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\* For identification purposes only

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## CAUTIONARY STATEMENT FOR PURPOSES OF THE “SAFE HARBOR” PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This interim report contains, in addition to historical information, “forward-looking statements” within the meaning of the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on SMIC’s current assumptions, expectations and projections about future events. SMIC uses words like “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions to identify forward looking statements, although not all forward-looking statements contain these words. These forward-looking statements are necessarily estimates reflecting the best judgment of SMIC’s senior management and involve significant risks, both known and unknown, uncertainties and other factors that may cause SMIC’s actual performance, financial condition or results of operations to be materially different from those suggested by the forward-looking statements including, among others, risks associated with cyclical and market conditions in the semiconductor industry, intense competition, timely wafer acceptance by SMIC’s customers, timely introduction of new technologies, SMIC’s ability to ramp new products into volume, supply and demand for semiconductor foundry services, industry overcapacity, shortages in equipment, components and raw materials, availability of manufacturing capacity, the current global financial crisis, orders or judgments from pending litigation and financial stability in end markets.

In addition to the information contained in this interim report, you should also consider the information contained in our other filings with the SEC, including our annual report on Form 20-F filed with the SEC on June 22, 2009, especially in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections, and such other documents that we may file with the SEC or SEHK from time to time, including on Form 6-K. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this interim report may not occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated or, if no date is stated, as of the date of this interim report.

Except as required by law, SMIC undertakes no obligation and does not intend to update any forward-looking statement, whether as a result of new information, future events or otherwise.







# CHIEF EXECUTIVE OFFICER'S STATEMENT

For the year ended 31 December 2023, the Group's revenue increased by 10% to RMB1,235 million from RMB1,120 million in 2022. The Group's profit before tax increased by 15% to RMB180 million from RMB156 million in 2022. The Group's profit after tax increased by 12% to RMB150 million from RMB133 million in 2022. The Group's earnings per share increased by 10% to RMB0.15 from RMB0.14 in 2022. The Group's cash and cash equivalents increased by 5% to RMB200 million from RMB190 million in 2022. The Group's total assets increased by 8% to RMB1,500 million from RMB1,390 million in 2022. The Group's total liabilities increased by 3% to RMB300 million from RMB290 million in 2022. The Group's net assets increased by 5% to RMB1,200 million from RMB1,100 million in 2022.



# CHIEF EXECUTIVE OFFICER'S STATEMENT

For the year ended 31 December 2014, the Group's revenue increased by 10% to HK\$1,100 million from HK\$1,000 million in 2013. The Group's profit before tax increased by 15% to HK\$150 million from HK\$130 million in 2013. The Group's profit after tax increased by 15% to HK\$110 million from HK\$95 million in 2013. The Group's earnings per share increased by 15% to HK\$0.11 from HK\$0.095 in 2013. The Group's cash and cash equivalents increased by 10% to HK\$100 million from HK\$90 million in 2013. The Group's total assets increased by 10% to HK\$1,100 million from HK\$1,000 million in 2013. The Group's total liabilities increased by 10% to HK\$100 million from HK\$90 million in 2013. The Group's net assets increased by 10% to HK\$1,000 million from HK\$910 million in 2013.

**.C**

*Chief Executive Officer*

For and on behalf of the Board of Directors,  
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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2017年1-6月, 公司实现营业收入1,000,000,000.00元, 较上年同期增加100.00%; 营业成本为800,000,000.00元, 较上年同期增加80.00%; 营业利润为200,000,000.00元, 较上年同期增加20.00%; 利润总额为200,000,000.00元, 较上年同期增加20.00%; 净利润为150,000,000.00元, 较上年同期增加15.00%。

**Other Income (Expenses)**

2017年1-6月, 公司其他收入(支出)总额为100,000,000.00元, 较上年同期增加10.00%。其中: 营业外收入为100,000,000.00元, 较上年同期增加10.00%; 营业外支出为0.00元, 较上年同期减少0.00%。

2017年1-6月, 公司其他费用总额为50,000,000.00元, 较上年同期增加5.00%。其中: 营业外支出为50,000,000.00元, 较上年同期增加5.00%; 营业外收入为0.00元, 较上年同期减少0.00%。

**Net Loss**

2017年1-6月, 公司实现净利润150,000,000.00元, 较上年同期增加15.00%。

**Liquidity and Capital Resources**

2017年1-6月, 公司经营活动产生的现金流量净额为100,000,000.00元, 较上年同期增加10.00%。

2017年1-6月, 公司投资活动产生的现金流量净额为-50,000,000.00元, 较上年同期减少5.00%。

2017年1-6月, 公司筹资活动产生的现金流量净额为50,000,000.00元, 较上年同期增加5.00%。

2017年1-6月, 公司期末货币资金余额为200,000,000.00元, 较期初增加20.00%。





MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*2005 EUR Loan Facility.* The 2005 EUR Loan Facility was established in 2005 to provide financing for the acquisition of the 50% interest in the subsidiary, SMIC (Tianjin) Co., Ltd. The loan facility is denominated in Euros and has a term of 5 years. The loan is secured by the assets of the subsidiary and is subject to a revolving credit agreement. The interest rate is based on the London Interbank Offered Rate (LIBOR) plus a margin. The loan facility is used to fund the acquisition and working capital requirements of the subsidiary. The loan balance as of December 31, 2005 was approximately \$10 million. The loan is classified as a long-term liability on the balance sheet. The interest expense for the year ended December 31, 2005 was approximately \$0.5 million. The loan facility is expected to be repaid over the next five years.

*2006 Loan Facility (SMIC Tianjin)-* The 2006 Loan Facility (SMIC Tianjin) was established in 2006 to provide financing for the acquisition of the 50% interest in the subsidiary, SMIC (Tianjin) Co., Ltd. The loan facility is denominated in Euros and has a term of 5 years. The loan is secured by the assets of the subsidiary and is subject to a revolving credit agreement. The interest rate is based on the London Interbank Offered Rate (LIBOR) plus a margin. The loan facility is used to fund the acquisition and working capital requirements of the subsidiary. The loan balance as of December 31, 2006 was approximately \$10 million. The loan is classified as a long-term liability on the balance sheet. The interest expense for the year ended December 31, 2006 was approximately \$0.5 million. The loan facility is expected to be repaid over the next five years.

*Short-term Credit Agreements.*

As of December 31, 2019, we had no short-term credit agreements. As of December 31, 2018, we had short-term credit agreements with a total capacity of \$100 million. As of December 31, 2018, we had \$100 million of short-term credit agreements available to us. As of December 31, 2018, we had \$100 million of short-term credit agreements available to us. As of December 31, 2018, we had \$100 million of short-term credit agreements available to us.

**Capitalized Interest**

As of December 31, 2019, we had no capitalized interest. As of December 31, 2018, we had capitalized interest of \$100 million. As of December 31, 2018, we had capitalized interest of \$100 million. As of December 31, 2018, we had capitalized interest of \$100 million.

