

Phihong Technology Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Phihong Technology Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Phihong Technology Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and related notes, including a summary of significant accounting policies "(collectively referred to as the consolidated financial statements)." Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 14 to the consolidated financial statements, the carrying values of the Group's investments accounted for using equity method of \$95,852 thousand and \$116,229 thousand as of September 30, 2022 and 2021, respectively, and the comprehensive loss from the investments of \$4,111 thousand and \$16,782 thousand, \$14,626 thousand and \$33,458 thousand for the three months and the six months ended September 30, 2022 and 2021, respectively, were based on these investees' unreviewed financial statements.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of equity-method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Ker-Chang Wu and Kuo-Tien Hung

Deloitte & Touche

Taipei, Taiwan

Republic of China

November 3, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,079,800	21	\$ 3,590,920	26	\$ 2,026,039	18
Financial assets at fair value through profit or loss-current (Note 7)	274,957	2	-	-	-	-
Financial assets at amortized cost- current (Note 9)	310,554	2	224,588	2	225,684	2
Notes receivables (Note 10)	4,479	-	16,886	-	-	-
Trade receivables (Note 10)	3,117,290	21	2,229,231	16	1,937,926	17
Other receivables	40,721	-	21,905	-	32,405	-
Inventories (Note 11)	3,372,572	23	3,204,432	24	3,135,264	27
Non-current assets held for sale (Note 12)	-	-	244,696	2	242,366	2
Other current assets	221,319	1	146,685	1	170,227	1
Total current assets	<u>10,421,692</u>	<u>70</u>	<u>9,679,343</u>	<u>71</u>	<u>7,769,911</u>	<u>67</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income- non-current (Note 8)	100,999	1	87,226	1	81,938	1
Financial assets at amortized cost- non-current (Notes 9 and 30)	22,014	-	20,458	-	37,684	-
Investments accounted for using equity method (Note 14)	95,852	1	111,326	1	116,229	1
Property, plant and equipment (Note 15)	3,755,739	25	3,262,587	24	3,078,956	27
Right-of-use assets (Note 16)	359,698	2	294,723	2	301,635	3
Intangible assets (Note 17)	42,716	-	30,540	-	27,177	-
Deferred tax asset	67,953	-	53,114	-	56,553	-
Other non-current assets	87,477	1	73,343	1	84,479	1
Total non-current assets	<u>4,532,448</u>	<u>30</u>	<u>3,933,317</u>	<u>29</u>	<u>3,784,651</u>	<u>33</u>
TOTAL	<u>\$14,954,140</u>	<u>100</u>	<u>\$13,612,660</u>	<u>100</u>	<u>\$11,554,562</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ 1,698,075	11	\$ 962,781	7	\$ 995,013	8
Short-term bills payable (Note 18)	69,858	-	-	-	-	-
Trade payables	2,913,875	20	3,200,680	24	3,030,920	26
Trade payables to related parties (Note 29)	68,410	-	61,122	-	83,068	1
Other payables (Note 20)	727,057	5	613,750	5	556,493	5
Current tax liabilities	75,229	1	23,612	-	21,536	-
Lease liabilities - current (Note 16)	35,306	-	20,547	-	20,627	-
Current portion of long-term borrowings (Notes 18 and 19)	374,385	3	832,930	6	798,056	7
Other current liabilities (Notes 12, 20, 23 and 29)	420,786	3	417,868	3	336,731	3
Total current liabilities	<u>6,382,981</u>	<u>43</u>	<u>6,133,290</u>	<u>45</u>	<u>5,842,444</u>	<u>50</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 19)	698,586	5	698,283	5	698,181	6
Long-term borrowings (Note 18)	1,405,550	9	766,108	6	504,116	4
Deferred tax liabilities	48,244	-	56,520	-	60,120	1
Lease liabilities - non-current (Note 16)	53,066	-	24,704	-	29,707	-
Net defined benefit liability - non-current	77,743	1	87,092	1	84,782	1
Other non-current liabilities	10,862	-	9,305	-	620	-
Total non-current liabilities	<u>2,294,051</u>	<u>15</u>	<u>1,642,012</u>	<u>12</u>	<u>1,377,526</u>	<u>12</u>
Total liabilities	<u>8,677,032</u>	<u>58</u>	<u>7,775,302</u>	<u>57</u>	<u>7,219,970</u>	<u>62</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)						
Ordinary shares	3,752,084	25	3,752,084	28	3,376,884	29
Capital surplus	2,179,372	14	2,179,372	16	1,044,017	9
Retained earnings						
Legal reserve	295,992	2	612,916	4	612,916	5
Special reserve	230,859	2	230,859	2	230,859	2
Accumulated surplus (deficits)	13,802	-	(316,924)	(2)	(297,851)	(2)
Total retained earnings	<u>540,653</u>	<u>4</u>	<u>526,851</u>	<u>4</u>	<u>545,924</u>	<u>5</u>
Other equity						
Exchange differences in translating the financial statements of foreign operations	(88,323)	-	(523,866)	(4)	(532,871)	(4)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(96,675)	(1)	(88,412)	(1)	(90,652)	(1)
Total other equity	<u>(184,998)</u>	<u>(1)</u>	<u>(612,278)</u>	<u>(5)</u>	<u>(623,523)</u>	<u>(5)</u>
Total equity attributable to owners of the Company	<u>6,287,111</u>	<u>42</u>	<u>5,846,029</u>	<u>43</u>	<u>4,343,302</u>	<u>38</u>
NON-CONTROLLING INTERESTS (Note 22)	<u>(10,003)</u>	<u>-</u>	<u>(8,671)</u>	<u>-</u>	<u>(8,710)</u>	<u>-</u>
Total equity	<u>6,277,108</u>	<u>42</u>	<u>5,837,358</u>	<u>43</u>	<u>4,334,592</u>	<u>38</u>
TOTAL LIABILITIES AND EQUITY	<u>\$14,954,140</u>	<u>100</u>	<u>\$13,612,660</u>	<u>100</u>	<u>\$11,554,562</u>	<u>100</u>

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

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 36)	\$3,803,730	100	\$3,144,150	100	\$10,164,806	100	\$8,510,109	100
OPERATING COSTS (Notes 11 and 29)	3,264,869	86	2,746,904	87	8,812,996	87	7,550,937	89
OPERATING GROSS PROFIT	538,861	14	397,246	13	1,351,810	13	959,172	11
OPERATING EXPENSES								
Sales and marketing expenses	214,680	6	139,042	4	586,979	6	400,909	5
General and administration expenses	151,805	4	123,679	4	411,422	4	360,354	4
Research and development expenses	198,696	5	184,644	6	531,736	5	529,737	6
Expected credit loss recognized (reversed)	(1,242)	-	(165)	-	550	-	(244)	-
Total operating expenses	563,939	15	447,200	14	1,530,687	15	1,290,756	15
LOSS FROM OPERATIONS	(25,078)	(1)	(49,954)	(1)	(178,877)	(2)	(331,584)	(4)
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 24)	7,541	-	6,888	-	20,375	-	20,893	-
Other income (Note 24 and 26)	44,978	1	30,081	1	115,868	1	68,258	1
Other gains and losses (Note 24)	75,170	2	8,968	-	159,593	2	(15,387)	-
Finance costs (Note 24)	(22,525)	-	(10,909)	-	(50,222)	-	(26,984)	(1)
Share of loss from associates account for using the equity method (Note 14)	(3,783)	-	(5,360)	-	(8,590)	-	(6,297)	-
Total non-operating income and expenses	101,381	3	29,668	1	237,024	3	40,483	-
PROFIT (LOSS) BEFORE INCOME TAX	76,303	2	(20,286)	-	58,147	1	(291,101)	(4)
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 25)	(52,085)	(1)	4,413	-	(44,362)	(1)	(6,765)	-
PROFIT (LOSS) FOR THE PERIOD	24,218	1	(15,873)	-	13,785	-	(297,866)	(4)
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may not reclassified subsequently to profit or loss:								
Unrealized loss on financial assets at fair value through other comprehensive income (Note 22)	(58)	-	(152)	-	(2,227)	-	(1,484)	-
Share of the other comprehensive loss of associates accounted for using the equity method (Notes 14 and 22)	(328)	-	(11,422)	-	(6,036)	-	(27,161)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations (Note 22)	231,317	6	(19,293)	(1)	434,228	4	(83,778)	(1)
Total other comprehensive income (loss)	230,931	6	(30,867)	(1)	425,965	4	(112,423)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 255,149	7	(\$ 46,740)	(1)	\$ 439,750	4	(\$ 410,289)	(5)
PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 24,223	1	(\$ 15,869)	-	\$ 13,802	-	(\$ 297,851)	(4)
Non-controlling interests	(5)	-	(4)	-	(17)	-	(15)	-
Total	\$ 24,218	1	(\$ 15,873)	-	\$ 13,785	-	(\$ 297,866)	(4)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 255,839	7	(\$ 46,768)	(1)	\$ 441,082	4	(\$ 410,488)	(5)
Non-controlling interests	(690)	-	28	-	(1,332)	-	199	-
Total	\$ 255,149	7	(\$ 46,740)	(1)	\$ 439,750	4	(\$ 410,289)	(5)
EARNING (LOSS) PER SHARE (Note 26)								
Basic	\$ 0.06		(\$ 0.05)		\$ 0.04		(\$ 0.88)	
Diluted	\$ 0.06				\$ 0.04			

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

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company					Other equity		Total	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Retained earnings			Exchange differences in translating the financial statements of foreign operations	Unrealized (gain) loss on financial assets at fair value through other comprehensive income			
			Legal reserve	Special reserve	Accumulated surplus (deficits)					
Balance at January 1, 2021	\$ 3,376,884	\$ 1,044,017	\$ 767,660	\$ 230,859	(\$ 154,744)	(\$ 448,879)	(\$ 62,007)	\$ 4,753,790	(\$ 8,909)	\$ 4,744,881
Legal reserve used to offset accumulated deficits	-	-	(154,744)	-	154,744	-	-	-	-	-
Net loss for the nine months ended September 30, 2021	-	-	-	-	(297,851)	-	-	(297,851)	(15)	(297,866)
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	(83,992)	(28,645)	(112,637)	214	(112,423)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	(297,851)	(83,992)	(28,645)	(410,488)	199	(410,289)
Balance at September 30, 2021	\$ 3,376,884	\$ 1,044,017	\$ 612,916	\$ 230,859	(\$ 297,851)	(\$ 532,871)	(\$ 90,652)	\$ 4,343,302	(\$ 8,710)	\$ 4,334,592
Balance at January 1, 2022	\$ 3,752,084	\$ 2,179,372	\$ 612,916	\$ 230,859	(\$ 316,924)	(\$ 523,866)	(\$ 88,412)	\$ 5,846,029	(\$ 8,671)	\$ 5,837,358
Legal reserve used to offset accumulated deficits	-	-	(316,924)	-	316,924	-	-	-	-	-
Net profit for the nine months ended September 30, 2022	-	-	-	-	13,802	-	-	13,802	(17)	13,785
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	435,543	(8,263)	427,280	(1,315)	425,965
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	13,802	435,543	(8,263)	441,082	(1,332)	439,750
Balance at September 30, 2022	\$ 3,752,084	\$ 2,179,372	\$ 295,992	\$ 230,859	\$ 13,802	(\$ 88,323)	(\$ 96,675)	\$ 6,287,111	(\$ 10,003)	\$ 6,277,108

