Phihong Technology Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as prepared in International Financial Reporting Standard 10 “Consolidated Financial Statements” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

PHIHONG TECHNOLOGY CO., LTD.

By

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March 7, 2024

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Phihong Technology Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows.

The Accuracy of Sales Revenue from Electric Vehicle Energy Business

Description of the key audit matter:

The Group has shifted its operational focus to the electric vehicle energy market in recent years. In addition, the orders for electric vehicle energy have increased significantly in 2023. As the electric vehicle charging market is booming rapidly with rising popularity of electric vehicles, the percentage of the Group's revenue from electric vehicle energy increases significantly. Therefore, the accuracy of the sales revenue from electric vehicle energy business is considered as a key audit matter for the year ended December 31, 2023. Refer to Note 4 to the accompanying consolidated financial statements for the related disclosures.

Audit procedures performed in response to the key audit matter:

Corresponding the key audit matter, we have performed the procedures to understand internal controls related to the sales process and examined the effectiveness of the design and implementation of the controls. In addition, we have sampled the revenues to review external documents and payment receipts of the samples and implemented the procedures regarding the group audit to verify the accuracy of the revenues.

Other Matter

In the consolidated financial statements of the Group, the financial statements of Zerova Group were audited by other auditors. Our opinion, insofar as it relates to the amounts included for Zerova Group, is based solely on the report of other auditors. The total assets of Zerova Group constituted 24.72% of consolidated total assets as of December 31, 2023; and total revenue constituted 35.41% of consolidated total revenue for the year then ended.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chih-Yi Chang and Kuo-Tyan Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

<u>*Notice to Readers*</u>

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
DECEMBER 31, 2023 AND 2022
(In New Taiwan Dollars)

ASSETS	2023 Amount	2023 %	2022 Amount	2022 %
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 5,851,805	38	$ 2,990,883	20
Financial assets at amortized cost - current (Notes 4, 8 and 31)	235,014	1	541,072	4
Notes receivables (Notes 4 and 9)	-	-	16,159	-
Trade receivables (Notes 4 and 9)	1,708,500	11	2,664,733	18
Trade receivables from related parties (Notes 10 and 30)	873	-	-	-
Other receivables	36,210	-	45,588	-
Current tax assets	49,059	-	-	-
Inventories (Notes 4 and 10)	2,602,895	17	3,296,580	23
Other current assets	300,270	2	282,685	2
Total current assets	10,784,626	69	9,837,700	67
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	122,608	1	99,764	1
Financial assets at amortized cost - non-current (Notes 4. 8 and 31)	10,500	-	22,030	-
Investments accounted for using the equity method (Notes 4 and 12)	86,674	1	112,871	1
Property, plant and equipment (Notes 4 and 13)	3,823,140	25	3,986,175	27
Right-of-use assets (Note 4 and 14)	308,023	2	357,042	3
Investment property (Note 15)	271,958	2	-	-
Other intangible assets (Notes 4 and 16)	46,835	-	41,098	-
Deferred tax assets (Notes 4 and 24)	54,542	-	57,493	-
Other non-current assets	69,640	-	75,304	1
Total non-current assets	4,793,920	31	4,751,777	33
TOTAL	$ 15,578,546	100	$ 14,589,477	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 878,851	6	$ 1,328,070	9
Short-term bills payable (Note 17)	-	-	69,740	-
Contract liabilities - current (Notes 22 and 30)	423,831	3	300,547	2
Trade payables	1,933,927	12	2,655,491	18
Trade payables to related parties (Note 30)	4,788	-	86,319	1
Other payables (Note 19)	1,465,281	9	1,017,945	7
Current tax liabilities (Notes 4 and 24)	146,078	1	136,533	1
Lease liabilities - current (Notes 4 and 14)	31,088	-	44,518	-
Current portion of long-term borrowings (Note 17)	117,417	1	398,592	3
Other current liabilities (Notes 12 and 19)	190,688	1	148,379	1
Total current liabilities	5,191,949	33	6,186,134	42
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 18)	699,092	5	698,688	5
Long-term borrowings (Note 17)	170,967	1	1,333,583	9
Deferred tax liabilities (Notes 4 and 24)	30,265	-	44,649	-
Lease liabilities - non-current (Notes 4 and 15)	23,855	-	51,292	1
Net defined benefit liabilities - non-current (Notes 4 and 20)	32,019	1	49,017	-
Other non-current liabilities	30,163	-	10,697	-
Total non-current liabilities	986,361	7	2,187,926	15
Total liabilities	6,178,310	40	8,374,060	57
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Ordinary shares	4,312,084	28	3,752,084	26
Capital surplus	4,579,383	29	2,179,372	15
Retained earnings				
Legal reserve	305,119	2	295,992	2
Special reserve	313,005	2	230,859	1
Unappropriated earnings	267,846	2	91,273	1
Total retained earnings	885,970	6	618,124	4
Other equity				
Exchange differences on translating of the financial statements of foreign operations	(293,466)	(2)	(244,171)	(2)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	(74,052)	(1)	(80,339)	-
Total other equity	(367,518)	(3)	(324,510)	(2)
Total equity attributable to owners of the Company	9,409,919	60	6,225,070	43
NON-CONTROLLING INTERESTS (Note 21)	(9,683)	-	(9,653)	-
Total equity	9,400,236	60	6,215,417	43
TOTAL	$ 15,578,546	100	$ 14,589,477	100

