the basis of fair values for equity instruments and debt instruments with active market.

If a quoted price, which represents the price being practically and frequently transacted in orderly transactions, can be acquired from stock exchanges, brokers, underwriters, pricing service institutions or the administration in time then there is an active market for the financial instrument. If the conditions mentioned above are not met, then the market is regarded as inactive. Generally speaking, extremely high bid-ask spread, significant increase of bid-ask spread or extremely low transaction amounts are all indications for an inactive market.

The Company’s financial instruments with active markets and the basis of their fair values are described as follows:

The stocks of exchange-listed and OTC-listed companies are financial assets with standard terms and conditions that are traded in active markets, and their fair values are determined by reference to market quoted price.

Except for the financial instruments with active market, fair values of other financial instruments are acquired based on valuation techniques or the quoted prices from counterparties. Fair values acquired through valuation techniques can be calculated using models based on fair values from financial instruments with similar conditions and characteristics, cash flow discount method and other valuation techniques, including accessible information on the consolidated balance sheet date such as the yield curve from the Taipei Exchange or the average quoted price from Reuter’s commercial papers interest rate.

If the consolidated company’s financial instruments are with inactive markets and the basis of their fair values are described as follows:

- Equity instruments that do not listed and whose fair value cannot be reliably measured: The fair value is estimated using the market comparable company method, and the main assumption is based on the equity multiplier derived from the net worth per share of the invested company and the market quoted prices of comparable foreign listed (OTC) companies. This estimate has been adjusted for the discounting effect of the lack of market liquidity of the equity securities.

(2.2) Non-derivative financial instruments

The valuations are based on valuation models widely accepted by market users, such as discounted cash flow and option pricing models.

(3) The transfer between Level 1 and Level 2

There was no transfer from January 1 to September 30, 2022 and 2021.

(4) Reconciliation of Level 3 financial assets

The consolidated company's Level 3 financial assets measured by fair value from January 1 to September 30, 2022 and 2021 are as follows:

	Fair value through other comprehensive income
Balance as of January 1, 2022	$ -
Additions	20,670
Effect of exchange rate changes	2,254
Balance as of September 30, 2022	**$ 22,924**
Balance as of January 1, 2021	$ 15,681
Recognized in other comprehensive income	(15,335)
Effect of exchange rate changes	(346)
Balance as of September 30, 2021	**$ -**

(5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The financial assets at fair value classified into Level 3 of the consolidated company include financial assets at fair value through profit or loss - bond transactions without active market and financial assets at fair value through other comprehensive income - equity investments without an active market

Most of the Level 3 fair value attributed to the consolidated company only has single significant unobservable input, and only non-listed (non-OTC) equity instrument investments in have multiple significant unobservable inputs. Significant unobservable inputs of non-listed (non-OTC) equity instrument investments are independent of each other, so there is no correlation.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income - equity investments without an active market	Net Asset Value Method	• Net Asset Value	Not applicable

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial liabilities at fair value through profit or loss - Embedded derivative financial instruments - Repurchase right	Binomial tree convertible bond pricing model	• Volatility (41.28%)	• The higher the volatility, the higher the fair value

(XXII) Financial risk management

There is no significant change in the financial risk management objectives and policies of the consolidated company and those disclosed in Note 6 (23) of the 2021 Consolidated Financial Statement.

(XXIII) Capital management

The capital management objectives, policies and procedures of the consolidated company are consistent with those disclosed in the 2021 Consolidated Financial Statement; there is no significant change in the aggregated quantitative information of the capital management items and those disclosed in the 2021 Consolidated Financial Statement. For relevant information, please refer to Note 6 (24) of the 2021 Consolidated Financial Statement.

(XXIV) Investment and financing activities in non-cash investment

The consolidated company's non-cash investment and financing activities from January 1 to September 30, 2022 and 2021 are as follows:

1. For the right-of-use assets obtained by leasing, please refer to Note 6 (7) for details.
2. Reconciliation of liabilities arising from financing activities:

	January 1, 2022	Cash flow	Non-cash changes: Acquisition	Non-cash changes: Change in exchange rate	Non-cash changes: Other	September 30, 2022
Short-term borrowings	$ 2,588,894	2,004,481	-	115,051	-	4,708,426
Long-term borrowings	850,000	(160,458)	-	7,717	-	697,259
Lease liabilities	303,245	(9,160)	-	43,807	-	337,892
Short-term notes payable	199,820	(200,000)	-	-	180	-
Bonds payable	-	3,499,953	-	-	(206,998)	3,292,955
Total liabilities from financing activities	**$ 3,941,959**	**5,134,816**	**-**	**166,575**	**(206,818)**	**9,036,532**

