PHOENIX SILICON INTERNATIONAL CORPORATION

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT

SEPTEMBER 30, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

PHOENIX SILICON INTERNATIONAL CORPORATION
SEPTEMBER 30, 2023 AND 2022 FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT
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INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR23000187

To the Board of Directors and Shareholders of Phoenix Silicon International Corporation

Introduction

We have reviewed the accompanying balance sheets of Phoenix Silicon International Corporation (the "Company") as at September 30, 2023 and 2022, and the related statements of comprehensive income for the three-month and nine-month periods then ended, as well as the statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Scope of review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as at September 30, 2023 and 2022, and of its financial performance for the three-month and nine-month periods then ended and its cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Liu, Chien-Yu	Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

November 6, 2023

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

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

PHOENIX SILICON INTERNATIONAL CORPORATION
BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	September 30, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%	September 30, 2022 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 842,527	10	$ 1,070,340	13	$ 1,063,299	13
1110	Current financial assets at fair value through profit or loss	6(2)	234,863	3	-	-	-	-
1140	Current contract assets	6(20)	471,248	5	266,439	3	251,513	3
1150	Notes receivable, net	6(4)	17	-	86	-	-	-
1170	Accounts receivable, net	6(4)	372,103	4	414,091	5	454,726	6
1200	Other receivables		10,994	-	26,034	-	21,545	-
1210	Other receivables due from related parties	7	-	-	16	-	16	-
130X	Inventories	6(5)	236,844	3	258,799	3	223,645	3
1410	Prepayments		19,479	-	14,201	-	41,651	-
1470	Other current assets		1,239	-	1,136	-	4,417	-
11XX	**Current Assets**		2,189,314	25	2,051,142	24	2,060,812	25
	Non-current assets							
1535	Non-current financial assets at amortised cost	6(3) and 8	13,555	-	13,055	-	12,917	-
1550	Investments accounted for using equity method	6(6)	-	-	82,341	1	82,563	1
1600	Property, plant and equipment	6(7) and 8	5,833,358	67	5,611,342	65	5,336,050	65
1755	Right-of-use assets	6(8)	325,724	4	336,331	4	337,383	4
1780	Intangible assets		33,481	1	22,687	-	24,280	-
1840	Deferred income tax assets		23,718	-	26,162	1	32,650	1
1900	Other non-current assets	6(10)	247,354	3	455,894	5	341,828	4
15XX	**Non-current assets**		6,477,190	75	6,547,812	76	6,167,671	75
1XXX	**Total assets**		$ 8,666,504	100	$ 8,598,954	100	$ 8,228,483	100

(Continued)

PHOENIX SILICON INTERNATIONAL CORPORATION
BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	September 30, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%	September 30, 2022 AMOUNT	%
	Current liabilities							
2120	Financial liabilities at fair value through profit or loss - current	6(11)	$ 629	-	$ -	-	$ -	-
2130	Current contract liabilities	6(20)	79	-	140	-	140	-
2170	Accounts payable		156,834	2	234,513	3	194,136	3
2200	Other payables	6(12)	396,994	5	465,019	5	427,364	5
2220	Other payables to related parties	6(12) and 7	-	-	1,253	-	44	-
2230	Current income tax liabilities		15,569	-	34,307	-	27,309	-
2280	Current lease liabilities		14,338	-	14,881	-	14,332	-
2320	Long-term liabilities, current portion	6(13)(14) and 8	824,563	9	503,910	6	956,061	12
2399	Other current liabilities, others	7	81	-	367	-	71	-
21XX	**Current Liabilities**		1,409,087	16	1,254,390	14	1,619,457	20
	Non-current liabilities							
2540	Long-term borrowings	6(14) and 8	3,881,143	45	3,985,557	47	3,296,624	40
2550	Provisions for liabilities - non-current	6(16)	18,038	-	17,417	-	17,212	-
2580	Non-current lease liabilities		314,409	4	324,604	4	326,231	4
2600	Other non-current liabilities	7	26,485	-	25,678	-	34,186	-
25XX	**Non-current liabilities**		4,240,075	49	4,353,256	51	3,674,253	44
2XXX	**Total Liabilities**		5,649,162	65	5,607,646	65	5,293,710	64
	Equity							
	Share capital	6(17)						
3110	Share capital - common stock		1,526,280	18	1,526,280	18	1,526,280	19
	Capital surplus	6(18)						
3200	Capital surplus		734,756	8	744,225	8	734,756	9
	Retained earnings	6(19)						
3310	Legal reserve		197,755	2	164,774	2	164,774	2
3350	Unappropriated retained earnings		558,551	7	556,029	7	508,963	6
3XXX	**Total equity**		3,017,342	35	2,991,308	35	2,934,773	36
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9						
	Significant Events After the Balance Sheet Date	11						
3X2X	**Total liabilities and equity**		$ 8,666,504	100	$ 8,598,954	100	$ 8,228,483	100

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

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Three months ended September 30				Nine months ended September 30			
			2023		2022		2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20)	$ 787,661	100	$ 824,049	100	$ 2,573,994	100	$ 2,281,153	100
5000	Operating costs	6(5)(25)(26)	(635,044)	(80)	(599,984)	(72)	(1,963,159)	(76)	(1,662,905)	(73)
5950	Gross profit from operations		152,617	20	224,065	28	610,835	24	618,248	27
	Operating expenses	6(25)(26)								
6100	Selling expenses		(10,714)	(1)	(10,310)	(1)	(33,338)	(2)	(29,283)	(1)
6200	Administrative expenses		(86,268)	(11)	(87,614)	(11)	(279,871)	(11)	(256,593)	(11)
6300	Research and development expenses		(35,969)	(5)	(40,650)	(5)	(107,872)	(4)	(110,355)	(5)
6000	Total operating expenses		(132,951)	(17)	(138,574)	(17)	(421,081)	(17)	(396,231)	(17)
6900	Operating profit		19,666	3	85,491	11	189,754	7	222,017	10
	Non-operating income and expenses									
7100	Interest income	6(21) and 7	748	-	308	-	4,236	-	893	-
7010	Other income	6(22) and 7	2,816	-	2,511	-	6,748	-	7,765	-
7020	Other gains and losses	6(6)(23)	104,465	13	60,483	7	187,443	7	123,640	6
7050	Finance costs	6(24)	(18,457)	(2)	(8,796)	(1)	(43,273)	(1)	(22,553)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method	6(6)	-	-	(2,533)	-	(3,415)	-	(14,109)	(1)
7000	Total non-operating income and expenses		89,572	11	51,973	6	151,739	6	95,636	4
7900	**Profit before income tax**		109,238	14	137,464	17	341,493	13	317,653	14
7950	Income tax benefit (expense)	6(27)	6,700	1	(14,783)	(2)	(31,260)	(1)	(34,907)	(2)
8200	**Profit for the period**		$ 115,938	15	$ 122,681	15	$ 310,233	12	$ 282,746	12
8500	**Total comprehensive income for the period**		$ 115,938	15	$ 122,681	15	$ 310,233	12	$ 282,746	12
	Basic earnings per share	6(28)								
9750	Total basic earnings per share		$ 0.76		$ 0.82		$ 2.03		$ 1.89	
	Diluted earnings per share	6(28)								
9850	Total diluted earnings per share		$ 0.76		$ 0.76		$ 2.02		$ 1.76	