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

(With Deloitte & Touche auditors' report dated March 7, 2024)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 4, 22, 30 and 35)	$ 12,332,397	100	$ 14,017,575	100
OPERATING COSTS (Notes 4, 10 and 30)	9,119,641	74	11,875,937	85
GROSS PROFIT	3,212,756	26	2,141,638	15
OPERATING EXPENSES				
Selling and marketing expenses	944,647	8	768,098	6
General and administrative expenses	855,240	7	604,148	4
Research and development expenses	1,034,425	8	755,214	5
Expected credit loss	23,701	-	521	-
Total operating expenses	2,858,013	23	2,127,981	15
PROFIT FROM OPERATIONS	354,743	3	13,657	-
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	121,092	1	38,017	-
Other income (Note 23)	156,719	1	165,206	1
Other gains and losses (Note 23)	(32,332)	-	55,720	1
Finance costs (Note 23)	(130,483)	(1)	(77,918)	-
Share of profit or loss of associates (Note 12)	(5,333)	-	(6,542)	-
Total non-operating income and expenses	109,663	1	174,483	2
PROFIT BEFORE INCOME TAX	464,406	4	188,140	2
INCOME TAX EXPENSE (Notes 4 and 24)	(201,892)	(2)	(116,834)	(1)
NET PROFIT FOR THE YEAR	262,514	2	71,306	1
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	6,619	-	24,932	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 21)	6,593	-	(862)	-

(Continued)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
Share of other comprehensive (loss) income of associates accounted for using the equity method (Note 21)	$ (306)	-	$ 8,935	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	(1,324)	-	(4,986)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating of the financial statements of foreign operations (Note 21)	(49,288)	-	278,734	2
Total other comprehensive (loss) income for the year	(37,706)	-	306,753	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 224,808	2	$ 378,059	3
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 262,551	2	$ 71,327	1
Non-controlling interests	(37)	-	(21)	-
Total	$ 262,514	2	$ 71,306	1
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 224,838	2	$ 379,041	3
Non-controlling interests	(30)	-	(982)	-
Total	$ 224,808	2	$ 378,059	3
EARNINGS PER SHARE (Note 26)				
Basic earnings per share	$ 0.68		$ 0.19	
Diluted earnings per share	$ 0.68		$ 0.19	

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

(With Deloitte & Touche auditors' report dated March 7, 2024) (Concluded)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
			Retained Earnings			Other Equity				
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating of the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
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 losses (Note 21)	-	-	(316,924)	-	316,924	-	-	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	71,327	-	-	71,327	(21)	71,306
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	19,946	279,695	8,073	307,714	(961)	306,753
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	91,273	279,695	8,073	379,041	(982)	378,059
BALANCE AT DECEMBER 31, 2022	3,752,084	2,179,372	295,992	230,859	91,273	(244,171)	(80,339)	6,225,070	(9,653)	6,215,417
Appropriation of 2022 earnings										
Legal reserve (Note 21)	-	-	9,127	-	(9,127)	-	-	-	-	-
Special reserve (Note 21)	-	-	-	82,146	(82,146)	-	-	-	-	-
Adjustments to share of changes in equity of associates	-	61	-	-	-	-	-	61	-	61
Share-based payment arrangements (Note 25)	-	176,400	-	-	-	-	-	176,400	-	176,400
Issuance of ordinary shares for cash (Note 21)	560,000	2,223,550	-	-	-	-	-	2,783,550	-	2,783,550
Net profit for the year ended December 31, 2023	-	-	-	-	262,551	-	-	262,551	(37)	262,514
Other comprehensive income (loss) for the year ended December 31, net of income tax	-	-	-	-	5,295	(49,295)	6,287	(37,713)	7	(37,706)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	267,846	(49,295)	6,287	224,838	(30)	224,808
BALANCE AT DECEMBER 31, 2023	$ 4,312,084	$ 4,579,383	$ 305,119	$ 313,005	$ 267,846	$ (293,466)	$ (74,052)	$ 9,409,919	$ (9,683)	$ 9,400,236

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

(With Deloitte & Touche auditors' report dated March 7, 2024)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	$ 464,406	$ 188,140
Adjustments for:		
Depreciation expense	348,556	315,388
Amortization expense	18,944	15,113
Expected credit loss recognized	23,701	521
Finance costs	130,483	77,918
Interest income	(121,092)	(38,017)
Dividend income	(7,477)	(2,995)
Compensation cost of share-based payments	176,400	-
Share of loss of associates	5,333	6,542
Loss on disposal of property, plant and equipment	2,345	9,063
Loss on disposal of intangible assets	262	44
Proceeds from disposal of non-current assets held for sale	-	(11,765)
Gain on disposal of investments	-	(3,334)
Write-down of inventories	144,057	144,071
Gain on lease modification	(540)	-
Net changes in operating assets and liabilities		
Notes receivables	16,159	727
Trade receivables	932,834	(436,165)
Trade receivables from related parties	(873)	-
Other receivables	9,663	(16,510)
Other receivables from related parties	3,654	(3,654)
Inventories	549,628	(236,219)
Other current assets	(13,019)	(132,121)
Other non-current assets	5,595	242
Contract liabilities	123,284	140,833
Trade payables	(721,564)	(545,189)
Trade payables to related parties	(81,531)	25,197
Other payables	447,038	383,394
Other current liabilities	42,309	(109,775)
Net defined benefit liabilities	(10,379)	(13,143)
Cash generated from (used in) operating activities	2,488,176	(241,694)
Interest received	117,153	34,498
Interest paid	(125,249)	(69,287)
Income tax paid	(254,163)	(22,191)
Net cash generated from (used in) operating activities	2,225,917	(298,674)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(21,000)	(16,104)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,742	2,704