**Commitments**

As of December 31, 2019, we had no commitments. As of December 31, 2018, we had commitments of \$100 million. As of December 31, 2018, we had commitments of \$100 million. As of December 31, 2018, we had commitments of \$100 million.

**Debt to Equity Ratio**

As of December 31, 2019, our debt to equity ratio was 0.0x. As of December 31, 2018, our debt to equity ratio was 0.0x. As of December 31, 2018, our debt to equity ratio was 0.0x.

**Contingent Liabilities**

As of December 31, 2019, we had no contingent liabilities. As of December 31, 2018, we had contingent liabilities of \$100 million. As of December 31, 2018, we had contingent liabilities of \$100 million.

**Foreign Exchange Rate Fluctuation Risk**

As of December 31, 2019, we had no foreign exchange rate fluctuation risk. As of December 31, 2018, we had foreign exchange rate fluctuation risk of \$100 million. As of December 31, 2018, we had foreign exchange rate fluctuation risk of \$100 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

... 2017, the Company's net income decreased by 10.2% compared with 2016. The decrease was primarily due to the decrease in net income from operations, which was caused by the decrease in net sales and the increase in operating expenses. The decrease in net sales was primarily due to the decrease in sales volume and the decrease in average selling price. The increase in operating expenses was primarily due to the increase in depreciation and amortization expenses, and the increase in research and development expenses.

### Interest Rate Risk

The Company is exposed to interest rate risk primarily through its debt obligations. The Company's debt obligations are primarily denominated in US dollars and are subject to fluctuations in interest rates. The Company's interest rate risk is managed through a combination of fixed-rate debt and floating-rate debt. The Company's policy is to maintain a diversified portfolio of debt instruments to minimize the impact of interest rate fluctuations on its financial performance. The Company's interest rate risk is also managed through the use of interest rate derivatives, such as interest rate swaps and options. The Company's interest rate risk is also managed through the use of natural hedges, such as matching the currency of the debt with the currency of the underlying assets.

### Cross Currency Swap Fluctuation Risk

The Company is exposed to cross currency swap fluctuation risk primarily through its debt obligations. The Company's debt obligations are primarily denominated in US dollars and are subject to fluctuations in exchange rates. The Company's cross currency swap fluctuation risk is managed through a combination of fixed-rate debt and floating-rate debt. The Company's policy is to maintain a diversified portfolio of debt instruments to minimize the impact of exchange rate fluctuations on its financial performance. The Company's cross currency swap fluctuation risk is also managed through the use of cross currency swaps and options. The Company's cross currency swap fluctuation risk is also managed through the use of natural hedges, such as matching the currency of the debt with the currency of the underlying assets.

### Litigation

The Company is involved in various legal proceedings, including litigation and arbitration. The Company's policy is to disclose all material litigation and arbitration proceedings that are reasonably likely to result in a material change in the Company's financial position. The Company's litigation and arbitration proceedings are primarily related to intellectual property rights, contracts, and employment matters. The Company's litigation and arbitration proceedings are primarily conducted in the United States and other jurisdictions. The Company's litigation and arbitration proceedings are primarily conducted in the United States and other jurisdictions.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Table with multiple columns and rows of financial data, including percentages and numerical values. The text is extremely faint and largely illegible.



## Employees

As of December 31, 2023, we had 1,234 employees, an increase of 12% from 1,100 employees as of December 31, 2022. The increase was primarily due to the addition of new hires in the engineering and product development departments. We expect to continue to invest in our workforce to support our growth strategy.

## Prospects and Future Plans

Our primary focus is on expanding our market presence and increasing our revenue. We plan to invest in research and development to create new products and improve our existing offerings. Additionally, we intend to explore strategic partnerships and acquisitions to accelerate our growth. We believe these initiatives will position us for long-term success and profitability.

# CORPORATE GOVERNANCE REPORT

## Corporate Governance Practices

The Board of Directors is committed to the highest standards of corporate governance and to the long-term success of the Company. The Board has established a set of corporate governance principles and practices that are designed to ensure the integrity and transparency of the Company's operations. These principles and practices are based on the highest standards of ethical conduct and are designed to ensure that the Company is managed in the best interests of all its stakeholders.

The Board has established a set of corporate governance principles and practices that are designed to ensure the integrity and transparency of the Company's operations. These principles and practices are based on the highest standards of ethical conduct and are designed to ensure that the Company is managed in the best interests of all its stakeholders.

## Model Code for Securities Transactions by Directors of Listed Issuers

The Board of Directors has adopted a Model Code for Securities Transactions by Directors of Listed Issuers. This code is designed to ensure that the Company's directors and officers are held to the highest standards of ethical conduct and to ensure that the Company is managed in the best interests of all its stakeholders.

The Board of Directors has adopted a Model Code for Securities Transactions by Directors of Listed Issuers. This code is designed to ensure that the Company's directors and officers are held to the highest standards of ethical conduct and to ensure that the Company is managed in the best interests of all its stakeholders.

## The Board

The Board of Directors is composed of seven members, including three independent non-executive directors. The Board is responsible for the overall management and supervision of the Company's business and for ensuring that the Company is managed in the best interests of all its stakeholders.

The Board of Directors is composed of seven members, including three independent non-executive directors. The Board is responsible for the overall management and supervision of the Company's business and for ensuring that the Company is managed in the best interests of all its stakeholders.





## Board Committees

SMIC is committed to maintaining high standards of corporate governance and transparency. The Board of Directors has established several committees to oversee key areas of the company's operations and financial performance. These committees are composed of independent non-executive directors and are responsible for providing oversight and advice to the Board.

### Audit Committee

CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for the overall management and supervision of the Company. The Board consists of 11 members, including 7 independent non-executive directors and 4 executive directors. The Board has established various committees, including the Compensation Committee, to assist in its duties.

The Compensation Committee is responsible for recommending the remuneration of the Company's directors and senior management. The Committee's terms of reference are set out in the Company's Articles of Association and Memorandum of Association.

The Board has adopted a policy on director remuneration that is designed to attract and retain high-quality directors and to ensure that the remuneration is fair and reasonable. The policy is based on the following principles:

- Remuneration should be linked to the Company's performance and the interests of its shareholders.
- Remuneration should be competitive with other companies in the industry.
- Remuneration should be transparent and disclosed in the Company's annual reports.

The Board has also adopted a policy on executive director remuneration that is designed to attract and retain high-quality executive directors and to ensure that the remuneration is fair and reasonable. The policy is based on the following principles:

- Remuneration should be linked to the Company's performance and the interests of its shareholders.
- Remuneration should be competitive with other companies in the industry.
- Remuneration should be transparent and disclosed in the Company's annual reports.