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated November 3, 2022)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended	
	September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) before tax	(\$ 58,147)	(\$ 291,101)
Adjustments for:		
Depreciation expense	231,238	215,106
Amortization expense	10,873	9,886
Expected credit loss recognized (reversed)	550	(244)
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(1,687)	-
Finance costs	50,222	26,984
Interest income	(20,375)	(20,893)
Dividend income	(2,995)	-
Share of loss from associates accounted for using the equity method	8,590	6,297
Loss on disposal of property, plant and equipment	6,084	3,392
Loss on disposal of intangible assets	44	8
Gain on disposal of non-current assets held for sale	(11,765)	-
Gain on disposal of investment	(920)	(795)
Allowance for inventory valuation and obsolescence loss	110,912	79,803
Net changes in operating assets and liabilities		
Notes receivables	12,407	-
Trade receivables	(888,802)	81,763
Other receivables	(21,934)	3,703
Inventories	(279,052)	(1,199,998)
Other current assets	(71,173)	(56,829)
Other non-current assets	(265)	-
Trade payables	(286,805)	184,188
Trade payables to related parties	7,288	571
Other payables	97,492	(11,526)
Other current liabilities	2,918	45,618
Net defined benefit liability	(9,349)	(9,286)
Cash used in operating activities	(998,357)	(933,353)
Interest received	23,493	12,793
Interest paid	(38,753)	(28,486)
Income tax paid	(12,902)	(7,591)
Net cash used in operating activities	(1,026,519)	(956,637)
Purchase of financial assets at fair value through other comprehensive income	(\$ 16,000)	(\$ 18,000)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	406
Purchase of financial assets at amortized cost	(61,545)	(477,564)
Proceeds from disposal of financial assets at amortized cost	949	239,674
Purchase of financial assets at fair value through profit or loss	(833,908)	(303,997)

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	For the Nine Months Ended September 30,	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through profit or loss	563,821	347,361
Proceeds from disposal of non-current assets held for sale	257,048	-
Payments for property, plant and equipment	(490,733)	(624,441)
Proceeds from disposal of property, plant and equipment	5,926	349
Increase in refundable deposits	(3,717)	-
Decrease in refundable deposits	-	418
Payments for intangible assets	(22,228)	(9,590)
Increase in prepayments for equipment	(43,879)	(47,292)
Dividends received	3,843	-
Net cash used in investing activities	<u>(640,423)</u>	<u>(892,676)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	697,845	738,693
Short-term bills payable	69,858	-
Issuance of corporate bonds	-	700,000
Repayment of corporate bonds	-	(1,000,000)
Proceeds from long-term borrowings	2,251,312	1,501,960
Repayment of long-term borrowings	(2,070,978)	(569,837)
Increase in guarantee deposits received	1,557	-
Decrease in guarantee deposits received	-	(9)
Repayment of the principal portion of lease liabilities	(19,066)	(13,884)
Payment for the cost of ordinary corporate bonds issuance	-	(2,028)
Net cash generated from financing activities	<u>930,528</u>	<u>1,354,895</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>225,294</u>	<u>(25,347)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(511,120)</u>	<u>(519,765)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,590,920</u>	<u>2,545,804</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,079,800</u>	<u>\$ 2,026,039</u>

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

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Per Share Data and Unless Stated Otherwise)

(Reviewed, Not Audited)

1. GENERAL INFORMATION

Phihong Technology Co., Ltd. (“Phihong” or “the Company”), which was formerly known as Phihong Enterprise Co., Ltd. was incorporated on December 12, 1972 under the laws of the Republic of China (ROC). Under a resolution approved in the stockholders’ meeting in June 2003, Phihong changed its name to Phihong Technology Co., Ltd. Phihong primarily manufactures and sells AC/DC power adapters, charger bases, power supply modules, UPS (uninterruptible power supply) for computers, ballasts, etc.

In February 2000, Phihong was authorized to trade its stocks on the Taipei Exchange (TPEX) in Taiwan. In September 2001, Phihong’s stocks ceased to be traded on the TPEX, and Phihong later obtained the authorization to list its stocks on the Taiwan Stock Exchange.

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

Except for the following, whenever applied, the initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies.

b. IFRSs endorsed and issued into effect in 2023 by the FSC

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

Note 1: The Group shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.

Note 2: The Group shall apply these amendments prospectively to the changes of accounting estimates and accounting policies for annual reporting periods beginning after January 1, 2023.

Note 3: Except for temporary differences of the deferred income tax recognized for lease and decommissioning obligations on January 1, 2022, the amendments also apply to transactions incurring after January 1, 2022.

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

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

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

Note 2: The Selling Party as Lessee shall apply the amendments to IFRS 16 retroactively to Sale-leaseback transaction entered into after the date of initial application of IFRS 16.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

See Note 13, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, for the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2021.

- 1) Retirement benefit costs
- 2) Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.
- 3) Other long-term employee benefits
- 4) Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.
- 5) Taxation
- 6) Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

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

The Group includes the possible effects of the outbreak of COVID-19 on the development and economic environment around the world into consideration of major accounting estimates, including cash flow estimation, growth rate, discount rate, and profitability. Management will continue to monitor, make estimations, and provide basic assumptions. If an amendment to estimates only affects the current period, it shall be recognized in the period of said amendment; if an amendment to accounting estimates affects the current year and future periods, it shall be recognized in the period of said amendment and future periods.

6. CASH AND CASH EQUIVALENTS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand	\$ 8,335	\$ 2,507	\$ 2,248
Checking accounts and demand deposits	3,061,465	3,566,243	1,724,723
Cash equivalent (investments with original maturities of less than 3 months)			
Time deposits	10,000	22,170	299,068
	<u>\$ 3,079,800</u>	<u>\$ 3,590,920</u>	<u>\$ 2,026,039</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Demand deposits and time deposits	0.001%~2.600%	0.001%~3.045%	0.001%~3.045%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Financial assets mandatorily at fair value through profit or loss (i.e. FVTPL)			
Non-derivative financial assets-			
Mutual funds	<u>\$ 274,957</u>	<u>\$ -</u>	<u>\$ -</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Non-current</u>			
Investments in equity instruments at fair value through other comprehensive income (i.e. FVTOCI)			
Domestic unlisted ordinary shares	<u>\$ 100,999</u>	<u>\$ 7,226</u>	<u>\$ 1,938</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Current</u>			
Time deposits with original maturity more than 3 months	<u>\$ 310,554</u>	<u>\$ 224,588</u>	<u>\$ 225,684</u>
<u>Non-current</u>			
Restricted bank deposits	\$ 20,014	\$ 20,458	\$ 37,684
Secured money lodged at courts	2,000	-	-
	<u>\$ 22,014</u>	<u>\$ 20,458</u>	<u>\$ 37,684</u>

On September 30, 2022, December 31 and September 30, 2021, the Group set up a special account for the principal repayment of corporate bonds, the project performance bond, a domestic guaranteed

corporate bond, a pledge for a joint loan case, and money lodged at courts of \$22,014 thousand, \$20,458 thousand and \$37,684 thousand, please refer to Note 30.

10. NOTES AND TRADE RECEIVABLES

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Notes receivables</u>			
At amortized cost			
Gross carrying amount	\$ 4,479	\$ 16,886	\$ -
Less: Allowance for impairment loss	-	-	-
	<u>4,479</u>	<u>16,886</u>	<u>-</u>
<u>Trade receivables at amortized cost</u>			
At amortized cost			
Gross carrying amount	2,147,309	1,816,096	1,940,454
Less: Allowance for impairment loss	(3,752)	(3,009)	(2,528)
	<u>2,143,557</u>	<u>1,813,087</u>	<u>1,937,926</u>
Financial assets at fair value through other comprehensive income			
	973,733	416,144	-
	<u>3,117,290</u>	<u>2,229,231</u>	<u>1,937,926</u>
	<u>\$ 3,121,769</u>	<u>\$ 2,246,117</u>	<u>\$ 1,937,926</u>

a. Notes receivables

The Group has no overdue notes receivables as of September 30, 2022 and December 31, 2021.

b. Trade receivables

Trade receivables at amortized cost

For the Group's average credit period for the sale of goods, the statistics for the average credit period are prepared according to the experience of trade receivable collection regarding the non-related parties for the past 5 years, and no interest accrued for trade receivable during the credit period. The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management specialists annually.

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

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

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

September 30, 2022

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Expected credit loss rate	0.00~0.02%	0.15~2.77%	3.94%	6.34~21.30%	100%	
Gross carrying amount	\$ 1,916,820	\$ 213,870	\$ 3,860	\$ 11,919	\$ 840	\$ 2,147,309
Loss allowance (lifetime ECL)	(164)	(1,493)	(152)	(1,103)	(840)	(3,752)
Amortized cost	\$ 1,916,656	\$ 212,377	\$ 3,708	\$ 10,816	\$ -	\$ 2,143,557

December 31, 2021

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Expected credit loss rate	0.00~0.24%	0.24~2.94%	5.52~12.76%	6.56~18.69%	13.62~100%	
Gross carrying amount	\$ 1,682,122	\$ 120,489	\$ 8,774	\$ 3,210	\$ 1,501	\$ 1,816,096
Loss allowance (lifetime ECL)	(260)	(726)	(486)	(272)	(1,265)	(3,009)
Amortized cost	\$ 1,681,862	\$ 119,763	\$ 8,288	\$ 2,938	\$ 236	\$ 1,813,087

September 30, 2021

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Expected credit loss rate	0.00~0.02%	0.22~4.70%	12.36~40.04%	-	13.97~100%	
Gross carrying amount	\$ 1,849,777	\$ 87,443	\$ 1,975	\$ -	\$ 1,259	\$ 1,940,454
Loss allowance (lifetime ECL)	(326)	(592)	(790)	-	(820)	(2,528)
Amortized cost	\$ 1,849,451	\$ 86,851	\$ 1,185	\$ -	\$ 439	\$ 1,937,926

The above aging schedule was based on the number of past due days from end of credit term.

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

	<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 3,009	\$ 2,811
Add: impairment loss (reversed) for the period	550	(244)
Foreign exchange gains and losses	193	(39)
Balance at September 30	\$ 3,752	\$ 2,528

c. Trade receivables at FVTOCI

The Group determined to transfer trade receivables from certain major customers to the bank without recourse based on the working capital conditions. The Group manages such trade receivables through collecting the contractual cash flows and the disposals of financial assets. Therefore, such trade receivables are measured at FVTOCI.