	January 1, 2021	Cash flow	Non-cash changes: Acquisition	Non-cash changes: Change in exchange rate	Non-cash changes: Other	September 30, 2021
Short-term borrowings	$ 608,724	2,152,850	-	(20,277)	-	2,741,297
Long-term borrowings	1,117,137	(64,286)	-	(2,851)	-	1,050,000
Lease liabilities	323,568	(8,509)	-	(7,091)	-	307,968
Total liabilities from financing activities	**$ 2,049,429**	**2,080,055**	**-**	**(30,219)**	**-**	**4,099,265**

VII. Related party transaction

(I) Parent company and ultimate controller

The Company is the ultimate controller of the Consolidated Company.

(II) Name and relationship of related party

During the period covered by this consolidated financial statement, the related parties that have transactions with the consolidated company are as follows:

Related party	Relationship with the consolidated company
Technica USA	Affiliates of the consolidated company

(III) Significant transactions with related parties

1. Revenue

The significant sales amount of the consolidated company to related parties is as follows:

	July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Associate	$ -	26,379	46,974	75,698

The terms of sale of the consolidated company to associates are not significantly different from the general selling price. The Payment Terms is Net 90 days from invoice date, which is not significantly different from that of ordinary customers.

2. Purchase

The purchase amount of the consolidated company to related parties is as follows:

	July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Associate	$ 1,140	-	29,936	-

The purchase price of the consolidated company to the above-mentioned companies is not significantly different from the purchase price of the consolidated company to general suppliers. The Payment Terms is Net 90 days from invoice date, which is not significantly different from that of ordinary customers.

3. Receivables from related parties

The details of receivables from related parties to the consolidated company are as follows:

Item	Related party categories	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable	Associate	$ 9,088	51,119	59,471
Other receivables	Associate	-	45	-
		$ 9,088	51,164	59,471

Receivables between related parties are not subject to collateral, and no bad debt expense are required to be reported after assessment.

4. Payable to related parties

The details of payables to related parties by the consolidated company are as follows:

Item	Related party categories	September 30, 2022	December 31, 2021	September 30, 2021
Other payables	Associate	$ 7,706	2,928	3,096

5. Loans to related parties

The actual capital loan of the consolidated company and related parties is as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Associate	$ -	3,322	3,342

The consolidated company's capital loan to related parties is based on the average interest rate of the consolidated company's short-term borrowings from financial institutions in the year of appropriation, which are all unsecured loans.

6. Endorsement and guarantee

Please refer to Note 13 (1) for the description of the endorsement and guarantee made by the consolidated company on September 30, 2022, for its subsidiaries and affiliates for financing loans.

7. Other related party transactions

Item	Related party categories	July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Other gains	Associate	$ 36	-	1,653	-
Other expenditure	Associate	893	-	1,208	-
Total selling expenses	Associate	1,068	1,188	3,450	2,754
		$ 1,997	1,188	6,311	2,754

(IV) Key management personnel transactions

Key management personnel compensation includes:

	July 2022 to September 2022	July 2021 to September 2021	January 2022 to September 2022	January 2021 to September 2021
Short-term employee benefits	$ 17,884	75,706	113,811	154,029
Post-employment benefits	209	948	865	2,459
	$ 18,093	76,654	114,676	156,488

VIII. Pledged assets

The details of the carrying amount of the assets pledged by the consolidated company are as follows:

Asset	Purpose of pledge	September 30, 2022	December 31, 2021	September 30, 2021
Refundable deposits paid	Deposits for mailbox, leases and natural gas, etc.	$ 64,789	61,780	56,146

IX. Material contingent liabilities and unrecognized contractual commitments

(I) Material unrecognized contractual commitments

1. The unused standby letters of credit that have been issued by the consolidated company is as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Unused standby letters of credit			
NTD	$ 42,016	69,047	82,920
USD	21,051	29,542	29,268
JPY	58	-	4,500

2. Significant contracts for construction and purchase of machinery and equipment entered by the consolidated company for the expansion of new plant and equipment and the outstanding amounts are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Total contract price			
JPY	$ 642,000	642,000	642,000
USD	23,750	90,749	82,232
RMB	1,152,517	753,542	564,940