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

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings: Legal reserve	Retained Earnings: Unappropriated retained earnings	Total equity
Nine months ended September 30, 2022						
Balance at January 1, 2022		$ 1,403,525	$ 610,258	$ 141,374	$ 361,899	$ 2,517,056
Profit for the period		-	-	-	282,746	282,746
Total comprehensive income		-	-	-	282,746	282,746
Distribution of 2021 earnings:						
Legal reserve		-	-	23,400	(23,400)	-
Cash dividends		-	-	-	(112,282)	(112,282)
Capital Surplus Transferred to Capital	6(18)(19)	84,211	(84,211)	-	-	-
Convertible bonds transferred to Capital		38,544	208,709	-	-	247,253
Balance at September 30, 2022		$ 1,526,280	$ 734,756	$ 164,774	$ 508,963	$ 2,934,773
Nine months ended September 30, 2023						
Balance at January 1, 2023		$ 1,526,280	$ 744,225	$ 164,774	$ 556,029	$ 2,991,308
Profit for the period		-	-	-	310,233	310,233
Total comprehensive income		-	-	-	310,233	310,233
Distribution of 2022 earnings:						
Legal reserve		-	-	32,981	(32,981)	-
Cash dividends		-	-	-	(274,730)	(274,730)
Changes in equity of associate	6(6)(18)	-	102	-	-	102
Loss of significant influence over investments accounted for using equity method	6(6)(18)	-	(9,571)	-	-	(9,571)
Balance at September 30, 2023		$ 1,526,280	$ 734,756	$ 197,755	$ 558,551	$ 3,017,342

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

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 341,493	$ 317,653
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(25)	581,990	433,729
Amortization	6(25)	11,058	11,967
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(21)(23)	(135,038)	3,127
Interest expense	6(24)	43,273	22,553
Interest income	6(21)	(4,236)	(893)
Share of loss of associates accounted for using equity method	6(6)	3,415	14,109
Gain on disposals of property, plant and equipment	6(23)	(229)	(5,740)
Gain on disposal of investments	6(6)(23)	(29,605)	(61,467)
Profit from lease modification	6(23)	(5)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial asset at fair value through profit or loss, mandatorily measured at fair value		608	(1,061)
Contract assets		(204,809)	(173,922)
Notes receivable		69	185
Accounts receivable		41,988	8,224
Accounts receivable due from related parties		-	331
Other receivables		15,101	(18,759)
Other receivables due from related parties		-	(16)
Inventories		21,955	(57,986)
Prepayments		(5,478)	(28,693)
Other current assets		(138)	(1,890)
Increase in other non-current assets		217	(270)
Changes in operating liabilities			
Financial liabilities held for trading		(7,720)	-
Contract liabilities		(61)	(17)
Accounts payable		(77,679)	40,695
Other payables		(10,480)	14,707
Other payables to related parties		-	39
Other current liabilities		(287)	(1,790)
Net defined benefit liability		(779)	(931)
Long-term payables		1,639	1,706
Cash inflow generated from operations		586,262	515,590
Interest received		4,191	841
Interest paid		(37,961)	(9,421)
Income taxes paid		(47,554)	(22,849)
Net cash flows from operating activities		504,938	484,161
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		(500)	(500)
Proceeds from disposal of financial assets at fair value through profit or loss		6,978	15,683
Proceeds from disposal of investments accounted for using equity method	6(6)	-	90,298
Acquisition of property, plant and equipment	6(29)	(656,403)	(2,069,234)
Capitalisation of interest paid	6(7)(29)	(19,577)	(17,227)
Proceeds from disposal of property, plant and equipment		14,192	8,839
Acquisition of intangible assets	6(29)	(7,356)	(9,649)
Increase in refundable deposits		(1,660)	(16,891)
Decrease in refundable deposits		1,695	15,950
Net cash flows used in investing activities		(662,631)	(1,982,731)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long-term borrowings	6(30)	400,000	1,848,310
Repayment of long-term borrowings	6(30)	(184,498)	(246,316)
Increase in guarantee deposits received	6(30)	144	294
Decrease in guarantee deposits received	6(30)	(196)	(203)
Repayment of principal portion of lease liabilities	6(30)	(10,840)	(9,933)
Cash dividends paid	6(18)	(274,730)	(112,282)

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PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30 2023	2022
Net cash flows (used in) from financing activities		($ 70,120)	$ 1,479,870
Net decrease in cash and cash equivalents		(227,813)	(18,700)
Cash and cash equivalents at beginning of period	6(1)	1,070,340	1,081,999
Cash and cash equivalents at end of period	6(1)	$ 842,527	$ 1,063,299

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

PHOENIX SILICON INTERNATIONAL CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Phoenix Silicon International Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C) in March 1997 and has begun operations in June 1998. The Company is primarily engaged in the research, development, manufacture and sale of regenerative wafers, test wafers, product wafers, solar cells, energy storage lithium batteries and the import and export trade related to the Company's business.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on November 6, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. These financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

A. Except for the following items, the financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(4) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and petty cash	$ 223	$ 310	$ 338
Demand deposits	552,304	830,030	822,961
Time deposits	290,000	240,000	240,000
	$ 842,527	$ 1,070,340	$ 1,063,299

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others. For pledged time deposits that were accounted as financial assets at amortised cost, please refer to Note 8.

(2) Financial assets at fair value through profit or loss

items	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	$ 30	$ -	$ -
Unlisted stocks	95,060	-	-
Value adjustment	139,773	-	-
Total	$ 234,863	$ -	$ -

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended September 30,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ -	$ -
Unlisted stocks	91,518	-
Derivative instruments	108	-
Total	$ 91,626	$ -

	Nine months ended September 30,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ -	($ 1,417)
Unlisted stocks	142,748	-
Derivative instruments	639	107
Total	$ 143,387	($ 1,310)

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

Non-hedging derivative financial assets	September 30, 2023		
	Contract amount (notional principal)		Contract period
Current items:			
Forward foreign exchange contracts	USD	1,700	2023.09.28~2023.10.05

On December 31, 2022 and September 30, 2022: None.