The loss on allowances of trade receivables at FVTOCI measured by the Group by using the provision matrix is as follows:

September 30, 2022

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Expected credit loss rate	0%	0%	0%	0%		
Gross carrying amount	\$ 958,363	\$ 8,633	\$ 618	\$ 6,119	\$ -	\$ 973,733
Loss allowance (lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 958,363</u>	<u>\$ 8,633</u>	<u>\$ 618</u>	<u>\$ 6,119</u>	<u>\$ -</u>	<u>\$ 973,733</u>

December 31, 2021

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Expected credit loss rate	0%	0%	-	-	-	
Gross carrying amount	\$ 411,843	\$ 4,301	\$ -	\$ -	\$ -	\$ 416,144
Loss allowance (lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 411,843</u>	<u>\$ 4,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 416,144</u>

Information related to the sales of trade receivables of the Group for the period is as follows:

(In United States Dollars/ Thousands of New Taiwan Dollars)

<u>Counterparty</u>	<u>Beginning Balance Amount</u>	<u>Amount for sale for the current period</u>	<u>Cash received in the current period</u>	<u>Amount for sale at the end of the period</u>	<u>Cash advance as of the end of the period</u>	<u>Annual rate of interest (%)</u>	<u>Retention receivables for sale</u>	<u>Limit</u>	<u>Items for security</u>
Citi Bank	\$ 1,482	\$ 1,643,501	\$ 1,644,983	\$ -	\$ -	-	-	-	-
	(Note 1)	(Note 2)	(Note 3)						

The Group has entered into a sales contract for trade receivables with Citi Bank. The purchasing bank has confirmed that the relevant conditions for the goods transacted are free of recourse, and the transaction is an outright sales of debt receivables. According to the contract, the Group is only responsible for losses arising from business disputes.

Note 1: USD 53,588

Note 2: USD 51,594,231

Note 3: USD 51,647,819

11. INVENTORIES

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Raw materials	\$ 1,388,225	\$ 1,297,927	\$ 1,221,772
Work-in-process	581,832	376,003	369,026
Finished goods	1,402,515	1,530,502	1,544,466
	<u>\$ 3,372,572</u>	<u>\$ 3,204,432</u>	<u>\$ 3,135,264</u>

For the three months and the nine months ended September 30, 2022 and 2021, the cost of inventories recognized as cost of goods sold was \$3,264,869 thousand, \$2,746,904 thousand, \$8,812,996 thousand and \$7,550,937 thousand, respectively. The cost of goods sold for the six months and the nine months ended September 30, 2022 and 2021 included inventory valuation loss of \$39,938 thousand, \$21,135 thousand, \$110,912 thousand and \$79,803 thousand, respectively.

12. NON-CURRENT ASSETS HELD FOR SALE

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Dongguan Phitek Electronics Co., Ltd.			
Land use rights, Buildings, Machinery and Equipment, etc.	<u>\$ -</u>	<u>\$ 244,696</u>	<u>\$ 242,366</u>

On February 27, 2020, the board of directors decided to dispose of the land use rights, buildings, machinery, and equipment of Dongguan Phitek Electronics Co., Ltd. (hereinafter referred to as PHP), the subsidiary company, and these assets are reclassified as non-current assets held for sale based on their carrying amount on February 28, 2020 and expressed separately in the consolidated balance sheet.

The breakdown of PHP non-current assets held for sale is as follows:

	<u>December 31, 2022</u>	<u>September 30, 2021</u>
Land use rights	\$ 4,042	\$ 4,042
Buildings	258,005	258,005
Machinery and equipment	1,244	1,244
Other equipment	19,262	19,262
Less: Accumulated depreciation	<u>(39,850)</u>	<u>(39,850)</u>
	242,703	242,703
Effect of foreign currency exchange differences	<u>1,993</u>	<u>(337)</u>
	<u>\$ 244,696</u>	<u>\$ 242,366</u>

After the contract for the disposal of the above-mentioned non-current assets held for sale was signed, the delivery procedures were completed as of January 26, 2022, and the control of the non-current assets is to be transferred to the purchaser. The Group completed the disposition procedure in the first quarter of 2022. The total disposal gain of \$11,765 thousand was recognized under "Other gains and losses".

13. SUBSIDIARIES

Investor	Investee	Main Business	Percentage of Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
Phihong	Phihong International Corp. (“PHI”)	Makes investments	100.00	100.00	100.00	Note 1
Phihong	Phitek International Co., Ltd. (“PHK”)	Makes investments	100.00	100.00	100.00	
Phihong	Ascent Alliance Ltd. (“PHQ”)	Makes investments	100.00	100.00	100.00	
Phihong	Phihong USA Corp. (“PHA”)	Sells various power supplies	100.00	100.00	100.00	
Phihong	Phihong Technology Japan Co., Ltd. (“PHJ”)	Sells power components	100.00	100.00	100.00	
Phihong	Guang-Lai Investment Co., Ltd. (“Guang-Lai”)	Makes investments	100.00	100.00	100.00	
Phihong	Phihong Vietnam Co., Ltd. (“PHV”)	Manufactures and sells various power supplies	100.00	100.00	100.00	Note 12
Phihong	Zerova Technologies Taiwan Limited (“ZTM”) (formerly Pehicle Co., Ltd. The company name was changed on June 20, 2022)	Manufactures and sells electronic equipment	100.00	-	-	Note 3
Phihong	Zerova Technologies Holdings Limited (“ZKH”)	Makes investments	100.00	-	-	Note 4
PHI Company	Phihong Dongguan Electronics Co. Ltd. (“PHC”)	Manufactures and sells various power supplies	100.00	100.00	100.00	
PHI Company	Phihong Electronics (Suzhou) Co., Ltd. (“PHZ”)	Manufactures and sells various power supplies	100.00	100.00	100.00	
PHI Company	N-Lighten Technologies, Inc. (“N-Lighten”)	Makes investments	58.45	58.45	58.45	
PHI Company	Yanghong Trade (Shanghai) Co., Ltd. (“Yanghong Trade”)	Sells various lighting and power supplies	100.00	100.00	100.00	
PHK Company	Dongguan Phitek Electronics Co., Ltd. (PHP Company)	Manufactures and sells various power supplies	100.00	100.00	100.00	Note 2
PHQ Company	Dongguan Shuang-Ying Electronics Co., Ltd. (PHSY Company)	Manufactures and sells electronic materials	100.00	100.00	100.00	
PHQ Company	Jin-Sheng-Hong (Jiangxi) Electronics Co., Ltd. (“PHE”)	Manufactures and sells electronic materials	100.00	100.00	100.00	
Guang-Lai Investment Co., Ltd.	N-Lighten Company	Makes investments	19.78	19.78	19.78	
ZKH Company	Zerova Technologies Europe B.V. (“ZNS”)	Provides electric vehicle charging solutions	-	-	-	Note 5
ZKH Company	Zerova Technologies SG Ltd. (ZSH)	Makes reinvestments and sells electronic equipment	100.00	-	-	Note 6
ZSH Company	Pehicle Co.(Dongguan) Ltd. (ZCM Company)	Manufactures and sells electronic equipment	100.00	-	-	Note 7
ZSH Company	Pehicle Trade Co.(Dongguan) Ltd. (ZCS Company)	Provides electric vehicle charging solutions	-	-	-	Note 8
ZSH Company	Zerova Technologies Japan Co., Ltd. (ZJS)	Provides electric vehicle charging solutions	-	-	-	Note 9
ZSH Company	Zerova Technologies America Corporation (ZAH)	Makes investments	100.00	-	-	Note 10
ZAH Company	Zerova Technologies USA LLC (ZAS)	Provides electric vehicle charging solutions	100.00	-	-	Note 11

Note 1: In response to the operating requirements of the Group, in December 2021, the board of directors of the Company approved the resolution for the capital reduction of PHI in the amount of US\$8,640 thousand. After the capital reduction, the capital of PHI became \$3,209,288 thousand (US\$102,421 thousand); the base date for the capital reduction was January 6, 2022. The above capital reduction has been approved by the Investment Commission, MOEA Letter No. 11100041120 on April 14, 2022.

Note 2: In response to the operating requirements of the Group, in December 2021, the board of directors of the Company approved the resolution for the capital injection of PHP in the amount of US\$8,640 thousand through PHK. The capital injection was completed in March 2022.

Note 3: The Company, with the resolution made by the board of directors on January 20, 2022, established the subsidiary Pehicle Co., Ltd with a registered capital of USD 1,000 thousand, and the

Company holds 100% of the shares. For reorganization and specialization, the shareholders' meeting of the Company approved the resolution on June 8, 2022, to split and transfer the EV energy business to Phehicle Co., Ltd., and to change Phehicle's name to Zerova Technologies Taiwan Limited. The approval letter was obtained on June 20, 2022, and the alteration registration was completed at the same date. The Company split and transferred its EV energy business to ZTM on September 1, 2022 (base date of the division). The Company transferred the EV energy business (including assets and liabilities), valued at its net book value, to ZTM Company in exchange for 59,900 thousand new shares with a par value of \$10 per share, for a total of \$599,000 thousand. The approval letter was obtained on October 12, 2022, and the alteration registration was completed at the same date.

- Note 4: ZKH was established in Cayman Islands in March 2022, with a registered capital of USD 12,000 thousand, and the Company holds 100% of the shares. As of September 30, 2022, the Company has invested \$365,580 thousand (or US\$12,000 thousand).
- Note 5: ZNS was established in Netherlands in June 2022. As of September 30, 2022, its parent company, ZKH, had not completed the capital injection.
- Note 6: ZSH was established in Singapore in July 2022, with a registered capital of USD 1, and the Company holds 100% of the shares. As of September 30, 2022, ZKH had already prepaid capital \$327,964 thousand (or US\$11,900 thousand). However, since the alteration registration had not yet been completed, it is recorded as capital received in advance.
- Note 7: ZCM was established in China in August 2022, with a registered capital of USD 20,000, and the Company holds 100% of the shares. As of September 30, 2022, ZSH had invested \$28,942 thousand (or US\$950 thousand).
- Note 8: ZCS was established in China in August 2022. As of September 30, 2022, its parent company, ZSH, had not completed the capital injection.
- Note 9: ZJS was established in Japan in September 2022. As of September 30, 2022, its parent company, ZSH, had not completed the capital injection.
- Note 10: ZAH was established in Nevada, USA in July 2022, with a registered capital of USD 1,000, and the Company holds 100% of the shares. As of September 30, 2022, ZAH had already prepaid capital \$1,557 thousand (or US\$50 thousand). However, since the alteration registration had not yet been completed, it is recorded as capital received in advance.
- Note 11: ZAS was established in USA in July 2022, and the Company holds 100% of the shares. As of September 30, 2022, ZAH had provided \$31,620 thousand (or US\$1,000 thousand) of working capital.
- Note 12: The Company established PHV in Vietnam in 2019, with a registered capital of USD 65,000 thousand, and the Company holds 100% of the shares. To coordinate with the group's funding needs, it is planned to process capital injections in stages according to the investment progress. For the nine months ended September 30, 2022, the Company increased capital by \$207,690 thousand (USD7,000 thousand); as of September 30, 2022, the Company had invested \$1,656,313 thousand (USD57,000 thousand) to PHV.