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PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Purchase of financial assets at amortized cost	$ (15,215)	$ (300,634)
Proceeds from sale of financial assets at amortized cost	324,051	949
Purchase of initial recognition of finance assets designated as at fair value through profit or loss	-	(833,529)
Proceeds from disposal of financial assets at fair value through profit or loss	-	836,871
Capital reduction of investments accounted for using equity method.	26,869	-
Acquisition of investment accounted for using equity method.	(6,250)	-
Proceeds from disposal of non-current assets held for sale	-	257,048
Payments for property, plant and equipment	(412,748)	(832,436)
Proceeds from disposal of property, plant and equipment	18,683	3,579
Increase in refundable deposits	-	(4,178)
Decrease in refundable deposits	4,769	-
Payment for intangible assets	(24,086)	(25,167)
Proceeds from disposal of intangible assets	6	-
Increase in prepayments for equipment	(65,031)	(57,815)
Dividends received	7,477	3,843
Receive government grants	-	4,057
Net cash used in investing activities	(157,733)	(960,812)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(437,135)	352,325
(Decrease) increase in Short-term bills payable	(69,740)	69,740
Proceeds from long-term borrowings	4,197,188	3,365,461
Repayments of long-term borrowings	(5,640,979)	(3,232,887)
Proceeds from issuance of ordinary shares	2,783,550	-
Increase in guarantee deposits received	19,466	1,392
Repayment of the principal portion of lease liabilities	(41,136)	(27,604)
Net cash generated from financing activities	811,214	528,427
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(18,476)	131,022
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,860,922	(600,037)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,990,883	3,590,920
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 5,851,805	$ 2,990,883

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

(With Deloitte & Touche auditors' report dated March 7, 2024) (Concluded)

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

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 Phihong'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 March 7, 2024.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the FSC

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

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. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Phihong and the entities controlled by Phihong.

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 11, Table 7 and Table 8 to the consolidated financial statements for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the Group's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, work in progress and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is not a subsidiary. The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes receivables, trade receivables, other receivables, other receivables from related parties, refundable deposit, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

All financial liabilities are measured at amortized cost using the effective interest method. The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provision for the expected cost of warranty obligations is recognized at the date of sale of the relevant products at the best estimate by the management of the Company of the expenditure required to settle the Company's obligations.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of power supply modules and other relevant products. Sales of power supply modules and other relevant products are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Service revenue is recognized when the services are provided. Revenue from services provided under a contract is recognized based on the degree of completion in accordance with the contract.

o. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs and in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant assets and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Share-based payment arrangements

Employee share options granted to employees and others providing similar services

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the number of shares that the employees purchase is confirmed.

The grant by the Company of its equity instruments to the employees of a subsidiary under employee share options is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences, unused loss carryforwards or research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL 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 on 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.

When developing material accounting estimates, the Group considers the possible impact of on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 2,436	$ 2,285
Checking accounts and demand deposits	5,529,245	2,978,598
Cash equivalent (investments with original maturities of 3 months or less)		
Repurchase agreements collateralized by bonds	300,124	-
Time deposits	20,000	10,000
	$ 5,851,805	$ 2,990,883

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

	December 31	
	2023	**2022**
Demand deposits and time deposits	0.001%-5.400%	0.001%-4.000%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	**2022**
Non-current		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)		
Domestic non-publicly trade equity investments	$ 122,608	$ 99,764

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.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	**2022**
Current		
Time deposits with original maturities of more than 3 months	$ 235,014	$ 540,572
Restricted bank deposits	-	500
	$ 235,014	$ 541,072
Non-current		
Restricted bank deposits	$ 10,500	$ 20,030
Court deposits	-	2,000
	$ 10,500	$ 22,030

The group offered the bank deposits of $10,500 thousand and $22,530 thousand as of December 31, 2023 and 2022, respectively as performance bonds for specific business projects, bank borrowings, domestic guaranteed corporate bonds and adoption of customs clearance, release before duty. Refer to Note 31 to the consolidated financial statements.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31 2023	December 31 2022
Notes receivable		
At amortized cost		
Gross carrying amount	$ -	$ 16,159
Less: Allowance for impairment loss	-	-
	-	16,159
Trade receivables		
At amortized cost		
Gross carrying amount from unrelated parties	1,365,480	1,974,805
Gross carrying amount from related parties	873	-
Less: Allowance for impairment loss	(26,360)	(3,672)
	1,339,993	1,971,133
At FVTOCI	369,380	693,600
	1,709,373	2,664,733
	$ 1,709,373	$ 2,680,892

a. Notes receivable

The Group has no overdue notes receivables as of December 31, 2023 and 2022.

b. Trade receivable

1) Trade receivables at amortized cost

The Group evaluates the average credit period of sales of goods based on the experience of trade receivable collection from the non-related parties in the past five years. No interest is charged on trade receivables. 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 prepared by reference to the past default experience of the customer and the customer's current financial position, and other related information. 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.