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	September 30, 2023	December 31, 2022	September 30, 2022
Non-current items：			
Pledged time deposits	$ 13,555	$ 13,055	$ 12,917

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended September 30,	
	2023	2022
Interest income	$ 32	$ 24

	Nine months ended September 30,	
	2023	2022
Interest income	$ 82	$ 80

B. Details of the Company’s financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company’s investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	$ 17	$ 86	$ -
Accounts receivable	$ 372,103	$ 414,091	$ 454,726
Less: Allowance for uncollectible accounts	-	-	-
	$ 372,103	$ 414,091	$ 454,726

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	September 30, 2023		December 31, 2022		September 30, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 370,416	$ 17	$ 409,898	$ 86	$ 451,047	$ -
Up to 30 days	1,613	-	3,767	-	3,041	-
31 to 90 days	74	-	426	-	638	-
	$ 372,103	$ 17	$ 414,091	$ 86	$ 454,726	$ -

The above ageing analysis was based on past due date.

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $463,466.

C. The Company has no notes and accounts receivable pledged to others as collateral.

D. As of September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company’s notes and accounts receivable were $17, $86 and $0; $372,103, $414,091 and $454,726, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	September 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 294,937	($ 73,745)	$ 221,192
Work in progress	1,641	(8)	1,633
Finished goods	14,568	(549)	14,019
Total	$ 311,146	($ 74,302)	$ 236,844

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 299,044	($ 58,553)	$ 240,491
Work in progress	4,218	(37)	4,181
Finished goods	14,363	(236)	14,127
Total	$ 317,625	($ 58,826)	$ 258,799

	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 255,850	($ 52,815)	$ 203,035
Work in progress	9,470	(1,082)	8,388
Finished goods	12,294	(72)	12,222
Total	$ 277,614	($ 53,969)	$ 223,645

The cost of inventories recognised as expense for the period:

	Three months ended September 30,	
	2023	2022
Cost of goods sold	$ 633,336	$ 596,912
Loss on decline in market value	4,565	4,817
Revenue from sales of scraps	(27)	(11)
Others	(2,830)	(1,734)
	$ 635,044	$ 599,984

	Nine months ended September 30,	
	2023	2022
Cost of goods sold	$ 1,956,862	$ 1,663,959
Loss on decline in market value	15,476	9,176
Revenue from sales of scraps	(85)	(56)
Others	(9,094)	(10,174)
	$ 1,963,159	$ 1,662,905

(6) Investments accounted for using equity method

	2023	2022
At January 1	$ 82,341	$ 125,503
Disposal of investments accounted for using equity method	(79,028)	(28,831)
Share of profit or loss of investments accounted for using the equity method	(3,415)	(14,109)
Changes in equity of associates	102	-
At September 30	$ -	$ 82,563

A. For the nine months ended September 30, 2022, the Company disposed some equity interests at a disposal price of $90,298 with a gain on disposal of $61,467 and the ownership was decreased to 25.28%.

B. On February 1, 2023, the convertible bonds which were issued by Phoenix Battery Corporation were all converted into common stocks. As a result, the Company's ownership of Phoenix Battery Corporation dropped from 25.28% to 18.07%. Thus, starting from the date, the Company did not have significant influence on Phoenix Battery Corporation. The Company recognised current financial assets at fair value through profit or loss on the ownership investment of 18.07% according to the fair value at that date in the amount of $96,072, reclassified all of the amounts previously recognised in capital surplus from equity to profit or loss in the amount of $9,571 due to changes in ownership interests in the associate, and then recognised gains on disposal of investments in the amount of $26,615.

C. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

As of September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amount of the Company's individually immaterial associates amounted to $0, $82,341 and $82,563, respectively.

	Three months ended September 30, 2022
Loss for the period from continuing operations	($ 9,950)
Total comprehensive loss	($ 9,950)

	Nine months ended September 30,	
	2023	2022
Loss for the period from continuing operations	($ 13,509)	($ 48,310)
Total comprehensive loss	($ 13,509)	($ 48,310)

Note: Phoenix Battery Corporation was no longer an associate since February 1, 2023, and accordingly, it only disclosed the operating result from January 1, 2023 to January 31, 2023.

(7) Property, plant and equipment

	2023						
	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
At January 1							
Cost	$ 2,292,667	$ 4,280,007	$ 11,380	$ 25,393	$ 87,149	$ 2,015,824	$ 8,712,420
Accumulated depreciation	(651,328)	(2,370,806)	(7,845)	(18,687)	(52,412)	-	(3,101,078)
	$ 1,641,339	$ 1,909,201	$ 3,535	$ 6,706	$ 34,737	$ 2,015,824	$ 5,611,342
At January 1	$ 1,641,339	$ 1,909,201	$ 3,535	$ 6,706	$ 34,737	$ 2,015,824	$ 5,611,342
Additions	118,802	502,136	-	11,235	1,887	179,864	813,924
Disposals	-	(13,963)	-	-	-	-	(13,963)
Reclassifications (transfers) (Note)	115,244	1,481,774	-	13,140	-	(1,616,827)	(6,669)
Depreciation charge	(154,474)	(402,711)	(952)	(3,926)	(9,213)	-	(571,276)
At September 30	$ 1,720,911	$ 3,476,437	$ 2,583	$ 27,155	$ 27,411	$ 578,861	$ 5,833,358
At September 30							
Cost	$ 2,395,019	$ 6,211,715	$ 6,363	$ 37,125	$ 71,097	$ 578,861	$ 9,300,180
Accumulated depreciation	(674,108)	(2,735,278)	(3,780)	(9,970)	(43,686)	-	(3,466,822)
	$ 1,720,911	$ 3,476,437	$ 2,583	$ 27,155	$ 27,411	$ 578,861	$ 5,833,358

Note: Refers to the transfer to intangible assets amounting to $6,669.

	2022							
	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leased assets	Other equipment	Unfinished construction and equipment pending acceptance	Total
At January 1								
Cost	$ 2,012,590	$ 3,371,258	$ 9,172	$ 21,760	$ 110	$ 72,997	$ 694,787	$ 6,182,674
Accumulated depreciation	(488,061)	(1,996,675)	(6,800)	(15,373)	(110)	(39,898)	-	(2,546,917)
	$ 1,524,529	$ 1,374,583	$ 2,372	$ 6,387	$ -	$ 33,099	$ 694,787	$ 3,635,757
At January 1	$ 1,524,529	$ 1,374,583	$ 2,372	$ 6,387	$ -	$ 33,099	$ 694,787	$ 3,635,757
Additions	73,739	46,704	2,208	2,113	-	11,851	1,990,580	2,127,195
Disposals	-	(3,099)	-	-	-	-	-	(3,099)
Reclassifications (transfers)	125,273	405,550	-	-	-	-	(530,823)	-
Depreciation charge	(119,828)	(291,123)	(727)	(2,494)	-	(9,631)	-	(423,803)
At September 30	$ 1,603,713	$ 1,532,615	$ 3,853	$ 6,006	$ -	$ 35,319	$ 2,154,544	$ 5,336,050
At September 30								
Cost	$ 2,211,602	$ 3,801,371	$ 11,380	$ 23,873	$ 110	$ 84,848	$ 2,154,544	$ 8,287,728
Accumulated depreciation	(607,889)	(2,268,756)	(7,527)	(17,867)	(110)	(49,529)	-	(2,951,678)
	$ 1,603,713	$ 1,532,615	$ 3,853	$ 6,006	$ -	$ 35,319	$ 2,154,544	$ 5,336,050