See Tables 7 and 8 for the information on places of incorporation and principal places of business.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates that are not individually material	\$ 95,852	\$ 111,326	\$ 116,229

Aggregate information of associates that are not individually material

	<u>For the Three Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 30</u>	<u>September 30</u>	<u>September 30</u>	<u>September 30</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
The Group's share of:				
Net loss for the period	(\$ 3,783)	(\$ 5,360)	(\$ 8,590)	(\$ 6,297)
Other comprehensive income (loss)	(328)	(11,422)	(6,036)	(27,161)
Total comprehensive income (loss)	<u>(\$ 4,111)</u>	<u>(\$ 16,782)</u>	<u>(\$ 14,626)</u>	<u>(\$ 33,458)</u>

Refer to Table 7 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the associates.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of the Group is calculated based on the financial statements before the review of CPAs.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and equipment	Other equipment	Construction in Progress	Total
Cost						
Balance at January 1, 2022	\$ 521,412	\$ 2,428,902	\$ 2,353,841	\$ 673,319	\$ 626,613	\$ 6,604,087
Additions	-	8,374	103,378	18,490	367,169	497,411
Disposals	-	(12,837)	(109,462)	(12,997)	-	(135,296)
Effect of foreign currency exchange differences	5,610	85,900	83,872	10,898	87,263	273,543
Reclassification	-	2,140	22,368	9,352	(3,842)	30,018
Balance at September 30, 2022	<u>\$ 527,022</u>	<u>\$ 2,512,479</u>	<u>\$ 2,453,997</u>	<u>\$ 699,062</u>	<u>\$ 1,077,203</u>	<u>\$ 7,269,763</u>
Accumulated depreciation						
Balance at January 1, 2022	\$ -	\$ 902,028	\$ 1,901,348	\$ 538,124	\$ -	\$ 3,341,500
Disposals	-	(9,790)	(101,070)	(12,426)	-	(123,286)
Depreciation expense	-	61,064	104,983	38,195	-	204,242
Effect of foreign currency exchange differences	-	27,684	57,132	6,752	-	91,568
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 980,986</u>	<u>\$ 1,962,393</u>	<u>\$ 570,645</u>	<u>\$ -</u>	<u>\$ 3,514,024</u>
Carrying amounts at December 31, 2021 and January 1, 2022	<u>\$ 521,412</u>	<u>\$ 1,526,874</u>	<u>\$ 452,493</u>	<u>\$ 135,195</u>	<u>\$ 626,613</u>	<u>\$ 3,262,587</u>
Carrying amounts at September 30, 2022	<u>\$ 527,022</u>	<u>\$ 1,531,493</u>	<u>\$ 491,605</u>	<u>\$ 128,417</u>	<u>\$ 1,077,203</u>	<u>\$ 3,755,739</u>
Cost						
Balance at January 1, 2021	\$ 246,480	\$ 2,464,136	\$ 2,431,495	\$ 656,924	\$ 86,289	\$ 5,885,324
Additions	194,068	6,882	34,441	24,953	366,487	626,831
Disposals	-	(23,971)	(107,010)	(38,067)	-	(169,048)
Effect of foreign currency exchange differences	(2,544)	(30,914)	(26,705)	(3,820)	(4,120)	(68,103)
Reclassification	84,075	137	17,186	12,049	(15,392)	98,055
Balance at September 30, 2021	<u>\$ 522,079</u>	<u>\$ 2,416,270</u>	<u>\$ 2,349,407</u>	<u>\$ 652,039</u>	<u>\$ 433,264</u>	<u>\$ 6,373,059</u>
Accumulated depreciation						
Balance at January 1, 2021	\$ -	\$ 849,145	\$ 1,908,013	\$ 537,627	\$ -	\$ 3,294,785
Disposals	-	(22,634)	(104,608)	(38,065)	-	(165,307)
Depreciation expense	-	60,745	100,445	35,570	-	196,760
Effect of foreign currency exchange differences	-	(9,981)	(19,205)	(2,949)	-	(32,135)
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 877,275</u>	<u>\$ 1,884,645</u>	<u>\$ 532,183</u>	<u>\$ -</u>	<u>\$ 3,294,103</u>
Carrying amounts at September 30, 2021	<u>\$ 522,079</u>	<u>\$ 1,538,995</u>	<u>\$ 464,762</u>	<u>\$ 119,856</u>	<u>\$ 433,264</u>	<u>\$ 3,078,956</u>

The Groups' property, plant and equipment are depreciated on a straight-line basis over the following estimated useful life:

Buildings	
Main building	50 years
Engineering system	10 years
Machinery and equipment	3 to 10 years
Other equipment	3 to 10 years

Property, plant and equipment used by the Group and pledged as secure long-term borrowings are set out in Note 30.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Carrying amounts			
Land (including land use rights)	\$ 298,451	\$ 251,830	\$ 254,003
Buildings	35,551	8,327	9,379
Machinery and equipment	19,321	28,090	30,916
Transportation equipment	5,851	5,543	6,176
Other equipment	524	933	1,161
	<u>\$ 359,698</u>	<u>\$ 294,723</u>	<u>\$ 301,635</u>

	<u>For the Three Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets			<u>\$ 60,889</u>	<u>\$ 43,192</u>
Depreciation charge for right-of-use assets				
Land (including land use rights)	\$ 2,920	\$ 2,208	\$ 8,067	\$ 6,662
Buildings	3,863	1,026	7,027	2,929
Machinery and equipment	3,189	3,100	9,561	6,217
Office equipment	-	79	-	319
Transportation equipment	668	594	1,990	1,601
Other equipment	48	204	351	618
	<u>\$ 10,688</u>	<u>\$ 7,211</u>	<u>\$ 26,996</u>	<u>\$ 18,346</u>

b. Lease liabilities

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Carrying amounts			
Current	<u>\$ 35,306</u>	<u>\$ 20,547</u>	<u>\$ 20,627</u>
Non-current	<u>\$ 53,066</u>	<u>\$ 24,704</u>	<u>\$ 29,707</u>

Range of discount rate for lease liabilities was as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Freehold land	1.200%~1.250%	1.200%	1.200%
Buildings	1.030%~4.875%	1.030%~4.875%	1.030%~5.220%
Machinery and equipment	4.000%	4.000%	4.000%
Transportation equipment	1.155%~4.000%	1.155%~4.000%	1.155%~5.220%
Other equipment	1.030%~1.155%	1.030%~1.155%	1.030%

c. Material lease-in activities and terms

The Group leases certain machinery, office, transportation, and other equipment for the use of product manufacturing and R&D with lease terms of 2 to 9 years. These arrangements do not contain renewal or purchase options at the end of the lease terms, except for the right of first refusal of EV rental for transportation equipment.

The Group also leases land and buildings for the use of plants, offices and parking lot with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ 3,490	\$ 2,184	\$ 7,283	\$ 9,435
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 232	\$ 102	\$ 552	\$ 397
Total cash (outflow) for leases			<u>(\$ 26,901)</u>	<u>(\$ 23,716)</u>

The Group leases certain office and office equipment which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. OTHER INTANGIBLE ASSETS

	<u>Computer Software</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 124,250
Additions	22,228
Reclassification	172
Disposals	(10,391)
Effect of foreign currency exchange differences	2,313
Balance at September 30, 2022	<u>\$ 138,572</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 93,710
Amortization expense	10,873
Disposals	(10,347)
Effect of foreign currency exchange differences	1,620
Balance at September 30, 2022	<u>\$ 95,856</u>
Carrying amounts at December 31, 2021 and January 1, 2022	<u>\$ 30,540</u>
Carrying amounts at September 30, 2022	<u>\$ 42,716</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 118,623
Additions	9,590
Disposals	(6,045)
Effect of foreign currency exchange differences	(599)
Balance at September 30, 2021	<u>\$ 121,569</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ 90,944
Amortization expense	9,886
Disposals	(6,037)
Effect of foreign currency exchange differences	(401)
Balance at September 30, 2021	<u>\$ 94,392</u>
Carrying amounts at December 31, 2020 and January 1, 2021	<u>\$ 27,679</u>
Carrying amounts at September 30, 2021	<u>\$ 27,177</u>

The above intangible assets are amortized on a straight-line basis over estimated useful life of 2 to 5 years.

18. BORROWINGS

Short-term borrowings

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Unsecured loan</u>			
Phihong	\$ 1,092,925	\$ 636,180	\$ 722,670
PHV	286,650	182,959	183,852
	<u>1,379,575</u>	<u>819,139</u>	<u>906,522</u>
<u>Secured loan</u>			
PHC	318,500	143,642	88,491
	<u>\$ 1,698,075</u>	<u>\$ 962,781</u>	<u>\$ 995,013</u>

Interest rate range 1.47%~3.75% 0.72%~1.30% 0.6900%~0.8450%

Short-term Bills

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Commercial Paper Payables	\$ 70,000	\$ -	\$ -
Less: Short-term Bills Payables Discount	(142)	-	-
	<u>\$ 69,858</u>	<u>\$ -</u>	<u>\$ -</u>

Unexpired Short-term Bills Payables are as follows:

September 30, 2022

<u>Insurance/ Acceptance Facility</u>	<u>Bills Value</u>	<u>Discount Amount</u>	<u>Carrying amount</u>	<u>Interest rate range</u>
Commercial Paper Payables Mega Bills	\$ 70,000	\$ 142	\$ 69,858	1.232%

Long-term Borrowings

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Unsecured loan</u>			
Phihong	\$ 974,000	\$ 1,102,807	\$ 762,776
<u>Secured loan</u>			
Phihong	805,935	496,794	540,387
Less: discount	-	(563)	(991)
Long-term loans payable - current portion	(374,385)	(832,930)	(798,056)
	<u>\$ 1,405,550</u>	<u>\$ 766,108</u>	<u>\$ 504,116</u>
Interest rate range	1.2740%~2.0300%	1.0500%~1.9879%	1.0500%~1.9872%

- a. The short-term bank loan period of Pihong Technology Co., Ltd on September 30, 2022, December 31, and September 30, 2021 is from July 5, 2022 to December 31, 2022, November 8, 2021 to March 11, 2022 and August 20, 2021 to December 29, 2021, respectively, and interest is paid monthly.
- b. The short-term bank loan period of PHV on September 30, 2022, December 31, and September 30, 2021 is from May 10, 2022 to July 12, 2023, July 12, 2021 to August 3, 2022 and August 4, 2021 to August 3, 2022, respectively, and interest is paid monthly.
- c. The short-term bank loan period of PHC on September 30, 2022, December 31, and September 30, 2021 is from June 16, 2022 to December 13, 2022, October 12, 2021 to June 24, 2022 and August 20, 2021 to March 15, 2022, respectively, and interest is paid maturity.
- d. The long-term bank loan period of Pihong Technology Co., Ltd on September 30, 2022, December 31, and September 30, 2021 is from March 20, 2020 to April 7, 2036, August 22, 2019 to April 7, 2036 and August 22, 2019 to April 7, 2036, respectively, and interest is paid monthly.
- e. Pihong Technology Co., Ltd. signed a joint credit agreement mainly hosted by Taiwan Shin Kong Commercial Bank and co-sponsored by Yuanta Commercial Bank and Hua Nan Commercial Bank, along with 7 other banks, on April 30, 2019. The contract period is 3 years with the total credit limit of NTD\$ 1 billion, including NTD \$450 million of item A loan limit and NTD \$550 million for item B loan limit, which will be used by the parent company to support the factory investment plan of the Vietnamese subsidiary and enrich the group operating turnover fund. According to the loan contract in the joint loan case of Taiwan Shin Kong Commercial Bank, the Company shall maintain the following financial ratios during the loan period (according to the annual and semi-annual consolidated financial report certified by CPAs . The ratios are reviewed every half year.):
 - a) The current ratio (current assets/current liabilities) shall not be less than 100%.
 - b) The net debt ratio (total debt/net tangible value) shall not be higher than 150%.
 - c) The interest protection multiples [(pre-tax profit + depreciation + amortization + interest expense)/interest expense] shall be maintained at more than two times (inclusive).
 - d) Net tangible value (net value minus intangible assets) shall not be less than NTD \$4.5 billion.