December 31, 2023

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.00%-1.55%	0.00%-7.77%	4.50%-22.30%	6.25%-18.70%	12.26%-100%	
Gross carrying amount	$ 1,155,768	$ 183,893	$ 7,068	$ -	$ 19,624	$ 1,366,353
Loss allowance (Lifetime ECL)	(2,145)	(4,421)	(170)	-	(19,624)	(26,360)
Amortized cost	$ 1,153,623	$ 179,472	$ 6,898	$ -	$ -	$ 1,339,993

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.00%-0.01%	0.00%-7.11%	2.90%	6.02%-16.95%	15.01%-100%	
Gross carrying amount	$ 1,604,680	$ 356,333	$ 4,801	$ 7,468	$ 1,523	$ 1,974,805
Loss allowance (Lifetime ECL)	(122)	(848)	(139)	(1,248)	(1,315)	(3,672)
Amortized cost	$ 1,604,558	$ 355,485	$ 4,662	$ 6,220	$ 208	$ 1,971,133

The above aging schedule was based on overdue days.

The movements of the allowance for doubtful trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of period	$ 3,672	$ 3,009
Add: Net remeasurement of loss allowance	23,701	521
Less: Amounts written off	(711)	-
Foreign exchange gains and losses	(302)	142
Balance, end of period	$ 26,360	$ 3,672

2) Trade receivables at FVTOCI

For trade receivables from major customers, the Group will decide whether to sell these trade receivables to banks without rights of recourse or factoring based on its level of working capital. These trade receivables are classified as at FVIOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

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

December 31, 2023

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	$ 362,714	$ 6,252	$ 414	$ -	$ -	$ 369,380
Loss allowance (Lifetime ECL)	-	-	-	-	-	
Amortized cost	$ 362,714	$ 6,252	$ 414	$ -	$ -	$ 369,380

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	$ 683,160	$ 5,998	$ 3,553	$ 167	$ 722	$ 693,600
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 683,160	$ 5,998	$ 3,553	$ 167	$ 722	$ 693,600

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

Counterparty	Beginning Balance Amount	Amount of Factoring for the Current Period	Cash Received in the Current Period	Amount of Factoring at the End of the Period	Advances as of the End of the Period	Annual Rate of Interest of Advances (%)	Retention for Receivable Factoring	Limit	Collaterals
December 31, 2022									
Citi Bank	$ 1,482 (Note 1)	$ 2,369,929 (Note 2)	$ 2,371,411 (Note 3)	$ -	$ -	-	$ -	-	-

The Group has signed a receivable factoring contract with Citi Bank. The purchasing bank has confirmed that the factoring relationship was conditioned upon the terms of factoring without resource. According to the contract, the Group is only responsible for losses arising from business disputes.

Note 1: US$53,588
Note 2: US$77,128,231
Note 3: US$77,181,819

10. INVENTORIES

	December 31	
	2023	2022
Raw materials	$ 1,065,466	$ 1,392,285
Work-in-process	275,093	391,007
Finished goods	1,262,336	1,513,288
	$ 2,602,895	$ 3,296,580

For the years ended December 31, 2023 and 2022, the cost of inventories recognized as cost of goods sold was $9,119,641 thousand and $11,875,937 thousand, respectively. (Reversal) write-down of inventories to net realizable value of $144,057 thousand and $144,071 thousand were respectively included in the cost of goods sold during reporting period in 2023 and 2022.

11. SUBSIDIARIES

Investor	Investee	Main Business	Percentage of Ownership December 31 2023	Percentage of Ownership December 31 2022	Note
Phihong	Phihong International Corp. ("PHI")	Makes investments	100.00	100.00	Note 1
Phihong	Phitek International Co., Ltd. ("PHK")	Makes investments	100.00	100.00	
Phihong	Ascent Alliance Ltd. ("PHQ")	Makes investments	100.00	100.00	
Phihong	Phihong USA Corp. ("PHA")	Sells various power supplies	100.00	100.00	
Phihong	Phihong Technology Japan Co., Ltd. ("PHJ")	Sells power components	100.00	100.00	
Phihong	Guang-Lai Investment Co., Ltd. ("Guang-Lai")	Makes investments	100.00	100.00	
Phihong	Phihong Vietnam Co., Ltd. ("PHV")	Manufactures and sells various power supplies	100.00	100.00	
Phihong	Zerova Technologies Taiwan Limited ("ZTM")	Manufacture and sells of electrical equipment	-	100.00	Note 3
Phihong	Zerova Technologies Holdings Limited ("ZKH")	Makes investments	100.00	100.00	Note 4
PHI	Phihong (Dongguan) Electronics Co., Ltd. ("PHC")	Manufactures and sells various power supplies	100.00	100.00	
PHI	Phihong Electronics (Suzhou) Co., Ltd. ("PHZ")	Manufactures and sells various power supplies	100.00	100.00	
PHI	N-Lighten Technologies, Inc. ("N-Lighten")	Makes investments	58.45	58.45	
PHI	Yanghong Trade (Shanghai) Co., Ltd. ("PHYL")	Sells various lighting and power supplies	100.00	100.00	
PHK	Dongguan Phitek Electronics Co., Ltd. ("PHP")	Manufactures and sells various power supplies	100.00	100.00	Note 2
PHQ	Dongguan Shuang-Ying Electronics Co., Ltd. ("PHSY")	Manufactures and sells electronic materials	100.00	100.00	
PHQ	Jin-Sheng-Hong (Jiangxi) Electronics Co., Ltd. ("PHE")	Manufactures and sells electronic materials	100.00	100.00	
Guang-Lai	N-Lighten	Makes investments	19.78	19.78	
ZKH	Zerova Technologies SG Pte. Ltd.("ZSH")	Makes investments and sells of electrical equipment	100.00	100.00	Note 5
ZSH	Zerova Technologies Europe B.V. ("ZNS")	Provide electric vehicle charging solutions	100.00	-	Note 6
ZSH	Zerova Technologies (Dongguan) Co., Ltd. ("ZCM")	Manufactures and sells of electrical equipment	100.00	100.00	Note 7
ZSH	Zerova Trading Services (Dongguan) Co., Ltd. ("ZCS")	Provides electric vehicle charging solutions	100.00	100.00	Note 8
ZSH	Zerova Technologies Japan Co., Ltd.("ZJS")	Provides electric vehicle charging solutions	100.00	-	Note 9
ZSH	Zerova Technologies Taiwan Limited ("ZTM")	Manufacture and sells of electrical equipment	100.00	-	Note 3
ZSH	Zerova Technologies America Corporation ("ZAH")	Makes investments	100.00	100.00	Note 10
ZAH	Zerova Technologies USA LLC ("ZAS")	Provides electric vehicle charging solutions	100.00	100.00	Note 11