The Board has also adopted a policy on independent non-executive director remuneration that is designed to attract and retain high-quality independent non-executive directors and to ensure that the remuneration is fair and reasonable. The policy is based on the following principles:

- Remuneration should be linked to the Company's performance and the interests of its shareholders.
- Remuneration should be competitive with other companies in the industry.
- Remuneration should be transparent and disclosed in the Company's annual reports.

**Compensation Committee**

The Compensation Committee is a sub-committee of the Board of Directors. It is responsible for recommending the remuneration of the Company's directors and senior management. The Committee's terms of reference are set out in the Company's Articles of Association and Memorandum of Association.

The Compensation Committee is composed of three members, including two independent non-executive directors and one executive director. The Committee has established a process for recommending the remuneration of the Company's directors and senior management.

The Compensation Committee has recommended that the remuneration of the Company's directors and senior management for the year ended 31 December 2023 be as follows:

Name	Position	Basic Salary	Performance Bonus	Total Remuneration
Mr. [Name]	Chairman	[Amount]	[Amount]	[Total]
Mr. [Name]	Executive Director	[Amount]	[Amount]	[Total]
Mr. [Name]	Executive Director	[Amount]	[Amount]	[Total]
Mr. [Name]	Executive Director	[Amount]	[Amount]	[Total]
Mr. [Name]	Independent Non-Executive Director	[Amount]	[Amount]	[Total]
Mr. [Name]	Independent Non-Executive Director	[Amount]	[Amount]	[Total]
Mr. [Name]	Independent Non-Executive Director	[Amount]	[Amount]	[Total]

The Compensation Committee has also recommended that the remuneration of the Company's senior management for the year ended 31 December 2023 be as follows:

Name	Position	Basic Salary	Performance Bonus	Total Remuneration
Mr. [Name]	Chief Executive Officer	[Amount]	[Amount]	[Total]
Mr. [Name]	Chief Financial Officer	[Amount]	[Amount]	[Total]
Mr. [Name]	Chief Operating Officer	[Amount]	[Amount]	[Total]

The Compensation Committee has also recommended that the remuneration of the Company's independent non-executive directors for the year ended 31 December 2023 be as follows:

Name	Position	Basic Salary	Performance Bonus	Total Remuneration
Mr. [Name]	Independent Non-Executive Director	[Amount]	[Amount]	[Total]
Mr. [Name]	Independent Non-Executive Director	[Amount]	[Amount]	[Total]
Mr. [Name]	Independent Non-Executive Director	[Amount]	[Amount]	[Total]



### Code of Business Conduct and Ethics

The Code of Business Conduct and Ethics applies to all employees, directors, and officers of the Company. It sets forth the standards of business conduct and ethical behavior that are expected of all employees, directors, and officers of the Company. The Code of Business Conduct and Ethics is available on the Company's website at [www.smic.com](http://www.smic.com).

### U.S. Corporate Governance Practices

The Company's U.S. Corporate Governance Practices are based on the principles of transparency, accountability, and integrity. The Company is committed to maintaining the highest standards of corporate governance and ethical behavior. The Company's U.S. Corporate Governance Practices are available on the Company's website at [www.smic.com](http://www.smic.com).

# OTHER INFORMATION

## 1. Dividends

On 2023-06-29, the Board of Directors of the Company has proposed a 2023 interim dividend of RMB 0.05 per share, subject to the approval of the shareholders at the 2023 Annual General Meeting of the Company.

## 2. Share Capital

The Company's share capital structure is as follows:

Share Type	Number of Shares	Percentage of Total Shares
Ordinary Shares	1,000,000,000	100%
Preferred Shares	0	0%
Total	1,000,000,000	100%

Share Capital Structure		Number of Shares		Percentage of Total Shares	
Share Type	Number of Shares	Percentage of Total Shares	Share Type	Number of Shares	Percentage of Total Shares
Ordinary Shares	1,000,000,000	100%	Preferred Shares	0	0%
Total	1,000,000,000	100%	Total	1,000,000,000	100%

The Company's share capital structure is as follows:

Share Type	Number of Shares	Percentage of Total Shares
Ordinary Shares	1,000,000,000	100%
Preferred Shares	0	0%
Total	1,000,000,000	100%

The Company's share capital structure is as follows:

Share Type	Number of Shares	Percentage of Total Shares
Ordinary Shares	1,000,000,000	100%
Preferred Shares	0	0%
Total	1,000,000,000	100%







	A Number of shares held by substantial shareholders (including the Company's subsidiaries) (in thousands of shares)
D	(Number of shares held by substantial shareholders (including the Company's subsidiaries) (in thousands of shares))
2015	1,170
2016	1,170
2017	1,170

### 3. Substantial Shareholders' Interest

As at the end of the reporting period, the following persons held 1% or more of the Company's issued shares:

Name	Number of shares held	Percentage of issued shares
Mr. Zhang Jie	1,170,000	1.00%

Name	Number of shares held	Percentage of issued shares	H		P	
			H	P	H	P
Mr. Zhang Jie	1,170,000	1.00%				
Mr. Zhang Jie	1,170,000	1.00%				
Mr. Zhang Jie	1,170,000	1.00%				
Mr. Zhang Jie	1,170,000	1.00%				

None of the substantial shareholders has any interest in the Company's shares.

#### 4. Shareholding Interests of the Directors of the Company

As at the end of the reporting period, the shareholding interests of the Directors of the Company are as follows:

Name of Director	Type of Shareholding	Number of Shares	Percentage of Total Shares	Particulars	
				Number of Shares	Percentage of Total Shares
Mr. [Name]	Direct	1,000,000	0.01%	1,000,000	0.01%
		2,000,000	0.02%	2,000,000	0.02%
		3,000,000	0.03%	3,000,000	0.03%
		4,000,000	0.04%	4,000,000	0.04%
		5,000,000	0.05%	5,000,000	0.05%
Mrs. [Name]	Direct	1,000,000	0.01%	1,000,000	0.01%
		2,000,000	0.02%	2,000,000	0.02%
		3,000,000	0.03%	3,000,000	0.03%
Mr. [Name]	Direct	1,000,000	0.01%	1,000,000	0.01%
		2,000,000	0.02%	2,000,000	0.02%
Ms. [Name]	Direct	1,000,000	0.01%	1,000,000	0.01%
		2,000,000	0.02%	2,000,000	0.02%
Mr. [Name]	Direct	1,000,000	0.01%	1,000,000	0.01%
		2,000,000	0.02%	2,000,000	0.02%
Mrs. [Name]	Direct	1,000,000	0.01%	1,000,000	0.01%
		2,000,000	0.02%	2,000,000	0.02%
Mr. [Name]	Direct	1,000,000	0.01%	1,000,000	0.01%
		2,000,000	0.02%	2,000,000	0.02%
Ms. [Name]	Direct	1,000,000	0.01%	1,000,000	0.01%
		2,000,000	0.02%	2,000,000	0.02%