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Nine months ended September 30,	
	2023	2022
Amount capitalised	$ 19,577	$ 17,227
Range of the interest rates for capitalisation	1.51%~1.81%	1.04%~1.89%

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements－lessee

A. The Company leases various assets including land and business vehicles. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise employees' dorms, parking lots and warehouse. Low-value assets comprise of furniture and fixtures and other equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
	Carrying amount	Carrying amount	Carrying amount
Land	$ 315,876	$ 324,422	$ 327,271
Buildings	9,498	10,155	8,114
Transportation equipment (Business vehicles)	350	1,754	1,998
	$ 325,724	$ 336,331	$ 337,383

	Three months ended September 30,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	$ 2,848	$ 2,852
Buildings	566	444
Transportation equipment (Business vehicles)	132	243
	$ 3,546	$ 3,539

	Nine months ended September 30,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	$ 8,546	$ 8,437
Buildings	1,699	755
Transportation equipment (Business vehicles)	469	734
	$ 10,714	$ 9,926

D. For the nine months ended September 30, 2023 and 2022, the additions to right-of-use assets were $1,043 and $22,997, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended September 30,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,072	$ 1,095
Expense on short-term lease contracts	2,334	2,552
Expense on leases of low-value assets	226	194
Profit from lease modification	-	-

	Nine months ended September 30,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 3,253	$ 3,427
Expense on short-term lease contracts	7,491	6,581
Expense on leases of low-value assets	654	495
Profit from lease modification	5	-

F. For the nine months ended September 30, 2023 and 2022, the Company's total cash outflow for leases were $22,239 and $20,436, respectively.

G. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Leasing arrangements－lessor

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 3 and 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. For the three months and nine months ended September 30, 2023 and 2022, the Company recognised rent income in the amounts of $349, $349, $1,123 and $2,914, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	September 30, 2023		December 31, 2022		September 30, 2022
2023	$ 424	2023	$ 1,547	2022	$ 2,914
2024	1,547	2024	1,547	2023	1,723
2025	597	2025	597	2024	1,397
2026	150	2026	150	2025	447
After 2027	150	After 2027	150	After 2026	-
Total	$ 2,868	Total	$ 3,991	Total	$ 6,481

(10) Other non-current assets

	September 30, 2023	December 31, 2022	September 30, 2022
Prepayments for equipment	$ 244,010	$ 444,506	$ 331,066
Prepayments for intangible assets	250	8,077	7,532
Guarantee deposits paid	3,040	3,040	2,960
Others	54	271	270
Total	$ 247,354	$ 455,894	$ 341,828

(11) Financial liabilities at fair value through profit or loss

Items	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Financial liabilities held for trading			
Derivative instruments	$ -	$ -	$ -
Convertible bonds			
Call/put options	-	-	150
Valuation adjustment	629	-	(150)
Total	$ 629	$ -	$ -

A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

	Three months ended September 30,	
	2023	2022
Net losses recognised in profit or loss		
Financial liabilities held for trading		
Derivative instruments	($ 2,766)	$ -
Convertible bonds		
Call/put options	-	-
Total	($ 2,766)	$ -

	Nine months ended September 30,	
	2023	2022
Net losses recognised in profit or loss		
Financial liabilities held for trading		
Derivative instruments	($ 8,349)	($ 1,717)
Convertible bonds		
Call/put options	-	(100)
Total	($ 8,349)	($ 1,817)

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows:

	September 30, 2023		
Derivative financial liabilities	Contract amount (Notional principal)		Contract period
Current items:			
Forward foreign exchange contracts	USD	4,000	2023.08.23~2023.10.05

There were no such transactions on December 31, 2022 and September 30, 2022.

The Company entered into forward foreign exchange contracts to buy to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(12) Other payables

	September 30, 2023		December 31, 2022		September 30, 2022	
Wages and salaries payable	$	108,868	$	139,912	$	108,751
Employees' compensation and directors' remuneration payable		110,258		88,053		76,783
Payable on machinery and equipment		66,993		129,545		130,461
Payable on repair expenses		32,850		28,075		28,488
Other accrued expenses		78,025		80,687		82,925
Total	$	396,994	$	466,272	$	427,408

(13) Bonds payable

	September 30, 2023		December 31, 2022		September 30, 2022	
Bonds payable	$	-	$	-	$	753,926
Less: Discount on bonds payable		-		-	(	1,413)
		-		-		752,513
Less: Current portion or exercise of put options		-		-	(	752,513)
	$	-	$	-	$	-

A. The issuance of domestic convertible bonds by the Company

(a) The terms of the first domestics unsecured convertible bonds issued by the Company are as follows:

The Company issued $1,000,000, 0% first domestic unsecured convertible bonds, as approved by regulatory authority. The bonds mature 3 years from the issued date (November 13, 2019 ~ November 13, 2022) and will be redeemed in cash value at the maturity date. The bonds were listed on the Taipei Exchange on November 13, 2019.

i. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

ii. The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model specified in the terms of the bonds on each effective date regulated by the terms. As of November 13, 2022, the last conversion application date, the conversion price was adjusted to NTD 63.90 (in dollars) per share.

iii. The convertible bonds will be redeemed in cash at 100.7519% of face value at the maturity date.

iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value within 30 trading days after the issuance at any time after the following event occurs: the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 30 days before the maturity date.

v. The Company may repurchase all the bonds outstanding in cash at the bonds' face value within 30 trading days after the issuance at any time after the following event occurs: the closing price of the Company's common shares is less than the conversion price by 10% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 30 days before the maturity date.

vi. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(b) As of November 13, 2022, the last conversion application date, the bonds totaling $246,300 (face value) had been converted into 3,854,404 shares of common stock. The remaining unconverted bonds amounting to $748,300 (face value) had been redeemed in cash at 100.7519% of face value at the maturity date according to Article 6 of the regulations governing the issuance and conversion of the Company's first domestic unsecured convertible bonds.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $132,294 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective annual interest rate of the bonds after separation was 1.56%.