Note 1: In response to the operating requirements of the Group, in December 2021, the board of directors of Phihong 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 (or US$102,421 thousand); the base date for the capital reduction was January 6, 2022. The above capital reduction has been approved on April 14, 2022.

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

Note 3: With the resolution made by the board of directors on January 20, 2022, Phihong established the subsidiary Phehicle Co., Ltd. with a registered capital of $1,000 thousand, of which Phihong holds 100% of the shares. For reorganization and specialization, the shareholders of Phihong resolved in their meeting 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. Phihong split and transferred its EV energy business to ZTM on September 1, 2022 (the reference date of the spin-off). Phihong 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. ZTM has completed the reorganisation in the second quarter of 2023 and all of its shares originally held by Phihong are now held by ZSH.

Note 4: ZKH was established in March 2022 and registered in the Cayman Islands and Phihong holds 100% of the shares. As of December 31, 2023, Phihong has invested $2,083,650 thousand (or US$69,927 thousand).

Note 5: ZSH was established in July 2022 and registered in Singapore and holds 100% of the shares. As of December 31, 2023, ZKH has invested $2,175,576 thousand (or US$67,650 thousand).

Note 6: ZNS was established in June 2022 and registered in the Netherlands, and has completed the reorganization in the second quarter of 2023 and all of its shares originally held by ZKH are now held by ZSH. As of December 31, 2023, the amount of investment of ZSH was $104,056 thousand (or EUR3,000 thousand).

Note 7: ZCM was established in August 2022 and registered in China and holds 100% of the shares. As of December 31, 2023, ZSH has invested $28,942 thousand (or US$950 thousand).

Note 8: ZCS was established in August 2022 and registered in China and holds 100% of the shares. As of December 31, 2023, ZSH has invested $6,430 thousand (or US$200 thousand).

Note 9: ZJS was established in September 2022 and registered in Japan and holds 100% of the shares. As of December 31, 2023, ZSH has invested $16,848 thousand (or JPY80,000 thousand).

Note 10: ZAH was established in July 2022 and registered in the United States and holds 100% of the shares. As of December 31, 2023, ZSH has invested $95,150 thousand (or US$3,000 thousand).

Note 11: ZAS was established in the United States in July 2022 and holds 100% of the shares.

Refer to Tables 7 to the consolidated financial statements for the information on places of incorporation and principal places of business.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates:

	December 31	
	2023	2022
Associates that are not individually material	$ 86,674	$ 112,871

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Net loss for the reporting period	$ (5,333)	$ (6,542)
Other comprehensive (loss) gain	(306)	8,935
Total comprehensive (loss) gain for the year	$ (5,639)	$ 2,393

Please refer to Table 7 to the consolidated financial statements "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the associates.

The associate Hongxuan Venture Capital Co., Ltd. invested by the Company was dissolved and liquidated in 2023 in accordance with the resolution made at the shareholders' meeting, The relevant liquidation procedures are still in progress.