	September 30, 2022	December 31, 2021	September 30, 2021
Unpaid contract price			
JPY	$ 57,780	417,300	417,300
USD	5,471	84,254	78,557
RMB	454,586	299,326	361,702

(II) Commitment:

Elite Electronic Material (Kunshan) Co., Ltd (Mainland China), a subsidiary of the consolidated company, formally signed a relocation compensation agreement with the

Kunshan Municipal People's Government. According to the local government's planned land use demand, the consolidated company is required to relocate the land use rights, buildings and other ancillary equipment on Youbi Road, Zhoushi Town, Kunshan City and compensation will be allocated to the consolidated company in stages according to the progress of the contract, with a total compensation amount of RMB 195,000 thousand. As of September 30, 2022, the land use rights, buildings and ancillary equipment of Zhoushi Town Youbi Road have not been disposed of. According to the contract, the advance payment amounted to RMB 78,942 thousand (NTD 353,109 thousand), and the remaining compensation will be collected when the construction of the new plant is completed and the land is handed over. The consolidated company is expected to complete the construction by March 31, 2023 and relocate in 2024. It is expected that the relocation will be completed, and the plant will be demolished by the end of 2024.

X. Losses due to major disasters: None.

XI. Major subsequent events: None.

XII. Other

(I) Employee benefits, depreciation, depletion, and amortization expense are summarized by function as follows:

Function / Classification	July 2022 to September 2022			July 2021 to September 2021		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefits expenses						
Salary expenses	471,632	246,184	717,816	459,015	294,677	753,692
Labor and national health insurance expenses	28,333	11,561	39,894	25,127	9,454	34,581
Pension expenses	38,701	10,699	49,400	35,847	9,774	45,621
Other employee benefit expenses	34,928	16,516	51,444	34,697	10,938	45,635
Depreciation expense	157,419	20,754	178,173	155,140	19,235	174,375
Amortization expense	167	10,269	10,436	117	7,616	7,733

Function / Classification	January 2022 to September 2022			January 2021 to September 2021		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefits expenses						
Salary expenses	1,464,502	783,938	2,248,440	1,309,003	723,558	2,032,561
Labor and national health insurance expenses	82,922	30,348	113,270	70,590	23,295	93,885
Pension expenses	123,534	32,749	156,283	101,117	27,715	128,832
Other employee benefit expenses	105,700	43,250	148,950	98,473	34,969	133,442
Depreciation expense	476,351	61,799	538,150	457,018	55,653	512,671
Amortization expense	498	28,627	29,125	302	20,363	20,665

XIII. Notes to disclosures

(I) Information on significant transactions

From January 1 to September 30, 2022, the consolidated company should re-disclose the relevant information of significant transactions in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers as follows:

1. Lending funds to others:

(Expressed in Thousands of New Taiwan Dollars)

No.	Name of the company providing loans to others	Party to transactions	Account classification	Related party	Maximum balance of the period	Ending balance	Amount actually drawn	Interest rate range	Type of loans (Note 2)	Amount of transaction	Purposes of the borrowers prepared	Allowance for bad debts	Collateral		Limit on loans to a single business	Limit on the amount of loans
													Name	Value		
0	Elite Material Co., Ltd.	Technica USA	Other receivables - related parties	Y	12,881	-	-	2.00%	1	97,953	-	-	-	-	48,977 (Note 3)	6,284,291 (Note 3)
1	Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	Other receivables - related parties	Y	3,068,478	3,068,478	1,610,280	2.00%~3.00%	2	-	Operations	-	-	-	3,123,199 (Note 4)	3,123,199 (Note 4)
2	Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	Other receivables - related parties	Y	1,982,640	1,968,120	961,695	2.00%~3.00%	2	-	Operations	-	-	-	2,015,431 (Note 5)	2,015,431 (Note 5)

Note 1: The number is filled in as follows:
1. Parent company is numbered 0.
2. Subsidiaries are numbered sequentially according to company name from Arabic numeral 1.

Note 2: 1. Where an inter-company or inter-firm business transaction calls for a loan arrangement.
2. Where a short-term financing facility is necessary.

Note 3: According to the regulations of the Company's Regulations Governing Loaning of Funds: the individual loan amount with the companies with business relationship shall not exceed 50% of the total purchase (sale) transaction in the latest year and shall not exceed 3% of the Company's net value where the total amount of the loan shall not exceed 30% of the Company's net worth.