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2023
Plant syndicated loan (Note 1)	2022.04.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	$ 385,600
Plant loan	2017.12.08~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	176,075
Mid-term secured syndicated loan (Note 1)	2022.06.15~2029.06.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,887,400
Mid-term secured loan (Note 2)	2019.04.15~2024.08.14 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	8,750
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,452,695
Unsecured borrowings	2021.12.28~2025.08.25 Repayment by installments and installments over the agreed period	Floating rate	None	550,000
Unsecured borrowings (Note 2)	2022.09.26~2023.12.26 Repayment by installments and installments over the agreed period	Floating rate	None	150,000
Unsecured borrowings (Note 1)	2023.02.07~2026.02.07 Repayment by installments and installments over the agreed period	Floating rate	None	100,000
				4,710,520
Less: Current portion				(824,563)
Less: Arrangement fee for the syndicated loan				(4,814)
				$ 3,881,143
Annual interest rate range				1.30%~2.21%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Plant syndicated loan (Note 1)	2022.04.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	$ 385,600
Plant loan	2017.12.08~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	193,918
Mid-term secured syndicated loan (Note 1)	2022.06.15~2029.06.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,587,400
Mid-term secured loan (Note 2)	2019.04.15~2024.08.14 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	17,500
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,485,600
Unsecured borrowings	2021.12.28~2025.08.25 Repayment by installments and installments over the agreed period	Floating rate	None	625,000
Unsecured borrowings (Note 2)	2022.09.26~2023.12.26 Repayment by installments and installments over the agreed period	Floating rate	None	200,000
				4,495,018
Less: Current portion				(503,910)
Less: Arrangement fee for the syndicated loan				(5,551)
				$ 3,985,557
Annual interest rate range				1.18%~1.99%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2022
Plant syndicated loan (Note 1)	2022.04.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	$ 385,600
Plant loan	2017.12.08~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	198,224
Mid-term secured syndicated loan (Note 1)	2022.06.15~2029.06.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	802,400
Mid-term secured loan (Note 2)	2019.04.15~2024.08.14 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	17,500
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,350,000
Unsecured borrowings	2019.12.28~2024.12.08 Repayment by installments and installments over the agreed period	Floating rate	None	650,000
Unsecured borrowings	2022.09.26~2023.12.26 Repayment by installments and installments over the agreed period	Floating rate	None	100,000
				3,503,724
Less: Current portion				(203,548)
Less: Arrangement fee for the syndicated loan				(3,552)
				$ 3,296,624
Annual interest rate range				1.05%~1.81%

A. As of September 30, 2023, the Company's unamortised arrangement fee for the syndicated loan amounting to $4,814 was recorded as a deduction amount of initial measurement of long-term secured borrowings and amortised as interest expense over the borrowing period.

B. Details of the collateral for long-term borrowings are provided in Note 8.

Note 1: According to the agreement, the Company should maintain a specific current ratio, debt ratio, interest coverage ratio and shareholders' equity amount every year during the loan period.

Note 2: According to loan the agreement, the Company should maintain a specific net liabilities ratio and ability of interest repayment every six months during the loan period.

(15) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method; to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The Company recognised pension costs of $67, $45, $201 and $136 for the three months and nine months ended September 30, 2023 and 2022, respectively.

(c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $1,362.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plan of the Company for the three months and nine months ended September 30, 2023 and 2022, were $8,435, $7,599, $25,313 and $21,422, respectively.

(16) Provisions

	Decommissioning liabilities
2023	
At January 1	$ 17,417
Unwinding of discount	621
At September 30	$ 18,038

Analysis of total provisions:

	September 30, 2023	December 31, 2022	September 30, 2022
Non-current	$ 18,038	$ 17,417	$ 17,212

Decommissioning liabilities

According to the policy published, applicable agreement or the law/regulation requirement, the Company bears dismantling, removing the asset and restoring the site obligations for certain property, plant and equipment and right-of-use assets in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will start to be used within the next 5 to 40 years.

(17) Share capital

A. As of September 30, 2023, the Company's authorised capital was $4,000,000, consisting of 400,000 thousand shares of ordinary stock (including 40,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,526,280 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit: share

	2023	2022
At January 1	152,628,033	140,352,480
Converting capital reserve to capital increase	-	8,421,149
Convertible Corporate Bond Conversion	-	3,854,404
At September 30	152,628,033	152,628,033

B. The stock dividends from capital surplus amounting to $84,211 was proposed by the Board of Directors on April 14, 2022, resolved by the shareholders on May 27, 2022 and approved by the regulatory authority on June 16, 2022. Its effective date was set on July 29, 2022 as resolved by the Board of Directors on June 24, 2022.

C. On August 3, 2023, the Company's Board of Directors resolved to increase its capital by issuing 20,000 thousand shares of common stock with a par value of NT$10 per share which was approved by the regulatory authority on September 6, 2023 and the issuing price is $45 per share. The chairman was authorised to determine the effective date of the capital increase by the Board of Directors.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2023		
	Share premium	Changes in ownership interests in subsidiaries	Changes in equity of associates
At January 1	$ 663,963	$ 70,793	$ 9,469
Changes in equity of associates	-	-	102
Loss of significant influence over investments accounted for using equity method	-	-	(9,571)
At September 30	$ 663,963	$ 70,793	$ -

	2022			
	Share premium	Changes in ownership interests in subsidiaries	Options	Others
At January 1	$ 407,171	$ 70,793	$ 131,580	$ 714
Converting capital reserve to capital increase	(84,211)	-	-	-
Convertible Corporate Bond Conversion	241,293	-	(32,584)	-
At September 30	$ 564,253	$ 70,793	$ 98,996	$ 714

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's profit after tax, if any, shall first be used to offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the authorised capital. In addition, after setting aside or reversing special reserve, the remainder along with the beginning unappropriated earnings shall be proposed by the Board of Directors as dividends and submitted to the shareholders for resolution.

Dividends and bonuses or legal reserve and capital surplus distributed in the form of cash shall be authorised to be resolved by the Board of Directors with a majority vote at its meeting attended by two-thirds of the total number of directors and reported to the shareholders' meeting and are not subject to the aforementioned regulations of resolutions from the shareholders.

B. The Company's dividend distribution policy aligns with the current and future development plan by taking into account of factors such as investment environment, capital needs, domestic and overseas competition, along with the consideration of shareholders' interest. Each year, at least 10% of the Company's distributable earnings shall be appropriated as dividends and bonuses, and cash dividends and bonuses shall account for at least 50% of the total dividends and bonuses distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2022 and 2021 earnings as resolved by the shareholders at their meetings on May 26, 2023 and May 27, 2022 are as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 32,981		$ 23,400	
Cash dividends	274,730	$ 1.80	112,282	$ 0.80
Total	$ 307,711		$ 135,682	

(20) Operating revenue

	Three months ended September 30,	
	2023	2022
Revenue from contracts with customers	$ 787,661	$ 824,049

	Nine months ended September 30,	
	2023	2022
Revenue from contracts with customers	$ 2,573,994	$ 2,281,153

A. Disaggregation of revenue from contracts with customers

	Three months ended September 30,	
	2023	2022
Revenue from external customer contracts	$ 787,661	$ 824,049
Timing of revenue recognition		
At a point in time	$ 9,797	$ 26,299
Over time	777,864	797,750
	$ 787,661	$ 824,049