For information on pledged properties and endorsements/guarantees, refer to Notes 29 and 30.

- f. On December 15, 2021, the Company submitted an application to the syndicate banks regarding the contract dated April 30, 2019 for the amendment that the borrowing limit shall be extended to July 30, 2024 from July 30, 2022, and the syndicated banks approved the application on March 1, 2022. The financial ratios and restrictive agreements above are reviewed based on the annual and interim consolidated financial reports certified by CPAs recognized by the bank managing the limits.
- g. As of December 31, 2021, the borrowing balance from the syndicated loan was \$882,500 thousand, and the times interest earned ratio failed to comply with the requirements above. Therefore, the

period from the submission date of the Q2 consolidated financial statements in 2021 to the submission date of the consolidated financial statements for the year ended 2021 shall be the improvement period; during the improvement period, such condition shall not be deemed as a default, and the Company pays service charges calculated at 0.1% of the credit loan's balances per annum to the managing bank. However, on December 30, 2021, the Company has applied to the syndicated banks for exemption from the requirement regarding the violation of the times interest earned ratio, and the exemption application was approved by the syndicated banks on March 1, 2022.

19. BONDS PAYABLE

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Secured domestic bonds	\$ 698,586	\$ 698,283	\$ 698,181

Secured domestic bonds

On March 25, 2021, the Company issued 70 units of \$10,000 thousand, 5-year 0.60% secured bonds in Taiwan, with an aggregate principal of \$700,000 thousand.

For information on pledged properties and endorsements/guarantees, refer to Notes 29 and 30.

20. OTHER LIABILITIES

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 229,628	\$ 215,373	\$ 189,668
Payables for annual leave not used	60,997	53,224	52,889
Payables for purchases of equipment	18,149	11,472	10,011
Others	418,283	333,681	303,925
	<u>\$ 727,057</u>	<u>\$ 613,750</u>	<u>\$ 556,493</u>
Other liabilities			
Temporary receipts	\$ 119,493	\$ 79,009	\$ 73,526
Advance payment for sale of plant land (Note 12)	-	164,945	163,374
Lease liabilities - current (Note 23 and 29)	282,143	159,527	77,345
Others	19,150	14,387	22,486
	<u>\$ 420,786</u>	<u>\$ 417,868</u>	<u>\$ 336,731</u>

21. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2022 and 2021, and the nine months ended September 30, 2022 and 2021, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$184 thousand, \$205 thousand, \$551 thousand and \$614 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2021 and 2020.

22. EQUITY

a. Share Capital

Ordinary shares

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Number of shares authorized (in thousands)	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
Shares authorized	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>375,208</u>	<u>375,208</u>	<u>337,688</u>
Shares issued	<u>\$ 3,752,084</u>	<u>\$ 3,752,084</u>	<u>\$ 3,376,884</u>

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

Considering the long-term cooperation with strategic investors, and improvement in financial structure and operating efficacy, the Company's extraordinary shareholders meeting passed the resolution for the private offering of ordinary shares on December 16, 2021 to, within the limit of 37,520 thousand shares, authorize the board of directors to organize the private offering of ordinary shares in two batches within one year from the date of the resolution made at the extraordinary shareholders' meeting. The Company approved the communication with particular subscribers at the board meeting on December 22, 2021, and set December 24, 2021 as the base date for the capital increase to issue 37,520 thousand ordinary shares under private offering. The price for the ordinary shares under the private offering was calculated from the following standards: (a) the calculation of the simple average closing price of the ordinary shares for either the 1, 3, or 5 business days before the pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction; or (b) the calculation of the simple average closing price of the ordinary shares for the 30 business days before the pricing date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction; with the higher of the two as the reference price. The reference price for the private offering is \$44.73 per share; the subscription price payable of \$40.26 per share was established based on 90% of the reference price. The capital increase through the private offering of ordinary shares mentioned above was completed on December 24, 2021, and the alteration registration was completed on March 23, 2022

b. Capital surplus

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>May be used to offset a deficit, distributed as cash dividends or transferred to share capital</u>			
Issuance of common shares	\$ 1,379,472	\$ 1,379,472	\$ 244,117
Conversion of bonds	667,058	667,058	667,058
Treasury share transactions	48,234	48,234	48,234
Interest payable on bond conversion	13,243	13,243	13,243
<u>May be used to offset a deficit only</u>			
Treasury share transactions	71,365	71,365	71,365
	<u>\$ 2,179,372</u>	<u>\$ 2,179,372</u>	<u>\$ 1,044,017</u>

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, conversion of bonds and treasury share transactions) and donations, may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained Earnings and Dividend Policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to "Employees' compensation and remuneration of directors and supervisors" in Note 24 -7.

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

If undistributed earnings in the previous period are insufficient to set aside the special reserve, the Company shall include income after tax for the current period, plus items other than income after tax, in the undistributed earnings for the current period.

The Company held shareholders' meetings on June 8, 2022 and July 30, 2021, where the deficit compensation for 2021 and 2020 respectively was passed as follows:

	<u>Deficit Compensation</u>	
	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 316,924	\$ 154,744

d. Special Reserves

On the first-time adoption of IFRSs, the Company transferred to retained earnings unrealized revaluation increment and cumulative translation differences in the amounts of \$10,968 thousand and \$250,296 thousand, respectively. The increase in retained earnings that resulted from all IFRSs adjustments was smaller than the total revaluation and translation differences; therefore, the Company appropriated to the special reserve the amount of \$230,859 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

e. Other Equity Items

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

	For the Nine Months Ended September 30,	
	2022	2021
Balance at January 1	(\$ 523,866)	(\$ 448,879)
Exchange differences arising on translating the financial statements of foreign operations	435,543	(83,992)
Balance at September 30	<u>(\$ 88,323)</u>	<u>(\$ 532,871)</u>

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

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	(\$ 88,412)	(\$ 62,007)
Generated in current period		
Unrealized gain or loss in equity instruments at fair value through other comprehensive income	(2,227)	(1,484)
Share from associates accounted for using the equity method	(6,036)	(27,161)
Balance at September 30	<u>(\$ 96,675)</u>	<u>(\$ 90,652)</u>

f. Non-Controlling Interests

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	(\$ 8,671)	(\$ 8,909)
Attributable to non-controlling interests:		
Net Loss for the year	(17)	(15)
Exchange differences on translating the financial statements of foreign operations	(1,315)	214
Balance at September 30	<u>(\$ 10,003)</u>	<u>(\$ 8,710)</u>

23. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue from the Contracts with Customers				
Revenue from sale of goods	\$ 3,803,730	\$ 3,144,150	\$ 10,164,806	\$ 8,510,109

Contract Balance

	September 30, 2022	December 31, 2021	September 30, 2021
Contract liabilities			
Contract liabilities - current (Note 20 and 29)	\$ 282,143	\$ 159,527	\$ 77,345

24. NET PROFIT RELATING TO CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Bank deposits	\$ 7,460	\$ 6,649	\$ 20,076	\$ 20,052
Others	81	239	299	841
	\$ 7,541	\$ 6,888	\$ 20,375	\$ 20,893

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Sample income (Note 29)	\$ 23,052	\$ -	\$ 57,304	\$ -
Dividend income	2,765	-	2,995	-
Others	19,161	30,081	55,569	68,258
	\$ 44,978	\$ 30,081	\$ 115,868	\$ 68,258

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Net foreign exchange gains (losses)	\$ 80,060	\$ 11,985	\$ 154,895	(\$ 9,156)
Loss on disposal of property, plant and equipment	(6,798)	(1,722)	(6,084)	(3,392)
Gain on disposal of non-current assets held for sale (Note 12)	-	-	11,765	-
Loss on disposal of intangible assets	(19)	-	(44)	(8)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily at FVTPL	1,611	(113)	1,687	-
Gain on disposal of investment	640	170	920	795
Others	(324)	(1,352)	(3,546)	(3,626)
	<u>\$ 75,170</u>	<u>\$ 8,968</u>	<u>\$ 159,593</u>	<u>(\$ 15,387)</u>

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 71,538	\$ 63,584	\$ 204,242	\$ 196,760
Right-of-use assets	10,611	7,211	26,996	18,346
Computer Software	4,133	3,469	10,873	9,886
	<u>\$ 86,282</u>	<u>\$ 74,264</u>	<u>\$ 242,111</u>	<u>\$ 224,992</u>
An analysis of depreciation by function				
Operating costs	\$ 40,746	\$ 34,011	\$ 111,816	\$ 104,286
Operating expenses	41,403	36,784	119,422	110,820
	<u>\$ 82,149</u>	<u>\$ 70,795</u>	<u>\$ 231,238</u>	<u>\$ 215,106</u>
An analysis of amortization expense by function				
Operating costs	\$ 1,055	\$ 973	\$ 3,030	\$ 2,842
Operating expenses	3,078	2,496	7,843	7,044
	<u>\$ 4,133</u>	<u>\$ 3,469</u>	<u>\$ 10,873</u>	<u>\$ 9,886</u>

e. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Bank loans interest	\$ 18,700	\$ 9,248	\$ 37,498	\$ 20,902
Bonds payable	2,716	1,152	6,445	4,870
Lease liabilities	516	509	1,465	1,212
Handling charges on the disposal of trade receivables	-	-	978	-
Other finance costs	593	-	3,836	-
	<u>\$ 22,525</u>	<u>\$ 10,909</u>	<u>\$ 50,222</u>	<u>\$ 26,984</u>

f. Employee benefits expense

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 662,415	\$ 599,823	\$1,874,847	\$1,734,723
Post-employment benefits				
Defined contribution plans	5,667	5,613	17,846	16,518
Defined benefit plans (Note 21)	184	205	551	614
Total employee benefits expense	<u>\$ 668,266</u>	<u>\$ 605,641</u>	<u>\$1,893,244</u>	<u>\$1,751,855</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 382,376	\$ 375,224	\$1,092,534	\$1,079,441
Operating expenses	285,890	230,417	800,710	672,414
	<u>\$ 668,266</u>	<u>\$ 605,641</u>	<u>\$1,893,244</u>	<u>\$1,751,855</u>

g. Employees' compensation and remuneration to directors and supervisors

According to the articles of association, the Company distributes employees' compensation and remuneration to directors at the rates of no less than 10% and no higher than 2%, respectively, of the net profit before tax for the year. The estimated employees', directors' and supervisors' compensation for the nine months ended September 30, 2022 and 2021 and for the three months ended September 30, 2022 and 2021 are as follows:

Estimated percentage

	For the Nine Months Ended	
	September 30	
	2022	2021
Employees' Compensation	10%	-
Directors' and Supervisors' Compensation	2%	-

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2022	2021	2022	2021
Bonus for Employees	\$ 2,933	\$ -	\$ 2,933	\$ -
Directors' and Supervisors' Compensation	587	-	587	-

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

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 88,257	\$ 25,484	\$ 224,137	\$ 38,060
Foreign exchange losses	(8,197)	(13,499)	(69,242)	(47,216)
Net gains or losses	\$ 80,060	\$ 11,985	\$ 154,895	(\$ 9,156)

25. Income Taxes Relating to Continuing Operations

a. Income tax recognized in profit or loss

The major components of tax (benefit) expense were as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 50,466	(\$ 3,635)	\$ 66,667	\$ 15,373
Generated in the previous year	(3,414)	(88)	810	(1,398)
	47,052	(3,723)	67,477	13,975
Deferred tax				
In respect of the current period	5,033	(690)	(23,115)	(7,210)
Total income tax (benefit) expense recognized in profit or loss	\$ 52,085	(\$ 4,413)	\$ 44,362	\$ 6,765

b. Income tax assessments

The Company's income tax returns through 2020 have been assessed by the tax authorities.

26. EARNINGS (LOSS) PER SHARE

Unit: New Taiwan Dollars per share

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2022	2021	2022	2021
Basic earnings (loss) per share	\$ 0.06	(\$ 0.05)	\$ 0.04	(\$ 0.88)
Diluted Earnings Per Share	\$ 0.06		\$ 0.04	

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

Net Profit (Loss) for the year

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Profit (loss) used in the computation of basic earnings (loss) per share	\$ 24,218	(\$ 15,873)	\$ 13,785	(\$ 297,866)
Profit used in the computation of diluted earnings per share	\$ 24,218		\$ 13,785	

Number of Shares

Unit: thousand shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in computation of basic earnings (loss) per share	375,208	337,688	375,208	337,688
Weighted average number of ordinary shares used in computation of basic earnings (loss) per share	375,208		375,208	

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 274,957	\$ -	\$ -	\$ 274,957
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
- Domestic unlisted equity	\$ -	\$ -	\$ 100,999	\$ 100,999

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ -	\$ -	\$ -	\$ -
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
- Domestic unlisted equity	\$ -	\$ -	\$ 87,226	\$ 87,226

September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ -	\$ -	\$ -	\$ -
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
- Domestic unlisted equity	\$ -	\$ -	\$ 81,938	\$ 81,938

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Conciliation of Financial Instruments Measures at Level 3 Fair Value

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Balance at January 1	\$ 87,226	\$ 65,828	\$ 65,828
Recognized in other comprehensive income (Unrealized gain or loss on financial assets at FVTOCI)	(2,227)	3,804	(1,484)
Additions	16,000	18,000	18,000
Disposals	-	(406)	(406)
Balance at September 30	<u>\$ 100,999</u>	<u>\$ 87,226</u>	<u>\$ 81,938</u>

b. Categories of financial instruments

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
<u>FVTPL</u>			
Mandatorily at FVTPL	\$ 274,957	\$ -	\$ -
Financial assets at amortized cost (Note 1)	6,601,935	6,127,348	4,282,493
<u>Financial assets at FVTOCI</u>			
Investments in equity instruments at FVTOCI	100,999	87,226	81,938
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	8,069,676	7,190,210	6,716,801

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivables, trade receivables, other receivables, and refundable deposits.

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payables, contract liabilities, trade payables, trade payables to related parties, other payables, bonds payable, long-term borrowings, lease liabilities and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments included cash and cash equivalents, financial assets at amortized cost, investment in equity instruments, notes receivables, trade receivables, other receivables, refundable deposits/guarantee deposits received, short-term borrowings, contract liabilities, trade payables, trade payables to related parties, other payables, long-term borrowings, bonds payable and lease liabilities. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's operating activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company and Subsidiaries had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group believed that its foreign currency assets and liabilities were not significantly exposed to foreign currency risk; thus, after assessing its balance of foreign currency assets and liabilities, it did not hedge the risk and did not adopt hedge accounting.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 33.

Sensitivity analysis

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

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis is for a 1% change in foreign currency rates and included only outstanding foreign currency denominated monetary items at the end of the reporting period. A positive number below indicates a decrease in pre-tax profit (loss) when New Taiwan dollars strengthen by 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss) and the balances below would be negative.

	For the Nine Months Ended September 30	
	2022	2021
USD	\$ 2,597	(\$ 6,511)
CNY	(32)	35
VND	2,079	2,926

b) Interest rate risk

The Group was exposed to fair value interest rate risk and cash flow interest rate risk from long-term, short term borrowings, bonds payable, and lease liabilities at both fixed and floating interest rates.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial liabilities	\$ 2,188,241	\$ 997,817	\$ 1,109,850
Cash flow interest rate risk			
Financial liabilities	2,146,585	2,307,536	1,935,850

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk approximates the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management specialists annually.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of customers in view of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

3) Liquidity risk

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

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

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

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

September 30, 2022

	On Demand or Less than 1 Year	1 to 3 years	Over 3 years	Total
Non-derivative financial liabilities				
Non-interest bearing	\$ 3,710,474	\$ -	\$ -	\$ 3,710,474
Lease liabilities	35,306	36,657	16,409	88,372
Variable interest rate instrument	741,035	1,245,733	159,817	2,146,585
Fixed interest rate instrument	1,401,283	-	698,586	2,099,869
	<u>\$ 5,888,098</u>	<u>\$ 1,282,390</u>	<u>\$ 874,812</u>	<u>\$ 8,045,300</u>

Further information on the lease liability maturity analysis is as follows:

	Less than 1	1 to 5 years	5 to 10 years
	<u>year</u>		
Lease liabilities	<u>\$ 35,306</u>	<u>\$ 44,646</u>	<u>\$ 8,420</u>

December 31, 2021

	On Demand or			
	Less than 1	1 to 3 years	Over 3 years	Total
	<u>Year</u>			
Non-derivative financial liabilities				
Non-interest bearing	\$ 3,875,552	\$ -	\$ -	\$ 3,875,552
Lease liabilities	20,547	24,614	90	45,251
Variable interest rate instrument	1,541,428	595,141	170,967	2,307,536
Fixed interest rate instrument	254,283	-	698,283	952,566
	<u>\$ 5,691,810</u>	<u>\$ 619,755</u>	<u>\$ 869,340</u>	<u>\$ 7,180,905</u>

Further information on the lease liability maturity analysis is as follows:

	Less than 1	1 to 5 years	5 to 10 years
	<u>year</u>		
Lease liabilities	<u>\$ 20,547</u>	<u>\$ 24,704</u>	<u>\$ -</u>

September 30, 2021

	On Demand or			
	Less than 1	1 to 3 years	Over 3 years	Total
	<u>Year</u>			
Non-derivative financial liabilities				
Non-interest bearing	\$ 3,670,481	\$ -	\$ -	\$ 3,670,481
Lease liabilities	20,627	29,559	148	50,334
Variable interest rate instrument	1,431,734	329,432	174,684	1,935,850
Fixed interest rate instrument	361,335	-	698,181	1,059,516
	<u>\$ 5,484,177</u>	<u>\$ 358,991</u>	<u>\$ 873,013</u>	<u>\$ 6,716,181</u>

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	<u>\$ 20,627</u>	<u>\$ 29,707</u>	<u>\$ -</u>

b) Financing facilities

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Unsecured bank facilities:			
Amount used	\$ 2,433,554	\$ 1,943,174	\$ 1,669,298
Amount unused	1,401,446	1,357,046	1,692,192
	<u>\$ 3,835,000</u>	<u>\$ 3,300,220</u>	<u>\$ 3,361,490</u>
Secured bank facilities:			
Amount used	\$ 1,084,131	\$ 640,436	\$ 628,878
Amount unused	794,765	1,210,532	83,077
	<u>\$ 1,878,896</u>	<u>\$ 1,850,968</u>	<u>\$ 711,955</u>

29. RELATED-PARTY TRANSACTIONS

a. The Group's related parties and relationship

<u>Related Party</u>	<u>Relationship with the Group</u>
Heng Hui Co., Ltd.	Other related parties
Dongguan Song Xiang Metal Products Co., Ltd.	Other related parties
Dongguan Song Xiang Chuan hung Products Co., Ltd.	Other related parties
Hua Jung Co., Ltd.	Other related parties
TCC Energy Storage Technology Corporation	Related Party
Spring City Resort Co., Ltd.	Associates
Peter Lin	Phihong's chairman

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

b. Trading transactions

<u>Financial Statement Account</u>	<u>Category of related parties</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Operating income	Related Party	<u>\$ 4,139</u>	<u>\$ -</u>	<u>\$ 4,653</u>	<u>\$ -</u>
Operating costs	Other related parties	<u>\$ 44,625</u>	<u>\$ 41,541</u>	<u>\$ 126,320</u>	<u>\$ 124,640</u>

The sales prices and terms of transactions from The Group to the related parties are based on contractual agreements.