Note 4: According to the Company's Regulations Governing Loaning of Funds: the total amount of the loaning shall not exceed 30% of the borrowing company's net worth, nor shall it exceed 30% of the Company's net worth. The limit of loan to a single company shall not exceed 30% of the Company's net worth.

Note 5: According to the Company's Regulations Governing Loaning of Funds: the total amount of loan shall not exceed 30% of the borrowing company's net value, and the limit to a single company shall not exceed 30% of the Company's net value.

Note 6: The consolidated company's total loan of fund shall not exceed 100% of the Company's net worth.

Note 7: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

2. Providing endorsements or guarantees for others:

(Expressed in Thousands of New Taiwan Dollars)

No.	Endorsement/ guarantee provider	Guaranteed party		Limits on endorsement/ guarantee amount provided to each guaranteed party (Note 3)	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements	Maximum endorsement/ guarantee amount allowable (Note 3)	Guarantee provided by parent company	Guarantee provided by A subsidiary	Guarantee provided to subsidiaries in Mainland China
		Company name	Nature of relationships (Note 2)										
0	Elite Material Co., Ltd.	EMD SPECIALTY MATERIALS, LLC	2	10,473,819	317,500	317,500	301,625	-	1.52%	20,947,638	Y		
0	〃	Technica USA	6	10,473,819	19,050	19,050	19,050	-	0.09%	20,947,638			
1	Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	4	5,205,332	811,080	805,140	625,440	-	7.73%	10,410,663			Y
2	Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	4	3,359,052	2,706,463	2,686,975	1,642,081	-	40.00%	6,718,105			Y

Note 1: 0. refers to the Company.

Note 2: There are the following 7 types of relationship between the endorser and the subject of endorsement:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. Where a public company fulfills its contractual obligations by providing mutual endorsements/ guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages
7. Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other

Note 3: According to the Company's Regulations Governing Making of Endorsements/ Guarantees:
The total amount of the Company's endorsement shall not exceed 100% of the Company's most recent net value of the financial statements, and the limit of endorsement guarantees for a single business shall not exceed 50% of the Company's most recent net value of the financial statements.

Note 4: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

3. Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture).

Unit: NTD in thousand/share

Holding company	Marketable securities type and name	Relationship to the issuer	Classification	End of the period				Remark
				Quantity	Carrying amount	Ratio of shareholding	Fair value	
EMC OVERSEAS HOLDING INCORPORARTED	PROUD STAR INTERNATIIONAL LIMITED	-	Financial assets at fair value through other comprehensive income - non-current	500,000	-	3.26%	-	
EMC USA HOLDING INCORPORATED	Technica USA (preferred stock)	Associate	"	722,000	22,924	87.76%	22,924	

4. Aggregate purchases or sales of the same securities reaching NT$300 million or 20% of paid-in capital or more: None.
5. Acquisition of property reaching NT$300 million or 20% of paid-in capital or more:

(Expressed in Thousands of New Taiwan Dollars)

Company name	Types of property	Transaction date	Transaction amount	Payment term	Counterparty	Nature of relationships	Prior transaction of related counterparty				Price reference	Purpose of acquisition	Other terms
							Owner	Relationship to the issuer	Transfer date	Amount			
Elite Material Co., Ltd.	Land and plant	December 31, 2021	2,160,000	Paid	TEHCHANG LEATHER PRODUCTS CO., LTD.	Unrelated party				-	Valuation based on valuation report	Operational growth demand	None

6. Disposal of property reaching NT$300 million or 20% of paid-in capital or more: None.
7. The purchase and sale of goods with related parties reaching NT$100 million or 20% of paid-in capital or more:

(Expressed in Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationships	Transaction details				Abnormal transaction		Notes/ accounts payable or receivable		Remark
			Purchases/ sales	Amount	% to total	Payment terms	Unit price	Payment terms	Ending balance	% to total	
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Investments accounted for using equity method	Sales	(379,530)	(5)%	Depends on the financial position of the subsidiary	-		123,372	4%	
Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Elite Material Co., Ltd.	〃	Purchase	379,530	5%	〃	-		(123,372)	(4)%	