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were recognized based on unreviewed financial statements of the investees.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
Cost						
Balance at January 1, 2023	$ 547,188	$ 3,366,507	$ 2,470,190	$ 692,500	$ 429,822	$ 7,506,207
Additions	16,034	45,230	146,659	37,691	168,682	414,296
Disposals	-	(1,464)	(86,612)	(32,026)	(512)	(120,614)
Effects of foreign currency exchange differences	(2,374)	(31,899)	(26,851)	(4,695)	(6,486)	(72,305)
Transfers to investment properties	-	-	-	-	(271,958)	(271,958)
Reclassification	8	6,496	30,812	22,357	(9,084)	50,589
Balance at December 31, 2023	$ 560,856	$ 3,384,870	$ 2,534,198	$ 715,827	$ 310,464	$ 7,506,215
Accumulated depreciation						
Balance at January 1, 2023	$ -	$ 990,550	$ 1,953,366	$ 576,116	$ -	$ 3,520,032
Disposals	-	(1,281)	(81,922)	(16,383)	-	(99,586)
Depreciation expenses	-	103,700	148,063	46,725	-	298,488
Effects of foreign currency exchange differences	-	(12,498)	(19,626)	(3,637)	-	(35,761)
Reclassification	-	13	7	(118)	-	(98)
Balance at December 31, 2023	$ -	$ 1,080,484	$ 1,999,888	$ 602,703	$ -	$ 3,683,075
Carrying amounts at December 31, 2023	$ 560,856	$ 2,304,386	$ 534,310	$ 113,124	$ 310,464	$ 3,823,140
Cost						
Balance at January 1, 2022	$ 521,412	$ 2,428,902	$ 2,353,841	$ 673,319	$ 626,613	$ 6,604,087
Additions	20,824	132,620	154,335	18,786	517,025	843,590
Disposals	-	(12,837)	(130,127)	(16,522)	-	(159,486)
Effects of foreign currency exchange differences	4,952	52,228	46,580	5,654	54,202	163,616
Reclassification	-	765,594	45,561	11,263	(768,018)	54,400
Balance at December 31, 2022	$ 547,188	$ 3,366,507	$ 2,470,190	$ 692,500	$ 429,822	$ 7,506,207
Accumulated depreciation						
Balance at January 1, 2022	$ -	$ 902,028	$ 1,901,348	$ 538,124	$ -	$ 3,341,500
Disposals	-	(9,792)	(121,106)	(15,946)	-	(146,844)
Depreciation expenses	-	83,672	141,311	50,744	-	275,727
Effects of foreign currency exchange differences	-	14,642	31,813	3,194	-	49,649
Balance at December 31, 2022	$ -	$ 990,550	$ 1,953,366	$ 576,116	$ -	$ 3,520,032
Carrying amounts at December 31, 2022	$ 547,188	$ 2,375,957	$ 516,824	$ 116,384	$ 429,822	$ 3,986,175

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over the following estimated useful life as follows:

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

Property, plant and equipment pledged by the Group as collateral for long-term borrowings are set out in Note 31 to the consolidated financial statements.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	**2022**
Carrying amount		
Land (including land use rights)	$ 277,608	$ 287,488
Buildings	19,270	40,774
Machinery	1,996	20,173
Other equipment	9,149	8,607
	$ 308,023	$ 357,042

	For the Year Ended December 31	
	2023	**2022**
Additions to right-of-use assets	$ 33,128	$ 80,850
Depreciation charge for right-of-use assets		
Land (including land use rights)	$ 11,781	$ 11,021
Buildings	22,621	12,077
Machinery	11,106	13,021
Other equipment	4,560	3,542
	$ 50,068	$ 39,661

b. Lease liabilities

	December 31	
	2023	**2022**
Carrying amount		
Current	$ 31,088	$ 44,518
Non-current	$ 23,855	$ 51,292

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	**2022**
Land	1.200%-1.250%	1.200%-1.250%
Buildings	1.030%-4.875%	1.030%-4.875%
Machinery	4.000%	4.000%
Other equipment	1.03%-4%	1.030%-5.007%

c. Material lease-in activities and terms

The Group leases certain machinery, office, transportation, and other equipment for the use of manufacturing and R&D with lease terms of 2 to 9 years. Except the EV transportation equipment, there agreement do not contain renewal or purchase options at the end of these lease period.

The Group also leases land and buildings for the use of plants, offices and parking lot with lease term of 2-50 years. Except the land in Tainan, of which the lease agreement is automatically renewed for one year upon the expiration and the Group has the preferential purchase option, the Group has no preferential purchase and renewal option for the other leased land upon the expiration of the lease term. The Group shall not sublease or transfer all or any part of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	**2022**
Expenses relating to short-term leases	$ 12,392	$ 10,437
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 1,219	$ 838
Total cash outflow for leases	$ (54,747)	$ (38,879)

The Group leases of certain office and office equipment 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.

15. INVESTMENT PROPERTIES

PHC leased its self-owned factory located in Dongguan City to unrelated parties in 2023. The lease term of this investment property is 12 years. When the lessee exercises the renewal option, it is agreed to adjust the rent according to the market rent. The lessee does not have the preferential purchase right of the investment property at the end of the lease term.

16. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2023	$ 139,513
Additions	24,085
Disposals	(9,863)
Reclassified	1,074
Effects of foreign currency exchange differences	(475)
Balance at December 31, 2023	$ 154,334
Accumulated amortization	
Balance at January 1, 2023	$ 98,415
Amortization expense	18,944
Reclassified	121
Disposals	(9,595)
Effects of foreign currency exchange differences	(386)
Balance at December 31, 2023	$ 107,499
Carrying amounts at December 31, 2023	$ 46,835
Cost	
Balance at January 1, 2022	$ 124,250
Additions	25,167
Disposals	(11,435)
Reclassified	172
Effects of foreign currency exchange differences	1,359
Balance at December 31, 2022	$ 139,513
Accumulated amortization	
Balance at January 1, 2022	$ 93,710
Amortization expense	15,113
Disposals	(11,391)
Effects of foreign currency exchange differences	983
Balance at December 31, 2022	$ 98,415
Carrying amount at December 31, 2022	$ 41,098