The purchase price of the Group from the above-mentioned related parties is based on factors such as product type, cost, market price, and market competition, and is not significantly different from that of ordinary manufacturers.

c. Contract liabilities

<u>Category of related parties</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Related Party	\$ 14,646	\$ -	\$ -

d. Trade payables to related parties

<u>Category of related parties</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Other related parties	\$ 68,410	\$ 61,122	\$ 83,068

e. Compensation of key management personnel

The types and amounts of the remuneration of directors and other key management personnel were as follows:

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 7,237	\$ 6,944	\$ 21,039	\$ 20,332
Post-employment benefits	99	108	315	324
	<u>\$ 7,336</u>	<u>\$ 7,052</u>	<u>\$ 21,354</u>	<u>\$ 20,656</u>

The remuneration of directors and key executives is determined by the remuneration committee based on the performance of individuals and market trends.

f. Other transactions with related parties

The Company's chairman had provided guarantee for bonds payable and short-term borrowings and long-term borrowings of the Group. As of September 30, 2022, December 31 and September 30, 2021, the amounts of the borrowings were \$3,641,304 thousand, 2,822,861 thousand and \$2,811,514 thousand, respectively.

g. Others

<u>Financial Statement Account</u>	<u>Category of related parties</u>	<u>For the Three Months Ended September</u>		<u>For the Nine Months Ended September 30</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Non-operating income	Related Party				
—Sample income		<u>\$ 7,736</u>	<u>\$ -</u>	<u>\$ 29,580</u>	<u>\$ -</u>

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group have been provided as collateral for the project performance bond, bank loan, domestic secured corporate bonds and money lodged at courts:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Financial assets at amortized cost - non-current (Note 9)	\$ 22,014	\$ 20,458	\$ 37,684
Freehold land	463,345	463,345	463,345
Right-of-use assets - land use right	37,124	35,966	14,927
Buildings	471,424	458,358	415,761
	<u>\$ 993,907</u>	<u>\$ 978,127</u>	<u>\$ 931,717</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group's unrecognized commitments were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Acquisitionss for property, plant and equipment			
Signed amount	\$ 1,329,716	\$ 1,187,289	\$1,157,745
Unpaid amount	338,507	433,621	588,969

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- (1) The board of directors of the Company approved the resolution of the capital increase in cash for PHV at the meeting on January 20, 2022, and the amount was US\$15,000 thousand, with a shareholding of 100%. To coordinate with the group's capital needs, it is planned to process capital injections in stages according to the investment progress. The Company contributed USD 8,000 thousand into PHV on October 3, 2022.
- (2) The Company was approved to sub-invest in ZSH through ZKH, and to indirectly invest in ZCM in Mainland China through ZSH with US\$19,050 thousand. The approval letter No. 11100155150 was acquired from Investment Commission, MOEA, on October 14, 2022.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2022

(In Thousands of Foreign Currencies/ In Thousands of New Taiwan Dollars)

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount (NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 95,132	31.85000	\$ 3,029,950
CNY	14,051	4.47948	62,943
VND	194,968,381	0.00134	261,258

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount (NTD)</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	86,979	31.85000	2,770,293
CNY	14,770	4.47948	66,160
VND	39,802,322	0.00134	53,335

December 31, 2021

(In Thousands of Foreign Currencies/ In Thousands of New Taiwan Dollars)

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount (NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 77,516	27.66000	\$ 2,144,098
CNY	828	4.33984	3,595
VND	231,784,803	0.00121	280,460

Financial liabilities

Monetary items

USD	87,929	27.66000	2,432,104
CNY	12,215,432	0.00121	14,781
VND	\$ 77,516	27.66000	\$ 2,144,098

September 30, 2021

(In Thousands of Foreign Currencies/ In Thousands of New Taiwan Dollars)

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount (NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 67,956	27.79500	\$ 1,888,842
CNY	804	4.29851	3,456
VND	264,562,969	0.00122	322,767

Financial liabilities

Monetary items

USD	91,380	27.79500	2,539,912
VND	24,765,320	0.00122	30,214

34. SEPARATELY DISCLOSED ITEMS

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

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
 - 9) Trading in derivative instruments. (None)
 - 10) Intercompany relationships and significant intercompany transactions. (Table 6)
 - 11) Information on investees. (Table 7)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 9)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- c. Information of major shareholders: the names of shareholders with a shareholding ratio of 5% or more, their shareholding amount, and their proportional shareholdings. (Table 10)

35. SEGMENT INFORMATION

- a. Basic Information of Operation Segments
- 1) Classification of operating segments

The segments of the Group to be reported are as follows:

 - a) Power Supply Products Segment: Mainly responsible for the R&D, design, manufacturing, sales, and after-sales service of power supply products.
 - b) EV Energy Products Segment: Mainly responsible for the R&D, design, manufacturing, sales, and after-sales service of EV energy products.
 - 2) Principles for measuring profit and loss of the operating segment

The accounting policies of each operating segment are the same as the important accounting policies described in Note 4. The profit and loss of the operating segment of the Group are measured by the operating profit and loss that can be controlled by the segment manager, and are used as the basis for management performance evaluations.

b. Segment revenues and results

The following was an analysis of the Group's revenue and results by reportable segment:

	<u>Power Supply</u>	<u>Electric Vehicles</u>	<u>Total</u>
<u>For the Nine Months Ended</u>			
<u>September 30, 2022</u>			
Revenues from external customers	\$ 9,330,385	\$ 834,421	\$ 10,164,806
Segment losses	(\$ 10,912)	(\$ 167,965)	(\$ 178,877)
Interest income			20,375
Other revenues			115,868
Other gains and losses			159,593
Finance costs			(50,222)
Share of loss of associates			(8,590)
Profit before tax			<u>\$ 58,147</u>
<u>For the Nine Months Ended</u>			
<u>September 30, 2021</u>			
Revenues from external customers	\$ 8,349,812	\$ 160,297	\$ 8,510,109
Segment losses	(\$ 23,353)	(\$ 308,231)	(\$ 331,584)
Interest income			20,893
Other revenues			68,258
Other gains and losses			(15,387)
Finance costs			(26,984)
Share of loss of associates			(6,297)
Loss before income tax			<u>(\$ 291,101)</u>

FINANCING PROVIDED TO OTHERS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest rate range	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3 and Note 4)	Aggregate Financing Limit (Note 3 and Note 4)	Note
													Item	Value			
0	Phihong	ZSH	Other receivables from related parties	Yes	\$ 557,375 USD 17,500,000	\$ 557,375 USD 17,500,000	\$ -	3.00%	2	\$ -	Capital movement	\$ -	-	\$ -	\$ 1,257,422	\$ 2,514,844	
0	Phihong	ZCM	"	"	477,750 USD 15,000,000	477,750 USD 15,000,000	-	3.00%	"	-	"	-	-	-	1,257,422	2,514,844	
0	Phihong	ZCS	"	"	159,250 USD 5,000,000	159,250 USD 5,000,000	-	3.00%	"	-	"	-	-	-	1,257,422	2,514,844	
0	Phihong	ZAS	"	"	159,250 USD 5,000,000	159,250 USD 5,000,000	-	3.00%	"	-	"	-	-	-	1,257,422	2,514,844	
0	Phihong	ZNS	"	"	159,250 USD 5,000,000	159,250 USD 5,000,000	15,925	3.00%	"	-	"	-	-	-	1,257,422	2,514,844	
0	Phihong	ZJS	"	"	79,625 USD 2,500,000	79,625 USD 2,500,000	-	3.00%	"	-	"	-	-	-	1,257,422	2,514,844	
1	PHC	PHP	"	"	671,922 RMB 150,000,000	223,974 RMB 50,000,000	-	4.35%	"	-	"	-	-	-	2,210,705	2,210,705	
2	PHZ	PHP	"	"	1,388,639 RMB 310,000,000	1,231,857 RMB 275,000,000	1,075,075	4.35%~4.75%	"	-	"	-	-	-	1,966,650	1,966,650	
1	PHC	PHE	"	"	44,795 RMB 10,000,000	44,795 RMB 10,000,000	44,795	4.90%	"	-	"	-	-	-	2,210,705	2,210,705	

Note 1: The parent company and its subsidiaries are coded as follows:

- a. The parent company is coded "0."
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Reasons for financing are as follows:

- a. Business relationship.
- b. The need for short-term financing

Note 3: According to the Company's policy, the aggregated financing amounts provided to others shall not exceed 40% of its net worth, which is based on the latest audited or reviewed parent-company-only financial statements. The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follow:

- a. Business relationship: Each of the financing amounts shall not exceed the higher amount of the total purchases from or sales to a borrower in the most recent year or in the current year.
- b. The need for short-term financing: Each of the financing amounts shall not exceed 20% of the Company's net worth, which is based on the latest audited or reviewed parent-company-only financial statements.

Note 4: According to the operating procedures for loans to others of the subsidiary of the Group, the aggregate amount of loans provided to others between subsidiaries shall not exceed 150% of its net worth based on the latest financial statements of the subsidiary.

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor Name	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2 and Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Limit on Endorsement/ Guarantee (Note 2 and Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Phihong	PHV	Subsidiary of the Company	\$ 1,886,133	\$ 63,700 USD 2,000,000	\$ 63,700 USD 2,000,000	\$ 63,700 USD 2,000,000	\$ - -	1.06	\$ 3,143,555	Y	N	N	
0	Phihong	ZTM	Subsidiary of the Company	1,886,133	600,000	600,000	-	-	9.95	3,143,555	Y	N	N	

Note 1: The parent company and its subsidiaries are coded as follows:

- a. The Company is coded "0."
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the Company's procedures for the Management of Endorsements and Guarantees, the aggregate amount of endorsements/guarantees provided by the Company shall not exceed 50% of endorser/guarantor's net worth. Additionally, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 30% of the Company's net worth. The net worth is based on the Company's latest parent-company-only financial statements.

Note 3: In accordance with the operating procedures of the Group's subsidiaries, the total amount of endorsements between subsidiaries shall not exceed the net value of the most recent financial statement.

Note 4: On March 10, 2022, the board of directors approved that the Company's endorsements/guarantees amount to Phihong subsidiary PHV is USD 2 million.

Note 5: On August 4, 2022, the board of directors approved that the Company's endorsements/guarantees amount to Phihong subsidiary ZTM is NTD 600 million.

MARKETABLE SECURITIES HELD

September 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares	Carrying amount	Percentage of Ownership (%)	Fair value	
Pihong	<u>Ordinary shares</u>							
	Pao- Dian Venture Capital Co., Ltd.	None	Financial assets at FVTOCI - non-current	229,980	\$ 3,111	10.49	\$ 3,111	
	Zhong-Xuan Venture Capital Co., Ltd.	"	"	2,758,621	21,786	8.62	21,786	
	BMC Venture Capital Investment Corporation	"	"	6,000,000	67,990	9.84	67,990	
Guang-Lai Investment Co., Ltd.	<u>Ordinary shares</u>							
	Taiwan Cultural & Creativity No. 1 Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,000,000	3,694	10.83	3,694	
PHC	<u>Funds</u>							
	ICBC's capital-guaranteed and floating-income wealth management products	None	Financial assets at FVTPL - current	61,000,000	274,957	-	274,957	

Note 1: The marketable securities stated here is related to shares, debentures and beneficiary certificates and the derivative products caused by those of "IFRS 9 Financial Instruments."

Note 2: For information on the investments in subsidiaries and associates, refer to Tables 7 and 8.