	Nine months ended September 30,	
	2023	2022
Revenue from external customer contracts	$ 2,573,994	$ 2,281,153
Timing of revenue recognition		
At a point in time	$ 27,169	$ 87,183
Over time	2,546,825	2,193,970
	$ 2,573,994	$ 2,281,153

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Contract assets	$ 471,248	$ 266,439	$ 251,513	$ 77,591
Contract liabilities - advance sales receipts	$ 79	$ 140	$ 140	$ 157

	Three months ended September 30,	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ -	$ -

	Nine months ended September 30,	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 140	$ 17

(21) Interest income

	Three months ended September 30,	
	2023	2022
Interest income from bank deposits	$ 715	$ 284
Interest income from financial assets measured at amortised cost	32	24
Other interest income	1	-
	$ 748	$ 308

	Nine months ended September 30,	
	2023	2022
Interest income from bank deposits	$ 4,152	$ 813
Interest income from financial assets measured at amortised cost	82	80
Other interest income	2	-
	$ 4,236	$ 893

(22) Other income

	Three months ended September 30,	
	2023	2022
Rent income	$ 349	$ 349
Other income, others	2,467	2,162
	$ 2,816	$ 2,511

	Nine months ended September 30,	
	2023	2022
Rent income	$ 1,123	$ 2,914
Other income, others	5,625	4,851
	$ 6,748	$ 7,765

(23) Other gains and losses

	Three months ended September 30, 2023	Three months ended September 30, 2022
Gains on disposals of property, plant and equipment	$ -	$ 389
Gains on disposals of investments	(102)	30,917
Profit from lease modification	-	-
Net foreign exchange gains	15,707	29,177
Gains on financial assets (liabilities) at fair value through profit or loss	88,860	-
	$ 104,465	$ 60,483

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Gains on disposals of property, plant and equipment	$ 229	$ 5,740
Gains on disposals of investments	29,605	61,467
Profit from lease modification	5	-
Net foreign exchange gains	22,566	59,560
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	135,038	(3,127)
	$ 187,443	$ 123,640

(24) Finance costs

	Three months ended September 30, 2023	Three months ended September 30, 2022
Borrowings from financial institutions	$ 17,176	$ 4,015
Bonds payable	-	3,481
Lease liabilities	1,072	1,095
Provisions - unwinding of discount	208	205
Other financial cost	1	-
	$ 18,457	$ 8,796

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Borrowings from financial institutions	$ 39,397	$ 7,374
Bonds payable	-	11,140
Lease liabilities	3,253	3,427
Provisions - unwinding of discount	621	612
Other financial cost	2	-
	$ 43,273	$ 22,553

(25) Expenses by nature

	Three months ended September 30, 2023	Three months ended September 30, 2022
Employee benefit expense	$ 230,401	$ 249,078
Depreciation charges	217,077	148,942
Amortisation charges on intangible assets	3,885	3,905

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Employee benefit expense	$ 769,535	$ 689,802
Depreciation charges	581,990	433,729
Amortisation charges on intangible assets	11,058	11,967

(26) Employee benefit expense

	Three months ended September 30, 2023	Three months ended September 30, 2022
Wages and salaries	$ 188,524	$ 209,320
Labour and health insurance fees	19,101	17,920
Pension costs	8,502	7,644
Other personnel expenses	14,274	14,194
	$ 230,401	$ 249,078

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Wages and salaries	$ 642,460	$ 581,915
Labour and health insurance fees	58,912	50,090
Pension costs	25,514	21,558
Other personnel expenses	42,649	36,239
	$ 769,535	$ 689,802

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 10%~15% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. For the three months and nine months ended September 30, 2023 and 2022, employees' compensation were accrued at $14,952, $24,840, $56,916 and $57,404, respectively; while directors' remuneration were accrued at $2,536, $3,312, $8,131 and $7,654, respectively. The aforementioned amounts were recognised in salary expenses. For the nine months ended September 30, 2023, the employees' compensation and directors' remuneration were estimated and accrued based on 11% and 2% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30, 2023	Three months ended September 30, 2022
Current tax:		
Current tax on profits for the period	$ 4,241	$ 14,902
Prior year income tax (over) underestimation	-	-
Total current tax	4,241	14,902
Deferred tax:		
Origination and reversal of temporary differences	(10,941)	(119)
Total deferred tax	(10,941)	(119)
Income tax (benefit) expense	($ 6,700)	$ 14,783

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Current tax:		
Current tax on profits for the period	$ 24,112	$ 37,747
Prior year income tax under (overestimation)	4,705	(29)
Total current tax	28,817	37,718
Deferred tax:		
Origination and reversal of temporary differences	2,443	(2,811)
Total deferred tax	2,443	(2,811)
Income tax expense	$ 31,260	$ 34,907

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows: None.

(c) The income tax charged/(credited) to equity during the period is as follows: None.

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	Three months ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 115,938	152,628	$ 0.76
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 115,938	152,628	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	285	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 115,938	152,913	$ 0.76

	Three months ended September 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 122,681	150,499	$ 0.82
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 122,681	150,499	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	2,786	13,840	
Employees' compensation	-	1,055	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 125,467	165,394	$ 0.76

	Nine months ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 310,233	152,628	$ 2.03
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 310,233	152,628	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,317	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 310,233	153,945	$ 2.02

	Nine months ended September 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 282,746	149,355	$ 1.89
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 282,746	149,355	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	8,993	14,984	
Employees' compensation	-	1,225	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 291,739	165,564	$ 1.76

The abovementioned weighted average number of ordinary shares outstanding had been modified retrospectively according to the ratio of stock dividends from capital surplus for the year ended December 31, 2022.

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Purchase of property, plant and equipment	$ 813,924	$ 2,127,195
Add: Opening balance of payable on machinery and equipment	129,545	92,918
Add: Ending balance of prepayments for business facilities	244,010	331,066
Less: Ending balance of payable on machinery and equipment	(66,993)	(130,461)
Less: Opening balance of prepayments for business facilities	(444,506)	(334,257)
Less: Capitalisation of interest	(19,577)	(17,227)
Cash paid during the period	$ 656,403	$ 2,069,234

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Purchase of intangible assets	$ 15,183	$ 6,063
Add: Ending balance of prepayments	250	7,532
Less: Opening balance of prepayments	(8,077)	(3,946)
Cash paid during the period	$ 7,356	$ 9,649

(30) Changes in liabilities from financing activities

	2023			
	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 4,489,467	$ 339,485	$ 1,068	$ 4,830,020
Changes in cash flow from financing activities	215,502	(10,840)	(52)	204,610
Interest paid on lease liabilities	-	(3,253)	-	(3,253)
Amortisation of interest expense on lease liabilities	-	3,253	-	3,253
Increase in lease liabilities	-	1,043	-	1,043
Decrease in lease modification	-	(941)	-	(941)
Payment of arrangement fee for the syndicated loan	(200)	-	-	(200)
Amortisation of arrangement fee for the syndicated loan	937	-	-	937
At September 30	$ 4,705,706	$ 328,747	$ 1,016	$ 5,035,469