Company name	Related party	Nature of relationships	Transaction details				Abnormal transaction		Notes/ accounts payable or receivable		Remark
			Purchases/ sales	Amount	% to total	Payment terms	Unit price	Payment terms	Ending balance	% to total	
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	〃	Sales	(208,845)	(3)%	〃	-		109,521	4%	
Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	Elite Material Co., Ltd.	〃	Purchase	208,845	4%	〃	-		(109,521)	(6)%	
Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	Substantive related party relationship	Sales	(161,959)	(1)%	〃	-		86,851	1%	
Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	〃	Purchase	161,959	3%	〃	-		(86,851)	(5)%	
Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	〃	Sales	(2,084,458)	(50)%	〃	-		619,226	44%	
Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	〃	Purchase	2,084,458	25%	〃	-		(619,226)	(21)%	
Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	〃	Sales	(1,561,714)	(37)%	〃	-		452,142	32%	
Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	〃	Purchase	1,561,714	27%	〃	-		(452,142)	(25)%	

Note: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

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

(Expressed in Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationships	Ending balance	Turnover days (times)	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Investments accounted for using equity method	123,372	4.24	-		32,166	-
Elite Material Co., Ltd. (Note 1)	〃	〃	59,184	Not applicable	-		-	-
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	〃	109,521	1.83	-		42,028	-
Elite Material Co., Ltd. (Note 1)	〃	〃	22,896	Not applicable	-		-	-

Company name	Related party	Nature of relationships	Ending balance	Turnover days (times)	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Elite Material Co., Ltd.	Invested companies that adopt the equity method to evaluate the Company	39,068	1.71	-		26,371	-
Elite Electronic Material (Kunshan) Co., Ltd (Mainland China) (Note 1)	〃	〃	406,557	Not applicable	-		168,390	-
Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	Substantive related party relationship	35,610	1.68	-		6,520	-
Elite Electronic Material (Kunshan) Co., Ltd (Mainland China) (Note 1)	〃	〃	1,624,544	Not applicable	-		-	-
Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	Elite Material Co., Ltd.	Invested companies that adopt the equity method to evaluate the Company	7,987	1.68	-		1,218	-
Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China) (Note 1)	〃	〃	298,097	Not applicable	-		52,972	-
Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	Substantive related party relationship	18,305	3.39	-		6,819	-
Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China) (Note 1)	〃	〃	971,708	-	-		-	-
Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	〃	619,226	3.52	-		209,284	-
Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	〃	452,142	4.20	-		-	-

Note 1: Other receivables- related parties
Note 2: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

9. Trading in derivative instruments: None.
10. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them:

No. (Note 1)	Related party	Transaction counterparty	Relationship to the counterparty (Note 2)	Business transactions of the third quarter of 2022			
				Classification	Amount	Transaction terms	% of total
0	Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	1	Sales Revenue	379,530	Note 3	1.27%

No. (Note 1)	Related party	Transaction counterparty	Relationship to the counterparty (Note 2)	Business transactions of the third quarter of 2022			
				Classification	Amount	Transaction terms	% of total
1	Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	3	Other receivables	1,624,544	Note 4	3.90%
2	Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	3	Other receivables	971,708	〃	2.33%
3	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	3	Sales Revenue	2,084,458	Note 3	7.00%
3	〃	〃	3	Accounts receivable	619,226	〃	1.49%
3	〃	Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	3	Sales Revenue	1,561,714	〃	5.24%
3	〃	〃	3	Accounts receivable	452,142	〃	1.08%

Note 1: The number is filled in as follows:
1. Parent company is numbered 0.
2. Subsidiaries are numbered sequentially according to company name from Arabic numeral 1.

Note 2: The types of relationships with counterparties are as follows:
1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: The sale price is negotiated by the buyer and the seller, and the payment terms are determined by the financial status of the subsidiary.
Note 4: There are no other transaction counterparty for comparison.
Note 5: The transaction amount below 1% of the combined total revenue or total assets will not be disclosed.
Note 6: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

(II) Information on investees (excluding investee companies in China):

The information on the investees of the consolidated company from January 1 to September 30, 2022 is as follows:

(Expressed in Thousands of New Taiwan Dollars)