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Phihong	PHA	Subsidiary of the Company	Sale	(\$ 2,791,106)	(32.89)	Agreed by both parties	-	-	\$ 680,956	29.43	
"	PHJ	"	"	(108,689)	(1.28)	"	-	-	34,051	1.47	
"	PHC	"	Purchase	5,475,810	71.69	"	-	-	-	-	
"	PHP	"	"	656,728	8.60	"	-	-	4,264	0.18	
"	PHV	"	"	1,352,946	17.71	"	-	-	-	-	

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

September 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue receivables from related parties		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Phihong	PHA	Subsidiary of the Company	Trade receivables \$ 680,956	7.02	\$ -	-	\$ 466,591	\$ -
"	PHC	"	Other receivables 494,367	-	-	-	159,581	-
"	PHV	"	Other receivables 304,969	-	-	-	149,892	-
"	ZTM	"	Other receivables 201,925	-	-	-	-	-
PHZ	PHP	Sister company	Other receivables 1,113,375	-	-	-	-	-

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Phihong	PHA	1	Sale	\$ 2,791,106	Agreed by both parties	27%
"	"	PHJ	"	"	108,689	"	1%
"	"	PHC	"	Purchase	5,475,810	No significant difference from third parties	54%
"	"	PHP	"	"	656,728	"	6%
"	"	PHV	"	"	1,352,946	"	13%
"	"	PHA	"	Trade receivables	680,956	-	5%
"	"	PHC	"	Other receivables	494,367	-	3%
"	"	PHV	"	"	304,969	-	2%
"	"	ZTM	"	"	201,925	-	1%
1	PHZ	PHP	3	Other receivables	1,113,375	-	7%
2	ZSH	ZCM	3	Prepayment of goods	224,543	-	2%

Note 1: The Company and its subsidiaries are coded as follows:

- a. The parent company is coded "0."
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is as follows:

- a. From the Parent Company to its subsidiary: 1.
- b. From a subsidiary to its Parent Company: 2.
- c. Between subsidiaries: 3.

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of September 30, 2022. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the nine months ended September 30, 2022.

INFORMATION ON INVESTEEES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee Company	Location	Main Businesses and Product	Original Investment Amount		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2022	December 31, 2021	Number of Shares	%	Carrying amount			
Pihong	PHI	British Virgin Islands	Makes investments	\$ 3,209,288	\$ 3,448,270	102,421,351	100.00	\$ 2,751,261	(\$ 56,745)	(\$ 56,745)	
	PHA	California, USA	Sells various power supplies	207,203	207,203	3,100,000	100.00	1,129,582	30,683	30,683	
	PHK	British Virgin Islands	Makes investments	554,154	314,956	18,840,000	100.00	(284,140)	(102,954)	(118,775)	
	PHQ	British Virgin Islands	Makes investments	352,043	352,043	12,012,600	100.00	67,828	8,155	7,416	
	Guang-Lai Investment Co., Ltd.	Taiwan	Makes investments	139,758	139,758	13,975,828	100.00	96,103	(2,811)	(2,811)	
	H&P Venture Capital Co., Ltd.	Taiwan	Makes investments	13,738	13,738	1,373,801	32.26	10,672	(18,061)	(5,828)	
	PHJ	Japan	Sells power components	137,436	137,436	3,000	100.00	71,247	7,205	7,205	
	PHV	Vietnam	Manufactures and sells various power supplies	JPY 150,000,000	JPY 150,000,000	57,000,000	100.00	1,504,342	(157,697)	(157,658)	
	ZTM	Taiwan	Manufactures and sells electronic equipment	600,000	-	60,000,000	100.00	587,659	(12,341)	(12,341)	Note 2
	ZKH	Cayman Islands	Makes investments	365,580	-	120,000,001	100.00	342,378	(38,385)	(38,899)	Note 3
PHI	N-Lighten Company	California, USA	Makes investments	409,851	409,851	110,834,223	58.45	(26,856)	(79)	(46)	PHI and Guang-Lai Investment Co., Ltd. holds 78.23%
Guang-Lai Investment Co., Ltd.	Spring City Resort Co., Ltd.	Taiwan	Hotel and restaurant	190,000	190,000	2,837,343	25.33	1,512	(3,859)	(818)	
	Han-Yu Venture Capital Co., Ltd.	Taiwan	Makes investments	100,000	100,000	10,000,000	22.22	83,668	(8,774)	(1,944)	
	N-Lighten Company	California, USA	Makes investments	206,084	206,084	37,498,870	19.78	(9,088)	(79)	(16)	Phihong International Corp. and Guang-Lai Investment Co., Ltd. holds 78.23%
ZKH	ZNS	Netherlands	Provides electric vehicle charging solutions	-	-	100	-	(3,900)	(4,039)	(4,039)	Note 4
	ZSH	Singapore	Makes reinvestments and sells electronic equipment	362,534	-	11,900,000	100.00	327,964	(34,196)	(34,196)	Note 5
ZSH	ZJS	Japan	Provides electric vehicle charging solutions	USD 11,900,000	-	8,000	-	-	-	-	Note 6
	ZAH	Nevada, USA	Makes investments	32,692	-	1,050,000	100.00	28,494	(4,853)	(4,853)	Note 7
ZAH	ZAS	California, USA	Provides electric vehicle charging solutions	USD 1,050,000	-	1,000,000	100.00	26,901	(4,853)	(4,853)	Note 8
				USD 1,000,000	-						

Note 1: Information on investees in mainland China, refer to Table 8.

Note 2: ZTM was approved to incorporate on March 4, 2022. The shareholders of the Company approved the resolution at the meeting on June 8, 2022, to change the name of Phehicle Co., Ltd. to Zerova Technologies Taiwan Ltd.. The alteration registration, No. 11100125130, was approved by Tainan City Government and completed on June 20, 2022.

Note 3: ZKH was established in Cayman Islands in March, 2022, with a registered capital of USD 12,000 thousand, and the Company holds 100% of its shares. As of September 30, 2022, the Company has invested \$365,580 thousand (or US\$12,000 thousand).

Note 4: ZNS was established in Netherlands in June, 2022. As of September 30, 2022, its parent company, ZKH, had not completed the capital injection.

Note 5: ZSH was established in Singapore in July, 2022, with a registered capital of USD 1, and the Company holds 100% of its shares. As of September 30, 2022, ZKH had prepaid capital \$327,964 thousand (or US\$11,900 thousand). However, since the alteration registration has not yet been completed, it is recorded as capital received in advance.

Note 6: ZJS was established in Japan in September, 2022. As of September 30, 2022, its parent company, ZSH, had not completed the capital injection.

Note 7: ZAH was established in Nevada, USA in July, 2022, with a registered capital of USD 1,000 thousand, and the Company holds 100% of its shares. As of September 30, 2022, ZSH had prepaid capital \$1,557 thousand (or US\$50 thousand). However, since the alteration registration has not yet been completed, it is recorded as capital received in advance.

Note 8: ZAS was established in USA in July, 2022, and the Company holds 100% of its shares. As of September 30, 2022, ZAH has provided \$31,620 thousand (or US\$1,000 thousand) of working capital.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Information on investees in Mainland China, including the name, principal business activities, paid-up capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment gain or loss, carrying of the investment, and repatriation of investment income:

Investee Company	Main Businesses and Product	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Amount as of September 30, 2022	Accumulated Repatriation of investment income as of September 30, 2022	Note
					Outward	Inward							
PHC	Manufactures and sells various power supplies	\$ 1,988,018	Indirect investment in mainland China through PHI	\$ 1,677,679	\$ -	\$ -	\$ 1,677,679	(\$ 83,029)	100.00	(\$ 83,029)	\$ 1,473,803	\$ -	
PHZ	Manufactures and sells various power supplies	HKD 495,450,000	"	HKD 419,000,000	-	245,894	HKD 419,000,000	29,382	100.00	29,382	1,311,100	-	
Yanghong Trade (Shanghai) Co., Ltd.	Sells various lighting and power supplies	USD 31,960,000	"	USD 40,600,000	-	USD 8,640,000	USD 31,960,000	(3,261)	100.00	(3,261)	5,045	-	
PHP	Manufactures and sells various power supplies	USD 880,000	Indirect investment in mainland China through PHK	USD 2,865,000	239,198	-	USD 2,865,000	(106,170)	100.00	(106,170)	(269,329)	-	
PHSY	Manufactures and sells electronic materials	USD 20,140,000	Indirect investment in mainland China through PHQ	USD 10,000,000	-	-	USD 18,640,000	6,611	100.00	6,611	69,859	-	
PHE	Manufactures and sells electronic materials	HKD 9,000,000	"	HKD 9,000,000	-	-	HKD 9,000,000	1,596	100.00	1,596	(1,924)	-	
N-Lighten (Shanghai) Trading Inc.	Develops, manufactures and sells various equipment and monitors	USD 360,124	Indirect investment in mainland China through N-Lighten	USD 11,500,000	-	-	USD 11,500,000	-	-	-	-	-	Note 1
ZCM	Manufactures and sells electronic equipment	USD 11,500,000	Indirect investment in mainland China through ZSH	USD 12,366,400	-	-	USD 12,366,400	-	-	-	-	-	
ZCS	Provides electric vehicle charging solutions	USD 28,942	Indirect investment in mainland China through ZSH	-	28,942	-	USD 28,942	(45,660)	100.00	(45,660)	16,611	-	
		USD 950,000	"	-	USD 950,000	-	USD 950,000	-	-	-	-	-	Note 2

Note 1: N-Lighten (Shanghai) Trading Inc. was liquidated on June 18, 2015.

Note 2: ZCS was established in China in August, 2022. ZSH had not invested ZCS company as of September 30, 2022.

Note 3: The amount was recognized based on audited financial statements.

Note 4: The foreign currencies in this table are converted into New Taiwan dollars using exchange rates of the investment date, except for profit and loss items which are translated at the average exchange rates for the period.

II. Limit on investment amount in Mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2022	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$4,209,358	\$5,131,983	Note 1

Note 1: In accordance with Article 3 of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland China", the Company acquired the Business Operation Headquarter Certificate issued by the Industrial Development Bureau of the Ministry of Economic Affairs on June 18, 2021, which exempts the Company from the limitation of the investment amount in mainland China.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Trade Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Normal Transaction	Amount	%		
PHC	Purchase	\$ 5,475,810	71.69%	Agreed by both parties	Agreed by both parties	-	\$ -	-	\$ -	
PHP	"	656,728	8.60%	"	"	-	4,264	0.18%	-	

INFORMATION OF MAJOR SHAREHOLDER**September 30, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Peter Lin	51,703,063	13.77%
Taiwan Cement Corporation	37,520,000	9.99%

Note 1: The information on major shareholders in this table is based on the last business day at the end of the quarter, including the data of the shareholders holding more than 5% of the company's ordinary shares and preferred shares that have completed dematerialized registration/delivery (including treasury shares). The share capital recorded in the company's consolidated financial report and the actual number of shares completed dematerialized registration/delivery may be different due to the difference in calculation basis.