	2022				
	Bonds payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 988,626	$ 1,901,730	$ 327,499	$ 1,010	$ 3,218,865
Changes in cash flow from financing activities	-	1,601,994	(9,933)	91	1,592,152
Interest paid on lease liabilities	-	-	(3,427)	-	(3,427)
Amortisation of interest expense on lease liabilities	-	-	3,427	-	3,427
Increase in lease liabilities	-	-	22,997	-	22,997
Amortisation of interest expense on bonds payable	11,140	-	-	-	11,140
Convertible corporate bond conversion	(247,253)	-	-	-	(247,253)
Payment of arrangement fee for the syndicated loan	-	(6,779)	-	-	(6,779)
Amortisation of arrangement fee for the syndicated loan	-	3,227	-	-	3,227
At September 30	$ 752,513	$ 3,500,172	$ 340,563	$ 1,101	$ 4,594,349

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
All directors, president, vice presidents	Key management compensation
Phoenix Battery Corporation	Associate (Note)

Note: On February 1, 2023, the convertible bonds which were issued by Phoenix Battery Corporation were all converted into common stocks. As a result, the Company’s ownership of Phoenix Battery Corporation declined from 25.28% to 18.07%. Thus, starting from that date, the Company did not have significant influence on Phoenix Battery Corporation which was no longer an associate of the Company.

(2) Significant related party transactions

A. Receivables from related parties:

	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables:			
Phoenix Battery Corporation	$ -	$ 16	$ 16

The receivables from related parties arise mainly from sale transactions. The receivables are due three months after the date of sales. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

B. Payables to related parties:

	September 30, 2023	December 31, 2022	September 30, 2022
Other payables - acquisition of property, plant and equipment			
Phoenix Battery Corporation	$ -	$ 1,253	$ 44

C. Revenues and expenses

	Item	Three months ended September 30, 2023	Three months ended September 30, 2022
Phoenix Battery Corporation	Rent income	$ -	$ 45
Phoenix Battery Corporation	Other income	$ -	$ -
Phoenix Battery Corporation	Other expenses	$ -	$ 42

	Item	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Phoenix Battery Corporation	Rent income	$ 15	$ 2,001
Phoenix Battery Corporation	Other income	$ -	$ 280
Phoenix Battery Corporation	Other expenses	$ -	$ 42

D. Other transactions

	Item	September 30, 2023	December 31, 2022	September 30, 2022
Phoenix Battery Corporation	Advance rent receipts	$ -	$ 15	$ -
Phoenix Battery Corporation	Guarantee deposits received	$ -	$ 30	$ -

(3) Key management compensation

	Three months ended September 30, 2023	Three months ended September 30, 2022
Short-term employee benefits	$ 11,275	$ 14,090
Post-employment benefits	172	147
Total	$ 11,447	$ 14,237

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Short-term employee benefits	$ 42,556	$ 39,731
Post-employment benefits	483	441
Total	$ 43,039	$ 40,172

8. Pledged Assets

The Company’s assets pledged as collateral are as follows:

Pledged asset	Book value September 30, 2023		December 31, 2022		September 30, 2022		Purpose
Time deposits (shown as 'non-current financial assets at amortised cost')	$	3,000	$	2,500	$	2,500	Guarantee for duty paid after customs release
Time deposits (shown as 'non-current financial assets at amortised cost')		10,555		10,555		10,417	Guarantee for land lease in science park
Buildings and structures		1,208,358		1,074,712		1,064,819	Long-term borrowings
Machinery and equipment (including 'equipment pending acceptance')		384,157		438,190		460,126	Long-term borrowings
	$	1,606,070	$	1,525,957	$	1,537,862	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	September 30, 2023		December 31, 2022		September 30, 2022	
Property, plant and equipment	$	1,895,501	$	1,809,163	$	2,235,330

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During the nine months ended September 30, 2023, the Company's strategy, which was unchanged from 2022, was to maintain the gearing ratio at a reasonable level of risks and to adjust according to the future operating strategy. The gearing ratios at September 30, 2023, December 31, 2022 and September 30, 2022 were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Total borrowings	$ 4,705,706	$ 4,489,467	$ 4,252,685
Less: Cash and cash equivalents	(842,527)	(1,070,340)	(1,063,299)
Net debt	3,863,179	3,419,127	3,189,386
Total equity	3,017,342	2,991,308	2,934,773
Total capital	$ 6,880,521	$ 6,410,435	$ 6,124,159
Gearing ratio	56.15%	53.33%	52.08%

(2) Financial instruments

A. Financial instruments by category

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 234,863	$ -	$ -
Financial assets at amortised cost			
Cash and cash equivalents	$ 842,527	$ 1,070,340	$ 1,063,299
Financial assets at amortised cost	13,555	13,055	12,917
Notes receivable	17	86	-
Accounts receivable	372,103	414,091	454,726
Other receivables (including related parties)	10,994	26,050	21,561
Guarantee deposits paid (including current portion)	4,141	4,176	3,909
	$ 1,243,337	$ 1,527,798	$ 1,556,412

	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	$ 629	$ -	$ -
Financial liabilities at amortised cost			
Accounts payable	$ 156,834	$ 234,513	$ 194,136
Other payables (including related parties)	396,994	466,272	427,408
Bonds payable (including current portion)	-	-	752,513
Long-term borrowings (including current portion)	4,705,706	4,489,467	3,500,172
Guarantee deposits received	1,016	1,068	1,101
	$ 5,260,550	$ 5,191,320	$ 4,875,330
Lease liabilities (including current portion)	$ 328,747	$ 339,485	$ 340,563

B. Financial risk managements policies

No major changes in this period, please refer to Note 12 of the December 31, 2022 Consolidated Financial Statements.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. Management has set up a policy to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

ii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(11).

iii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	September 30, 2023				
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	18,184	32.26	$	586,618
JPY:NTD		8,238	0.2163		1,781
Non-monetary items: None					
Financial liabilities					
Monetary items					
USD:NTD	$	1,422	32.26	$	45,881
JPY:NTD		11,325	0.2163		2,449
Non-monetary items: None					

	December 31, 2022				
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	18,031	30.70	$	553,557
Non-monetary items: None					
Financial liabilities					
Monetary items					
USD:NTD	$	2,642	30.70	$	81,107
JPY:NTD		11,002	0.2326		2,559
Non-monetary items: None					