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

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Unsecured borrowings		
Phihong	$ -	$ 832,900
PHV	255,874	495,170
	255,874	1,328,070
Secured borrowings		
PHC	622,977	-
	$ 878,851	$ 1,328,070
The range of interest rates	3.60%-6.86%	1.70%-6.35%

b. Short-term bills payable

	December 31	
	2023	2022
Commercial paper	$ -	$ 70,000
Less: Unamortized discounts on bills payable	-	(260)
	$ -	$ 69,740

The undue short-term bills payable are as follows:

Issuing and Paying Agent (IPA)	Face Value	Discount Amount	Carrying Amount	Interest Rate Range
Commercial paper payable				
MEGA bills	$ 70,000	$ 260	$ 69,740	1.232%

c. Long-term borrowings

	December 31	
	2023	2022
Unsecured borrowings		
Phihong	$ 102,550	$ 980,150
Secured borrowings		
Phihong	185,834	752,025
Long-term loans payable - current portion	(117,417)	(398,592)
	$ 170,967	$ 1,333,583

(Continued)

	December 31	
	2023	2022
The range of interest rates	2%-2.7950%	1.2740%- 2.5450%

(Concluded)

1) On December 31, 2022, Phihong had short-term bank borrowings with contract terms from October 11, 2022 to March 21, 2023, with monthly interest payment.

2) On December 31, 2023 and 2022, PHV had short-term bank borrowings with contract terms from October 10, 2023 to December 19, 2024, and May 10, 2022 to October 10, 2023, respectively, with monthly interest payment.

3) On December 31, 2023, PHC had short-term bank borrowings with contract terms from August 10, 2023 to May 10, 2024, with monthly interest payment.

4) On December 31, 2023 and 2022, Phihong had long-term bank borrowings with contract terms from April 7, 2021 to April 7, 2036 and March 20, 2020 to April 7, 2036, respectively, with monthly interest payment.

5) Phihong 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 in the agreement, on April 30, 2019. The contract period is 3 years with the total credit limit of NT$1 billion, including NT$450 million of item A loan limit and NT$550 million for item B loan limit, which will be used by Phihong to support the factory investment plan of PHV and enrich the group operating turnover fund. According to the loan contract in the joint loan case of Taiwan Shin Kong Commercial Bank, Phihong 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 on a semi-annual basis):

   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 NT$4.5 billion.

   On December 15, 2021, Phihong applied to extend the credit line of the loan agreement, which was signed on April 30, 2019, from July 30, 2022 to July 30, 2024. The application has been approved by the participating banks. The financial ratios and requirements above are reviewed based on the annual and semi-annual consolidated financial statements audited by the independent auditors, who the loan arranger recognized.

   As of December 31, 2021, the amount drawn down from the syndicated loan was $882,500 thousand, and Phihong failed to comply with the requirement regarding the times interest earned ratio. Therefore, the period within the announcement dates of the second quarterly and annual consolidated financial statements in 2021 was seen as the improvement period. During the period, the violation regarding the requirement of the ratio above was not deemed as a default. In addition, Phihong has paid the loan arranger service charges at the annual rate of 0.1% of the unused credit line, based on the loan contract. However, on December 30, 2021, Phihong has applied for exemption from the violation regarding the requirement of the ratios by reviewing the figures of the consolidated financial statements for the year ended 2021 and received the approval of the participating banks on March 1, 2022. As of December 31, 2023, Phihong remained in compliance with the aforementioned financial ratios and covenants.

As of June 30, 2023, Phihong failed to comply with the requirement of the loan agreement, signed on April 30, 2019, regarding net debt ratio. The period within the announcement dates of the second quarterly and annual consolidated financial statements in 2023 was seen as an improvement period. During the period, the violation regarding the requirement of the ratio above was not deemed a default. In addition, Phihong has paid the loan arranger service charges at the annual rate of 0.1% of the unused credit line, based on the loan contract. As of December 31, 2023, Phihong remained in compliance with the aforementioned financial ratios and covenants.

For information on pledged properties and endorsements/guarantees, refer to Notes 30 and 31 to the consolidated financial statements.

6) Phihong signed a joint credit agreement mainly hosted by Taiwan Shin Kong Commercial Bank, Shanghai Commercial and Savings Bank and Hua Nan Commercial Bank, and co-sponsored by Taishin International Bank, Taipei Fubon Bank, Entie Commercial Bank, First Commercial Bank and Chang Hwa Commercial Bank, a total of 10 banks participating in the loan, on June 28, 2023. The contract period is 3 years with a total credit limit of NT$3 billion, including NT$1.5 billion of item A loan limit, NT$1 billion of item B loan limit and NT$45 million of item C loan limit, which will be used to repay outstanding financial liabilities and enrich medium-term working capital for Phihong, ZTM and ZSH. As of December 31, 2023, the credit limit has not been used yet. According to the loan contract in the joint loan case, Phihong Technology Co., Ltd. shall maintain the following financial ratios during the loan period (according to the annual and semi-annual consolidated financial statements with an accountant's audit or review, which is to be 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 200%.

   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 NT$4.5 billion.

   For information on pledged properties and endorsements/guarantees, refer to Notes 30 and 31 to the consolidated financial statements.

18. BONDS PAYABLE

	December 31	
	2023	2022
Secured domestic bonds	$ 699,092	$ 698,688

Secured Domestic Bonds

On March 25, 2021, Phihong issued 70 units of $10,000 thousand, 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 30 and 31 to the consolidated financial statements.