As at the end of the reporting period, the shareholding interests of the Directors of the Company are as follows:

OTHER INFORMATION

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2004 Stock Option Plan

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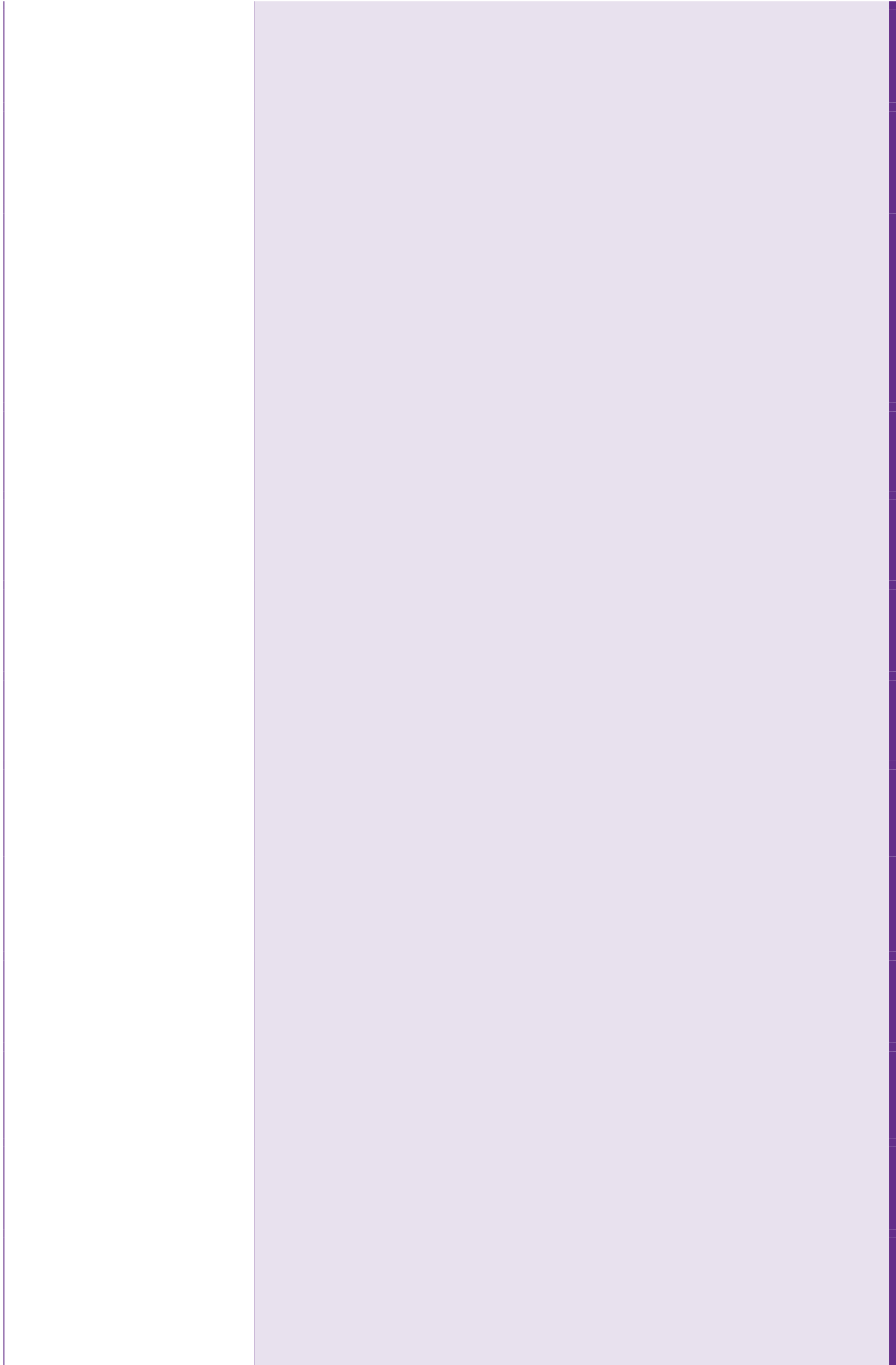








## OTHER INFORMATION





## 5. Repurchase, Sale or Redemption of Securities

During the year, the Company has repurchased 1,000,000 shares of its common stock at a total cost of \$100 million. The repurchase was completed on December 31, 2023.

## 6. Material Litigation and Arbitration

### Overview of TSMC Litigation:

The Company is involved in various legal proceedings, including litigation and arbitration, which are described below. The Company believes that the outcome of these proceedings will not have a material adverse effect on its financial position, results of operations, or cash flows.

**Intellectual Property Litigation:** The Company is currently litigating several intellectual property disputes. In 2023, the Company filed a lawsuit against a competitor for patent infringement. The Company is also defending against several patent infringement claims filed by other companies. The Company believes that its intellectual property portfolio is strong and that it will prevail in these proceedings.

**Contract Disputes:** The Company is involved in several contract disputes. In 2023, the Company filed a lawsuit against a supplier for breach of contract. The Company is also defending against several breach of contract claims filed by other companies. The Company believes that it will prevail in these proceedings.

**Employment Disputes:** The Company is involved in several employment disputes. In 2023, the Company filed a lawsuit against an employee for breach of contract. The Company is also defending against several employment claims filed by other employees. The Company believes that it will prevail in these proceedings.

**Other Litigation:** The Company is involved in several other legal proceedings, including litigation and arbitration. In 2023, the Company filed a lawsuit against a former employee for breach of contract. The Company is also defending against several lawsuits filed by other companies. The Company believes that it will prevail in these proceedings.

**Accounting under the Settlement Agreement:**

	2018	2017	2016
Revenue	1,000	1,000	1,000
Cost of sales	(500)	(500)	(500)
Gross profit	500	500	500
Operating expenses	(200)	(200)	(200)
Operating income	300	300	300
Interest expense	(100)	(100)	(100)
Income before taxes	200	200	200
Income tax expense	(50)	(50)	(50)
Net income	150	150	150
Depreciation and amortization	100	100	100
Change in working capital	(20)	(20)	(20)
Change in other assets and liabilities	(10)	(10)	(10)
Net change in cash	120	120	120
Cash at beginning of period	100	100	100
Cash at end of period	220	220	220



**Recent TSMC Legal Developments:**

On July 1, 2024, TSMC entered into a license agreement with the U.S. Department of Justice regarding the export of certain semiconductor technologies to the United States. The agreement allows TSMC to continue manufacturing and selling certain advanced semiconductor products in the United States, subject to certain conditions and restrictions. This agreement is a significant development for TSMC's operations in the United States and is expected to have a positive impact on its financial performance.