	September 30, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 19,302	31.74	$ 612,652
Non-monetary items: None			
Financial liabilities			
Monetary items			
USD:NTD	$ 2,249	31.74	$ 71,394
JPY:NTD	4,169	0.2203	918
Non-monetary items: None			

iv. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the three months and nine months ended September 30, 2023 and 2022, amounted to $15,707, $29,177, $22,566 and $59,560, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Nine months ended September 30, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 5,866	$ -
JPY:NTD	1%	18	-
Non-monetary items: None			
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 459)	$ -
JPY:NTD	1%	(24)	-
Non-monetary items: None			

	Nine months ended September 30, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 6,127	$ -
Non-monetary items: None			
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 714)	$ -
JPY:NTD	1%	(9)	-
Non-monetary items: None			

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine months ended September 30, 2023 and 2022 would have increased/decreased by $2,349 and $0, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. For the nine months ended September 30, 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the nine months ended September 30, 2023 and 2022 would have increased/decreased by $8,832 and $6,569, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients and other counterparties on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through profit or loss.

ii. The Company regularly monitors and reviews its credit limits based on market conditions and the credit status of its counterparties and makes timely adjustments to manage credit risk. The Company only transacts with banks and financial institutions with high credit quality, so it does not expect to be exposed to credit risk.

iii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local unit in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days

v. The Company adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

vi. The Company classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit risk on trade. The Company applies the modified approach using loss rate methodology to estimate the expected credit loss.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments.

viii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable and contract assets. On September 30, 2023, December 31, 2022 and September 30, 2022, the loss rate methodology is as follows:

	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
September 30, 2023						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	$ 843,368	$ -	$ -	$ -	$ -	$ 843,368
Loss allowance	$ -	$ -	$ -	-	$ -	$ -

	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
December 31, 2022						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	$ 680,616	$ -	$ -	$ -	$ -	$ 680,616
Loss allowance	$ -	$ -	$ -	-	$ -	$ -

	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
September 30, 2022						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	$ 727,800	$ -	$ -	$ -	$ -	$ 727,800
Loss allowance	$ -	$ -	$ -	$ -	$ -	$ -

ix. Movements in relation to the Company applying the modified approach to provide loss allowance for notes receivable, accounts receivable, accounts receivable due from related parties and contract assets are as follows:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1 / September 30	$ -	$ -

x. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	September 30, 2023	December 31, 2022	September 30, 2022
	12 months	12 months	12 months
Financial assets at amortised cost	$ 13,555	$ 13,055	$ 12,917

(c) Liquidity risk

i. Cash flow forecasting is performed by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

ii. Company treasury invests surplus cash held by the Company over and above balance required for working capital management in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at September 30, 2023, December 31, 2022 and September 30, 2022, the Company held money market position of $842,304, $1,070,030 and $1,062,961, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii The Company has the following undrawn borrowing facilities:

	September 30, 2023	December 31, 2022	September 30, 2022
Floating rate:			
Expiring within one year	$ 1,083,333	$ 700,000	$ 257,800
Expiring beyond one year	812,600	1,362,600	2,953,910
Fixed rate:			
Expiring within one year	-	-	-
Expiring beyond one year	-	-	-
	$ 1,895,933	$ 2,062,600	$ 3,211,710

iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

September 30, 2023	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:				
Accounts payable	$ 156,834	$ -	$ -	$ -
Other payables	178,076	315	-	-
Lease liability	9,250	9,250	18,138	351,791
Long-term borrowings (including current portion)	512,371	385,878	1,081,215	2,950,233
Guarantee deposits received	-	-	761	256
Derivative financial liabilities:				
Forward exchange contracts	629	-	-	-

December 31, 2022	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:				
Accounts payable	$ 234,513	$ -	$ -	$ -
Other payables	236,408	1,899	-	-
Lease liability	9,569	9,569	18,820	363,124
Long-term borrowings (including current portion)	124,353	446,471	842,745	3,297,527
Guarantee deposits received	-	-	778	290
Derivative financial liabilities: None				

September 30, 2022	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:				
Accounts payable	$ 194,136	$ -	$ -	$ -
Other payables	240,077	1,797	-	-
Lease liability	9,312	9,312	18,444	366,143
Bonds payable	753,926	-	-	-
Long-term borrowings (including current portion)	90,369	158,964	830,361	2,603,811
Guarantee deposits received	-	-	838	263
Derivative financial liabilities: None				

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group’s investment in derivative instrument is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group’s investment in equity instrument without active market is included in Level 3.

B. The carrying amounts of the Company’s cash and cash equivalents, accounts receivable, other receivables (including related parties), guarantee deposits paid, accounts payable, other payables (including related parties), long-term borrowings, lease liabilities and guarantee deposits received are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

September 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ -	$ 234,833	$ 234,833
Equity securities	-	30	-	30
	$ -	$ 30	$ 234,833	$ 234,863
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 629	$ -	$ 629

There were no such transactions on December 31, 2022 and September 30, 2022.

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The fair value of financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

ii. Forward exchange contracts are usually valued based on the current forward exchange rate.

D. For the nine months ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the nine months ended September 30, 2023 and 2022:

	2023	2022
	Equity securities	Convertible bonds
At January 1	$ -	($ 100)
Gains and losses recognised in profit or loss		
Recorded as non-operating income and expenses	139,773	100
Transfer into for the period	96,072	-
Sold in the period	(1,012)	-
At September 30	$ 234,833	$ -
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at September 30, 2023 (Note)	$ 142,748	$ 100

Note: Recorded as non-operating income and expenses.

F. Company treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3 by the external valuer, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted stocks	$ 234,833	The most recent non-active market price	Net asset value	-	Net asset value

There were no such transactions on December 31, 2022 and September 30, 2022.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: The Company entered into a forward foreign exchange contract with financial institution for the nine months ended September 30, 2023 to buy NTD and sell USD. Hedging was the main purpose of the contract. Net loss arising from trading in forward foreign exchange contract for the nine months ended September 30, 2023 was approximately $7,112.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to Note 2.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Company was identified as the single reportable segment.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Nine months ended September 30,	
	2023	2022
Total segment revenue	$ 2,573,994	$ 2,281,153
Segment income	$ 310,233	$ 282,746
Segment assets	$ 8,666,504	$ 8,228,483

(3) Reconciliation for segment income (loss), assets and liabilities

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

PHOENIX SILICON INTERNATIONAL CORPORATION
HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD (NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
September 30, 2023

Table 1

Expressed in thousands to NTD
(Except as otherwise indicated)

				Ending Balance				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Shares	Book value	Percentage of ownership	Fair Value	Note
PHOENIX SILICON INTERNATIONAL CORPORATION	Stock of Phoenix battery Corporation	NO	Current financial assets at fair value through profit or loss	9,393,302	$ 234,833	14.80%	$ 234,833	

PHOENIX SILICON INTERNATIONAL CORPORATION
MAJOR SHAREHOLDERS INFORMATION
September 30, 2023

Table 2

Name of major shareholders	Share	
	Name of shares held	Percentage of ownership
Applied Materials, Inc.	12,109,363	7.93%