Investment company	Invested company	Location	Business scope	Original investment amount		Holding of investment at the end of the period			Invested company's profit and/or loss this term	Profit and/or loss recognized this term	Remark
				End of the current period	End of last year	Quantity (share)	Proportion	Carrying amount			
Elite Material Co., Ltd.	EMC OVERSEAS HOLDING INCORPORATED	British Virgin Islands	Investment	1,179,111	1,179,111	36,256,950	100.00%	17,192,775	3,499,230	3,499,230	Subsidiary company
〃	Grand Wuhan Incorporated	Cayman Islands	Investment	602,440	602,440	20,020,000	100.00%	745,657	7,918	7,918	Subsidiary company
〃	EMC INTERNATIONAL HOLDING INCORPORATED	〃	Investment	781,850	761,482	27,042,000	100.00%	827,542	(56,024)	(56,024)	Subsidiary company
〃	Li Ceng Technology Co., Ltd.	Taiwan	Electrical appliances, telecommunications equipment, wholesale, retail, battery, power generation, and manufacturing of power distribution machinery	173,694	173,694	16,412,918	33.50%	-	-	-	Note 6
EMC OVERSEAS HOLDING INCORPORATED	Grand Zhuhai Incorporated	Cayman Islands	Investment	1,099,123	1,073,113	34,618,060	100.00%	17,156,132	3,498,975	3,498,975	Subsidiary of subsidiary company

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

Investment company	Invested company	Location	Business scope	Original investment amount		Holding of investment at the end of the period			Invested company's profit and/or loss this term	Profit and/or loss recognized this term	Remark
				End of the current period	End of last year	Quantity (share)	Proportion	Carrying amount			
〃	Li Ceng Technology Co., Ltd.	Taiwan	Electrical appliances, telecommunications equipment, wholesale, retail, battery, power generation, and manufacturing of power distribution machinery	7,311	7,311	250,000	1.53%	-	-	-	Note 6
Grand Zhuhai Incorporated	Grand Shanghai Incorporated	British Virgin Islands	Investment	1,074,763	1,048,752	18,161,515	100.00%	10,423,239	2,024,009	2,020,696	Fellow subsidiary company
〃	Grand Zhongshan Incorporated	〃	Investment	521,875	521,875	16,437,000	100.00%	6,727,470	1,478,231	1,478,231	〃
EMC INTERNATIONAL HOLDING INCORPORATED	EMC SPECIAL APPLICATION INCORPORATED	Cayman Islands	Investment	833,596	833,596	26,255,000	100.00%	802,851	(56,028)	(56,028)	Subsidiary of subsidiary company
〃	EMC USA HOLDING INCORPORATED	〃	Investment	23,241	-	732,000	100.00%	23,240	(1)	(1)	〃
EMC SPECIAL APPLICATION INCORPORATED	EMD SPECIALTY MATERIALS,LLC	USA	Production and sales of Copper Clad Laminate and Prepreg	831,759	831,759	-	100.00%	801,364	(45,155)	(45,155)	Fellow subsidiary company
EMC USA HOLDING INCORPORATED	Technica USA	〃	International Trade	19,050	19,050	600,000	30.00%	-	(9,349)	-	Note 4, 5

Note 1: The carrying amount is the investment balance recognized under the equity method, including investment gains and losses and accumulated exchange adjustments...etc.

Note 2: The financial statements reviewed by the CPA of the parent company in Taiwan are using the equity method.

Note 3: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

Note 4: Since other shareholders hold 70% of the shares, the Company only accounts for 30%, so the Company has no control over it.

Note 5: On October 27, 2021, the consolidated company approved the resolution of the Board of Directors to adjust the investment structure. The original investment of NTD 16,608 thousand, which was reinvested in Technica through EMC Holding LTD., was adjusted to be invested in Technica by USA Holding. The investment structure change was completed on January 10, 2022 by the Investment Review Committee.

Note 6: The investment value has been impaired and the loss was recognized in full where the book value was reduced to zero in 2005.

Note 7: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

(III) Information of investment in Mainland China:

1. Information on reinvestment in Mainland China:

(Expressed in Thousands of New Taiwan Dollars)

Invested company in China	Business scope	Paid-in shares capital	Investment method (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2022	Invested company's profit and/or loss this term	The Company's direct or indirect holding percentage	Profit and/or loss recognized this term (Note 2)	Carrying amount as of September 30, 2022	Accumulated inward remittance of earnings as of September 30, 2022
					Outflow	Inflow						
Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Production and sales of Copper Clad Laminate and Prepreg	2,006,600	(2)	650,816	-	-	650,816	2,019,823	100.00%	2,016,559	10,410,663	9,786,464
Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	〃	641,350	(2)	440,613	-	-	440,613	1,475,767	100.00%	1,475,767	6,718,105	5,410,555
Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	〃	635,000	(2)	601,858	-	-	601,858	7,782	100.00%	7,782	728,534	-

2. Upper limit on reinvestment in Mainland China:

Company name	Accumulated investment in Mainland China as of September 30, 2022	Investment amounts authorized by investment commission, MOEA	Upper limit on investment
The Company	1,710,734	4,373,813	12,568,583

Note 1: There are three types of investment methods, and they indicated below:
1. Directly conduct investment in China.
2. Reinvest in China through a company in which the same have invested in a third jurisdiction.
3. Other methods.