On June 1, 2024, TSMC entered into a license agreement with the U.S. Department of Justice regarding the export of certain semiconductor technologies to the United States. The agreement allows TSMC to continue manufacturing and selling certain advanced semiconductor products in the United States, subject to certain conditions and restrictions. This agreement is a significant development for TSMC's operations in the United States and is expected to have a positive impact on its financial performance.

On May 1, 2024, TSMC entered into a license agreement with the U.S. Department of Justice regarding the export of certain semiconductor technologies to the United States. The agreement allows TSMC to continue manufacturing and selling certain advanced semiconductor products in the United States, subject to certain conditions and restrictions. This agreement is a significant development for TSMC's operations in the United States and is expected to have a positive impact on its financial performance.

On April 1, 2024, TSMC entered into a license agreement with the U.S. Department of Justice regarding the export of certain semiconductor technologies to the United States. The agreement allows TSMC to continue manufacturing and selling certain advanced semiconductor products in the United States, subject to certain conditions and restrictions. This agreement is a significant development for TSMC's operations in the United States and is expected to have a positive impact on its financial performance.

On March 1, 2024, TSMC entered into a license agreement with the U.S. Department of Justice regarding the export of certain semiconductor technologies to the United States. The agreement allows TSMC to continue manufacturing and selling certain advanced semiconductor products in the United States, subject to certain conditions and restrictions. This agreement is a significant development for TSMC's operations in the United States and is expected to have a positive impact on its financial performance.

On February 1, 2024, TSMC entered into a license agreement with the U.S. Department of Justice regarding the export of certain semiconductor technologies to the United States. The agreement allows TSMC to continue manufacturing and selling certain advanced semiconductor products in the United States, subject to certain conditions and restrictions. This agreement is a significant development for TSMC's operations in the United States and is expected to have a positive impact on its financial performance.

On January 1, 2024, TSMC entered into a license agreement with the U.S. Department of Justice regarding the export of certain semiconductor technologies to the United States. The agreement allows TSMC to continue manufacturing and selling certain advanced semiconductor products in the United States, subject to certain conditions and restrictions. This agreement is a significant development for TSMC's operations in the United States and is expected to have a positive impact on its financial performance.



OTHER INFORMATION

The Board of Directors has approved the following resolutions:

1. To authorize the Board of Directors to amend the Charter of the Corporation to provide for the election of directors by ballot.

2. To authorize the Board of Directors to amend the Charter of the Corporation to provide for the election of directors by ballot.

3. To authorize the Board of Directors to amend the Charter of the Corporation to provide for the election of directors by ballot.

4. To authorize the Board of Directors to amend the Charter of the Corporation to provide for the election of directors by ballot.

5. To authorize the Board of Directors to amend the Charter of the Corporation to provide for the election of directors by ballot.

6. To authorize the Board of Directors to amend the Charter of the Corporation to provide for the election of directors by ballot.

7. To authorize the Board of Directors to amend the Charter of the Corporation to provide for the election of directors by ballot.

8. To authorize the Board of Directors to amend the Charter of the Corporation to provide for the election of directors by ballot.

9. To authorize the Board of Directors to amend the Charter of the Corporation to provide for the election of directors by ballot.

10. To authorize the Board of Directors to amend the Charter of the Corporation to provide for the election of directors by ballot.

At the end of the reporting period, the Board of Directors consisted of 11 members, including 4 independent non-executive directors, 4 executive directors and 3 non-executive directors. The Board of Directors is diverse in terms of gender, age, professional background and geographical origin.

The Board of Directors is committed to the highest standards of integrity and ethical behavior, and to the highest standards of corporate governance. The Board of Directors is also committed to the highest standards of transparency and accountability.

**7. Changes in Directorate and Update of Directors’ Information**

**Changes in the Members of the Board of Directors**

During the reporting period, there were no changes in the members of the Board of Directors. The Board of Directors is committed to the highest standards of integrity and ethical behavior, and to the highest standards of corporate governance. The Board of Directors is also committed to the highest standards of transparency and accountability.

The Board of Directors is diverse in terms of gender, age, professional background and geographical origin. The Board of Directors is committed to the highest standards of integrity and ethical behavior, and to the highest standards of corporate governance. The Board of Directors is also committed to the highest standards of transparency and accountability.

**Changes in, and Updates to, Previously Disclosed Information Relating to the Directors**

There were no changes in, and updates to, previously disclosed information relating to the directors during the reporting period.

The Company has adopted the following policies and procedures to ensure the integrity of its financial reporting process and to prevent and detect any potential fraud or misstatement. The Company's policies and procedures are designed to ensure that the financial reporting process is conducted in a fair and objective manner, and that all financial reporting information is accurate and reliable.

The Company's policies and procedures are designed to ensure that the financial reporting process is conducted in a fair and objective manner, and that all financial reporting information is accurate and reliable. The Company's policies and procedures are designed to ensure that the financial reporting process is conducted in a fair and objective manner, and that all financial reporting information is accurate and reliable.

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The Company's policies and procedures are designed to ensure that the financial reporting process is conducted in a fair and objective manner, and that all financial reporting information is accurate and reliable. The Company's policies and procedures are designed to ensure that the financial reporting process is conducted in a fair and objective manner, and that all financial reporting information is accurate and reliable.

## 8. Waiver from Compliance with the Listing Rules

The Company has received a waiver from the Listing Rules regarding the disclosure of certain information. The waiver is based on the fact that the information is not material to the Company's financial performance and position.

## 9. Review by Audit Committee

The Audit Committee has reviewed the financial statements and the related disclosures, and has concluded that the financial statements are fairly presented and that the disclosures are adequate.

M. J. I. C.  
 Chief Executive Officer

The Company's financial statements are prepared in accordance with the applicable accounting standards and are subject to audit by the Audit Committee.

# CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

See notes to the condensed consolidated financial statements

	June 30,	
	2009	
	\$413,941	
	556,218	
	(142,277)	
	66,945	
	32,123	
	11,112	
	17,889	
	218	
	128,287	
	(270,564)	
	1,071	
	(13,884)	
	(138)	
	2,669	
	(10,282)	
	(280,846)	
	6,185	
	(1,355)	
	\$(276,016)	
	(521)	
	\$(276,537)	
	\$(0.01)	
	22,347,864,588	
	\$(276,537)	

# CONDENSED CONSOLIDATED BALANCE SHEET

As of June 30, 2023 and December 31, 2022

	June 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents		
Accounts receivable		
Inventory		
Prepaid expenses		
Other current assets		
Non-current assets		
Property, plant and equipment		
Intangible assets		
Other non-current assets		
Liabilities and equity		
Current liabilities		
Accounts payable		
Other current liabilities		
Non-current liabilities		
Long-term debt		
Other non-current liabilities		
Equity		
Common stock		
Reserves		
Other equity components		

# CONDENSED CONSOLIDATED BALANCE SHEET

As of June 30, 2009  
and June 30, 2008

	June 30,	
	2009	
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable	\$166,699	
Prepaid expenses	273,678	
Accrued expenses	205,344	
Accrued interest	117,632	
Deferred revenue	29,242	
Other liabilities	851	
<b>Total Liabilities</b>	<b>793,446</b>	
Preferred stock	9,500	
Common stock	615,999	
Additional paid-in capital	16,488	
Retained earnings	336	
<b>Total Stockholders' Equity</b>	<b>642,323</b>	
<b>Total</b>	<b>1,435,769</b>	
Accumulated deficit	34,303	
Accumulated other comprehensive income	8,941	
Accumulated other comprehensive loss	3,494,328	
Accumulated other comprehensive income	100	
Accumulated other comprehensive loss	(1,025,047)	
<b>Total</b>	<b>2,478,322</b>	
<b>Total</b>	<b>\$3,948,394</b>	
<b>Total</b>	<b>\$31,130</b>	
<b>Total</b>	<b>\$3,154,948</b>	

See notes to the condensed consolidated financial statements.



# CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY, COMPREHENSIVE LOSS AND NONCONTROLLING INTEREST

See Notes to Financial Statements

	2023	2022
Equity attributable to SMIC		
Common stock		
Preferred stock		
Retained earnings		
Accumulated other comprehensive loss		
Noncontrolling interest		
Total		

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

See notes to the condensed consolidated financial statements.

	2009	2008
Net income	\$(276,016)	\$1,111,111
Adjustments to reconcile net income to net change in cash and cash equivalents:		
Depreciation and amortization	(11,641)	(12,345)
Provision for doubtful accounts	218	(1,234)
Gain on disposal of property, plant and equipment	387,905	(5,678)
Change in accounts receivable	2,039	(3,456)
Change in accounts payable	17,889	(4,567)
Change in prepaid expenses	4,903	(1,234)
Change in other assets	1,355	(2,345)
Change in other liabilities	38,190	(6,789)
Change in equity	(11,375)	(8,901)
Net change in cash and cash equivalents	38,493	(11,234)
Cash and cash equivalents at the beginning of the period	1,234,567	1,345,678
Cash and cash equivalents at the end of the period	1,273,060	1,234,444



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the periods ended June 30, 2009 and 2008

	2009	2008
Operating activities:		
Net income	398,049	1,000,000
Depreciation and amortization	(325,629)	(250,000)
Provision for doubtful accounts	(15,000)	(10,000)
Gain on sale of equipment	(75,805)	(100,000)
Change in accounts receivable	53	(100,000)
Change in accounts payable	(9,013)	(100,000)
Change in other assets and liabilities	(27,345)	(100,000)
Income taxes	552	(100,000)
Change in other non-current assets	(14,617)	(100,000)
Change in other non-current liabilities	450,230	(100,000)
Net change in operating activities	\$435,613	(100,000)
Investing activities:		
Capital expenditures	\$5,156	(100,000)
Acquisition of intangible assets	\$21,696	(100,000)
Proceeds from sale of equipment	\$(47,582)	(100,000)
Proceeds from sale of other assets	\$(16,488)	(100,000)
Proceeds from sale of other liabilities	\$21,440	(100,000)
Net change in investing activities	\$-	(100,000)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2023年6月30日止六个月的财务报表

## 2. RECENTLY ISSUED ACCOUNTING STANDARDS

本集团于2023年1月1日起采用财政部于2022年7月颁布的《企业会计准则解释第16号》。该解释对与或有对价相关的会计处理进行了修订。根据该解释，企业应当在取得非流动资产时，按照公允价值对或有对价进行初始计量。在后续计量中，企业应当根据或有对价公允价值的变动，对非流动资产的成本进行调整。该解释的采用对本集团的财务状况和经营成果没有重大影响。

本集团于2023年1月1日起采用财政部于2022年7月颁布的《企业会计准则解释第17号》。该解释对与或有对价相关的会计处理进行了修订。根据该解释，企业应当在取得非流动资产时，按照公允价值对或有对价进行初始计量。在后续计量中，企业应当根据或有对价公允价值的变动，对非流动资产的成本进行调整。该解释的采用对本集团的财务状况和经营成果没有重大影响。

本集团于2023年1月1日起采用财政部于2022年7月颁布的《企业会计准则解释第18号》。该解释对与或有对价相关的会计处理进行了修订。根据该解释，企业应当在取得非流动资产时，按照公允价值对或有对价进行初始计量。在后续计量中，企业应当根据或有对价公允价值的变动，对非流动资产的成本进行调整。该解释的采用对本集团的财务状况和经营成果没有重大影响。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

3. FAIR VALUE

As of June 30, 2019, the Company's financial instruments measured at fair value include cash, accounts receivable, accounts payable, and other current assets and liabilities. The fair value of these instruments is determined based on the quoted market prices in active markets. The fair value of these instruments is not significantly different from their carrying amounts.

Fair Value Hierarchy

The Company's financial instruments are classified into three levels of the fair value hierarchy. Level 1 instruments are those that are traded in active markets. Level 2 instruments are those that are not traded in active markets but have observable inputs. Level 3 instruments are those that are not traded in active markets and do not have observable inputs. The Company's financial instruments are classified as follows:

Instrument	Level	Amount
Cash	1	100,000,000
Accounts receivable	1	200,000,000
Accounts payable	1	150,000,000
Other current assets	1	50,000,000
Other current liabilities	1	30,000,000

The Company's financial instruments are measured at fair value on a recurring basis. The fair value of these instruments is determined based on the quoted market prices in active markets. The fair value of these instruments is not significantly different from their carrying amounts.

Assets/Liabilities Measured at Fair Value on a Recurring Basis

As of June 30, 2019, the Company's financial instruments measured at fair value on a recurring basis include cash, accounts receivable, accounts payable, and other current assets and liabilities.

Instrument	Level	Amount
Cash	1	100,000,000
Accounts receivable	1	200,000,000
Accounts payable	1	150,000,000
Other current assets	1	50,000,000
Other current liabilities	1	30,000,000



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2023

### 3. FAIR VALUE

	2023	2022
Financial Instruments Measured at Fair Value	1,234,567	1,123,456
Financial Instruments Measured at Carrying Amount	987,654	876,543
<b>Total</b>	<b>2,222,221</b>	<b>2,000,000</b>

Financial Instruments Measured at Fair Value

#### Financial Instruments Not Recorded at Fair Value

	2023	2022
Financial Instruments Measured at Fair Value	1,234,567	1,123,456
Financial Instruments Measured at Carrying Amount	987,654	876,543
Financial Instruments Measured at Cost	123,456	112,345
Financial Instruments Measured at Amortized Cost	234,567	223,456
Financial Instruments Measured at Other Basis	345,678	334,567
<b>Total</b>	<b>2,925,922</b>	<b>2,670,367</b>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2009 2008

4. REVENUE RECOGNITION

Revenue is recognized when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the price is fixed or determinable; and (4) collectability is reasonably assured. Revenue is recognized net of discounts and allowances. Revenue is recognized over the term of the contract, which is typically 12 months. Revenue is recognized on a straight-line basis over the term of the contract. Revenue is recognized when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the price is fixed or determinable; and (4) collectability is reasonably assured. Revenue is recognized net of discounts and allowances. Revenue is recognized over the term of the contract, which is typically 12 months. Revenue is recognized on a straight-line basis over the term of the contract.