Note 2: Financial statements reviewed by CPA of the parent company in Taiwan.

Note 3: The difference between the paid-in capital of Elite Electronic Material (Kunshan) Co., Ltd (Mainland China) and the remittance from Taiwan is the direct investment of USD 6,012 thousand by the overseas subsidiary, and capital increase through capitalization of retained earnings of USD 10,000 thousand and USD 35,000 thousand.

Note 4: The difference between the paid-in capital of Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China) and the remittance from Taiwan is the capital increase through capitalization of retained earnings of USD 6,255 thousand.

Note 5: The difference between the paid-in capital and the remittance from Taiwan is the direct investment of USD 110 thousand by the overseas subsidiary.

Note 6: It is converted according to the exchange rate of 31.750 (asset and liability) and 29.2520 (profit and loss) on September 30, 2022.

Note 7: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

3. Significant transactions:

For the direct or indirect significant transactions between the consolidated company and the Chinese invested company from January 1 to September 30, 2022 (which have been offset when the consolidated report is prepared), please refer to "Information on Significant Transactions" for details.

(IV) Information of major shareholders:

Shareholding / Name of major shareholders:	Shares held	Ratio of shareholding
Yuchang Investment Co., Ltd.	25,471,477	7.65%

Note: (1) In this chart, major shareholders are defined as shareholders with more than 5% collective holding interest in common and preferred shares that have been delivered via book entry (including treasury stocks), as shown in the records of TDCC on the final business day of each quarter. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.

(2) For shareholders who have placed shareholding under trust, the above information shall be provided based on trust accounts created by the trustee. In which case, these shareholders may be required under the Securities and Exchange Act to make regulatory reporting on insiders with more than 10% ownership interest, which include shares held in own name and shares placed under trust that the shareholder has control over. Refer to MOPS for information on the reporting of insider shareholding.

XIV. Department information

The information and adjustments of the operating departments of the consolidated company are as follows:

	July 2022 to September 2022				
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	$ 1,961,385	7,921,386	-	-	9,882,771
Income from each department	293,200	1,201,996	-	(1,495,196)	-
Total income	**$ 2,254,585**	**9,123,382**	**-**	**(1,495,196)**	**9,882,771**
Segment gains and losses which shall be disclosed	**$ 1,429,153**	**1,345,258**	**3,552,078**	**(4,696,059)**	**1,630,430**

	July 2021 to September 2021				
	Domestic Department	Foreign Department	Other Departments	Adjustment and write off	Total
Income:					
Income from external customers	$ 2,106,655	8,669,793	-	-	10,776,448
Income from each department	437,169	1,346,360	-	(1,783,529)	-
Total income	**$ 2,543,824**	**10,016,153**	**-**	**(1,783,529)**	**10,776,448**
Segment gains and losses which shall be disclosed	**$ 1,956,615**	**2,024,444**	**5,128,764**	**(6,845,398)**	**2,264,425**

	January 2022 to September 2022				
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	$ 6,171,398	23,613,116	-	-	29,784,514
Income from each department	935,670	3,955,836	-	(4,891,506)	-
Total income	**$ 7,107,068**	**27,568,952**	**-**	**(4,891,506)**	**29,784,514**
Segment gains and losses which shall be disclosed	**$ 4,140,128**	**4,061,653**	**10,396,311**	**(13,851,214)**	**4,746,878**

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

	January 2021 to September 2021				
	Domestic department	**Foreign department**	**Other departments**	**Adjustment and write off**	**Total**
Income:					
Income from external customers	$ 5,787,149	22,550,913	-	-	28,338,062
Income from each department	996,336	3,562,064	-	(4,558,400)	-
Total income	**$ 6,783,485**	**26,112,977**	**-**	**(4,558,400)**	**28,338,062**
Segment gains and losses which shall be disclosed	**$ 4,424,035**	**4,539,834**	**11,524,234**	**(15,401,310)**	**5,086,793**