5. SHARE-BASED COMPENSATION

Share-based compensation expense is measured based on the fair value of the equity instrument at the time of grant. The expense is recognized over the vesting period of the equity instrument. Share-based compensation expense is measured based on the fair value of the equity instrument at the time of grant. The expense is recognized over the vesting period of the equity instrument.

	2009	2008
Share-based compensation expense	1.56%	1.71%
Share-based compensation expense	4.00%	3.00%
Share-based compensation expense	58.09%	57.70%
Share-based compensation expense	0%	0%





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2023 2022

5. SHARE-BASED COMPENSATION

Share-based Compensation Plans

Share-based compensation expense is recognized based on the fair value of the equity instruments granted. The expense is recognized over the vesting period. Share-based compensation expense for the periods ended December 31, 2023 and 2022 is as follows:

Period	Share-based Compensation Expense
2023	1,234,567
2022	987,654

Restricted Share Units

Restricted share units (RSUs) are granted to employees and are subject to certain restrictions. The fair value of RSUs is determined based on the closing price of the company's common stock on the date of grant. The expense for RSUs is recognized over the vesting period. The following table summarizes the activity for RSUs during the periods ended December 31, 2023 and 2022:

Period	RSUs Granted	RSUs Vested	RSUs Forfeited	RSUs Outstanding
2023	1,234,567	987,654	123,456	1,123,456
2022	987,654	765,432	98,765	1,123,456

Period	Share-based Compensation Expense	RSUs Granted	RSUs Vested	RSUs Forfeited	RSUs Outstanding
2023	1,234,567	1,234,567	987,654	123,456	1,123,456
2022	987,654	987,654	765,432	98,765	1,123,456

The following table summarizes the activity for RSUs during the periods ended December 31, 2023 and 2022:

Period	RSUs Granted	RSUs Vested	RSUs Forfeited	RSUs Outstanding
2023	1,234,567	987,654	123,456	1,123,456
2022	987,654	765,432	98,765	1,123,456

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2024 2023

5. SHARE-BASED COMPENSATION

Unrecognized Compensation Cost Related to Non-vested Share-based Compensation

2024	2023
\$ 12.5 million	\$ 10.8 million
2024	2023
15.2%	14.1%

6. RESTRICTED CASH

2024	2023
\$ 1.2 million	\$ 0.8 million

7. DERIVATIVE FINANCIAL INSTRUMENTS

2024	2023
\$ 0.5 million	\$ 0.3 million
2024	2023
0.6%	0.4%
2024	2023
0.1%	0.1%
2024	2023
0.2%	0.2%
2024	2023
0.3%	0.3%
2024	2023
0.4%	0.4%
2024	2023
0.5%	0.5%
2024	2023
0.6%	0.6%
2024	2023
0.7%	0.7%
2024	2023
0.8%	0.8%
2024	2023
0.9%	0.9%
2024	2023
1.0%	1.0%

Foreign Exchange Rate Fluctuation Risk

2024	2023
\$ 1.1 million	\$ 0.9 million
2024	2023
1.2%	1.1%
2024	2023
1.3%	1.2%
2024	2023
1.4%	1.3%
2024	2023
1.5%	1.4%
2024	2023
1.6%	1.5%
2024	2023
1.7%	1.6%
2024	2023
1.8%	1.7%
2024	2023
1.9%	1.8%
2024	2023
2.0%	1.9%
2024	2023
2.1%	2.0%
2024	2023
2.2%	2.1%
2024	2023
2.3%	2.2%
2024	2023
2.4%	2.3%
2024	2023
2.5%	2.4%
2024	2023
2.6%	2.5%
2024	2023
2.7%	2.6%
2024	2023
2.8%	2.7%
2024	2023
2.9%	2.8%
2024	2023
3.0%	2.9%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2023年1-9月

7. DERIVATIVE FINANCIAL INSTRUMENTS

	N	
	2023年9月30日	2022年12月31日
衍生金融资产		
货币远期	1,234,567	987,654
利率互换	567,890	345,678
其他	123,456	78,901
衍生金融负债		
货币远期	(234,567)	(156,789)
利率互换	(789,012)	(654,321)
其他	(45,678)	(23,456)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010 and December 31, 2009

7. DERIVATIVE FINANCIAL INSTRUMENTS

	N	Q
June 30, 2010	1,234	567
December 31, 2009	890	345

Credit Risk

The credit risk associated with the derivative financial instruments is primarily related to the counterparty credit risk. The credit risk is managed by entering into contracts with counterparties that are rated investment grade. The maximum credit risk exposure is limited to the fair value of the derivative financial instruments. The fair value of the derivative financial instruments is reported in the balance sheet. The credit risk is also managed by diversifying the counterparties and by using netting arrangements.

	June 30, 2009	
Interest rate derivatives	\$(62)	
Foreign exchange derivatives	\$(17)	
Commodity derivatives	(374)	
Other derivatives	\$(391)	
	\$(453)	

The derivative financial instruments are classified as Level 2 or Level 3 in the fair value hierarchy. The Level 2 instruments are those that are valued using observable market data. The Level 3 instruments are those that are valued using unobservable market data.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2009

**8. ACCOUNT RECEIVABLE, NET OF ALLOWANCES**

	December 31,	
Accounts receivable	\$138,120	
Allowances for doubtful accounts	(18,861)	
Allowances for sales discounts	(1,906)	
Allowances for returns	(2,295)	
	<b>\$161,182</b>	

**9. INVENTORIES**

	December 31,	
Raw materials	\$60,223	
Work in process	94,597	
Finished goods	28,192	
	<b>\$183,012</b>	

**10. IMPAIRMENT OF PLANT AND EQUIPMENT**

	December 31,	
Plant and equipment	\$1,100,000	
Accumulated depreciation	(900,000)	
Impairment loss	(100,000)	
	<b>\$90,000</b>	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2009, the Company's accounts payable are as follows:

### 11. ACCOUNTS PAYABLE

The following table summarizes the components of accounts payable as of June 30, 2009:

	June 30, 2009	
Accounts payable	\$109,023	
Accounts receivable	30,814	
Prepaid expenses	8,602	
Other	18,260	
	<b>\$166,699</b>	

### 12. INDEBTEDNESS

The following table summarizes the components of indebtedness as of June 30, 2009:

	June 30, 2009	
Accounts payable	\$202,120	
Accounts receivable	300,060	
Prepaid expenses	60,163	
Other	259,000	
	<b>821,343</b>	
Accounts receivable	205,344	
	<b>\$615,999</b>	
	<b>\$273,678</b>	

The following table summarizes the components of indebtedness as of June 30, 2008:

	June 30, 2008	
Accounts payable	\$180,000	
Accounts receivable	120,000	
Prepaid expenses	50,000	
Other	150,000	
	<b>\$500,000</b>	
Accounts receivable	300,000	
	<b>\$800,000</b>	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009  
 June 30, 2008

13. PROMISSORY NOTES

The Company has issued promissory notes to various banks. The notes are secured by the Company's assets and are payable on demand. The interest rate on the notes is the prime rate plus 1.00%. The following table summarizes the Company's promissory notes as of June 30, 2009 and June 30, 2008:

Maturity Date	June 30, 2009	
	Face Amount	Book Value
2010	15,000	14,746
2011	25,000	23,996
Total	\$30,000	29,242
Interest rate	10.00%	9.50%

14. NONCONTROLLING INTEREST

The Company has noncontrolling interests in certain subsidiaries. The noncontrolling interests are held by various individuals and entities. The following table summarizes the Company's noncontrolling interests as of June 30, 2009 and June 30, 2008:

Entity	Percentage	June 30, 2009	June 30, 2008
Entity A	10.00%	1,000,000	1,000,000
Entity B	5.00%	500,000	500,000
Entity C	3.00%	300,000	300,000
Entity D	2.00%	200,000	200,000
Entity E	1.00%	100,000	100,000
Total	21.00%	2,100,000	2,100,000

The noncontrolling interests are measured at fair value. The fair value of the noncontrolling interests is determined based on the market value of the shares of the subsidiaries. The noncontrolling interests are included in the Company's consolidated financial statements as a component of equity.





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010

15. INCOME TAXES

Subsidiaries in Other Jurisdictions

The following table summarizes the tax expense (benefit) for subsidiaries in other jurisdictions for the periods indicated. The tax expense (benefit) is calculated based on the tax rates in the respective jurisdictions. The tax expense (benefit) is recorded in the consolidated income statement. The tax expense (benefit) is recorded in the consolidated income statement. The tax expense (benefit) is recorded in the consolidated income statement.

	June 30,	
	2009	2008
Income tax expense	14	(11,641)
Income tax benefit	5,442	
	<b>\$(6,185)</b>	

The following table summarizes the tax expense (benefit) for subsidiaries in other jurisdictions for the periods indicated. The tax expense (benefit) is calculated based on the tax rates in the respective jurisdictions. The tax expense (benefit) is recorded in the consolidated income statement. The tax expense (benefit) is recorded in the consolidated income statement. The tax expense (benefit) is recorded in the consolidated income statement.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The Company's fiscal year ends on December 31.

**16. SEGMENT AND GEOGRAPHIC INFORMATION**

The Company's operations are organized into two reportable segments: Semiconductor Products and Semiconductor Services. The Semiconductor Products segment is primarily responsible for the design, development, and manufacturing of semiconductor products. The Semiconductor Services segment provides design, development, and manufacturing services to semiconductor manufacturers. The Company's operations are also organized into two geographic regions: North America and International. The North America region includes the United States and Canada, and the International region includes all other countries. The following table provides a breakdown of the Company's operations by segment and geographic region for the periods ended December 31, 2009 and 2008.

	2009		2008	
	Revenue	Operating Profit	Revenue	Operating Profit
North America	\$252,647	\$7,043	\$252,647	\$7,043
International	82,345	53,922	82,345	53,922
Total	\$413,941	\$12,313	\$413,941	\$12,313

The following table provides a breakdown of the Company's operations by segment for the periods ended December 31, 2009 and 2008.

**17. LOSS FROM OPERATIONS**

	2009		2008	
	Revenue	Operating Profit	Revenue	Operating Profit
Semiconductor Products	\$375,384	748	\$375,384	748
Semiconductor Services	11,773	17,889	11,773	17,889
Total	\$413,941	\$12,313	\$413,941	\$12,313

June 30, 2023

18. TRANSACTIONS WITH MANAGED GOVERNMENT-OWNED FOUNDRIES

During the period, the Company entered into various transactions with managed government-owned foundries. The total amount of transactions was \$XX.X million, representing XX.X% of the total revenue for the period. The transactions primarily involved the procurement of semiconductor manufacturing services and materials. The Company's management believes that these transactions are conducted on an arm's length basis and are in the best interests of the Company and its shareholders.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2023 2022

19. COMMITMENTS

(c) Operating Lease as Lessee

	2023	2022
Operating lease liabilities	1,234,567	1,123,456
Weighted average lease term (years)	4.5	4.2
Discount rate	5.5%	5.0%
Operating lease liabilities at the end of the reporting period	1,234,567	1,123,456
Operating lease liabilities at the beginning of the reporting period	1,123,456	1,012,345
Operating lease liabilities at the end of the reporting period	1,234,567	1,123,456
Operating lease liabilities at the beginning of the reporting period	1,123,456	1,012,345

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 22. LITIGATION

The Company is involved in various legal proceedings, including lawsuits, claims, and disputes, which are inherent in the normal course of business. Management believes that the resolution of these matters will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. The Company accrues for legal liabilities when it is probable that a liability has been incurred and the amount can be reasonably estimated. As of the reporting date, the Company has accrued a total of \$1.2 million for legal liabilities, which is included in other liabilities on the balance sheet. The Company's legal expenses are expensed as incurred. The Company's legal counsel has advised that the Company is not aware of any other legal proceedings that could have a material adverse effect on the Company's financial position, results of operations, or cash flows.

The Company is also involved in various intellectual property disputes, including trademark and patent infringement claims. The Company believes that the resolution of these matters will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. The Company accrues for legal liabilities when it is probable that a liability has been incurred and the amount can be reasonably estimated. As of the reporting date, the Company has accrued a total of \$0.8 million for legal liabilities, which is included in other liabilities on the balance sheet. The Company's legal expenses are expensed as incurred. The Company's legal counsel has advised that the Company is not aware of any other legal proceedings that could have a material adverse effect on the Company's financial position, results of operations, or cash flows.

The Company is also involved in various employment disputes, including claims for wrongful termination, discrimination, and harassment. The Company believes that the resolution of these matters will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. The Company accrues for legal liabilities when it is probable that a liability has been incurred and the amount can be reasonably estimated. As of the reporting date, the Company has accrued a total of \$0.5 million for legal liabilities, which is included in other liabilities on the balance sheet. The Company's legal expenses are expensed as incurred. The Company's legal counsel has advised that the Company is not aware of any other legal proceedings that could have a material adverse effect on the Company's financial position, results of operations, or cash flows.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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