19. OTHER PAYABLES

	December 31	
	2023	2022
Current		
Other payables		
Payables for salaries and bonuses	$ 316,232	$ 271,580
Payables for annual leave	72,357	65,818
Payables for purchases of equipment	28,231	26,683
Employee compensation payable	77,449	13,462
Director compensation payable	5,741	2,692
Others	965,271	637,710
	$ 1,465,281	$ 1,017,945
Other current liabilities		
Temporary receipts	$ 114,701	$ 130,315
Others	75,987	18,064
	$ 190,688	$ 148,379

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2-15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2023	2022
Present value of funded defined benefit obligation	$ 93,833	$ 101,474
Fair value of plan assets	(61,814)	(52,457)
Net defined benefit liabilities	$ 32,019	$ 49,017

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2023	$ 101,474	$ (52,457)	$ 49,017
Service cost			
Current service cost	-	-	-
Past service cost and loss on settlements	(1,333)	998	(335)
Net interest expense (income)	1,522	(886)	636
Recognized in profit or loss	189	112	301
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(288)	(288)
Actuarial (gain) loss			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	2,437	-	2,437
Experience adjustments	(8,768)	-	(8,768)
Recognized in other comprehensive income	(6,331)	(288)	(6,619)
Contributions from the employer	-	(10,680)	(10,680)
Benefits paid	(1,499)	1,499	-
Balance at December 31, 2023	$ 93,833	$ (61,814)	$ 32,019
Balance at January 1, 2022	$ 141,424	$ (54,332)	$ 87,092
Service cost			
Current service cost	332	-	332
Past service cost and loss on settlements	(3,110)	2,433	(677)
Net interest expense (income)	707	(305)	402
Recognized in profit or loss	(2,071)	2,128	57
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,038)	(4,038)
Actuarial (gain) loss			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	(8,485)	-	(8,485)
Experience adjustments	(12,409)	-	(12,409)
Recognized in other comprehensive income	(20,894)	(4,038)	(24,932)
Contributions from the employer	-	(13,200)	(13,200)
Benefits paid	(16,985)	16,985	-
Balance at December 31, 2022	$ 101,474	$ (52,457)	$ 49,017

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2023	**2022**
Discount rate(s)	1.250%	1.50%
Expected rate(s) of salary increase	3.75%	3.75%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	**2022**
Discount rate(s)		
0.25% increase	$ (2,391)	$ (2,470)
0.25% decrease	$ 2,478	$ 2,561
Expected rate(s) of salary increase		
0.25% increase	$ 2,378	$ 2,464
0.25% decrease	$ (2,308)	$ (2,390)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	**2022**
Expected contributions to the plans for the next year	$ 10,680	$ 13,200
Average duration of the defined benefit obligation	10.4 years	9.9 years

21. EQUITY

a. Share capital

	December 31	
	2023	**2022**
Number of shares authorized (in thousands of shares)	600,000	600,000
Shares authorized	$ 6,000,000	$ 6,000,000
Number of shares issued and fully paid (in thousands of shares)	431,208	375,208
Shares issued and fully paid	$ 4,312,084	$ 3,752,084

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, improvement in financial structure and enhancement of operational efficiency, the Company held the special meeting of shareholders for the private placement of its ordinary shares on December 16, 2021. In the meeting, the shareholders of the Company resolved the proposal and authorized the board of the directors to carry out the non-public offering twice, of which the shares to be issued should not exceed 37,520 thousand shares in total, within one year from the resolution date of the special meeting of shareholders.

On December 22, 2021, the board of directors resolved the specific subscriber for the offering of 37,520 thousand shares and the date, December 24, 2021, as the subscription base date. The share price of the private placement is determined by the highest price determined based on two pricing models, (a) one of simple arithmetic means of the closing prices of 1, 3, and 5 business days before the pricing date, after the adjustments for any distribution of stock dividends and cash dividends and capital reduction, (b) simple arithmetic means of the closing prices of 30 business days before the pricing date, after the adjustments for any distribution of stock dividends, cash dividends and capital reduction. Thus, the reference price for the private placement is $44.73 per share. Then, the subscription price is determined as $40.26 per share, 90 percent of the reference price. The private placement has been completed on December 24, 2021, and legally registered on March 23, 2022.

In accordance with Article 43-8 of the Securities and Exchange Act, the above ordinary shares of the private placement can be publicly traded after 3 years from the acquisition date and applying for the public offering. Except for the prohibition an public trade, those who shares have the same rights and obligations as those who own the outstanding shares.

To enrich working capital, the board of directors resolved to issue 56 million shares each with a par value of NT$10, at NT$49.8 per share during the meeting on July 31, 2023. The above transaction was approved by the authorities and the subscription base date was determined to be October 27, 2023. On October 26, 2023, the full amount has been collected. Moreover, the capital change registration was completed on November 24, 2023.

b. Capital surplus

	December 31	
	2023	**2022**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of common shares	$ 3,745,633	$ 1,379,472
Conversion of bonds	667,058	667,058
Treasury share transactions	48,234	48,234
Expired employee stock warrants	33,789	-
Interest payable on bond conversion	13,243	13,243
Adjustment to share of change in equity of associates and joint ventures	61	-
May be used to offset a deficit only		
Treasury share transactions	71,365	71,365
	$ 4,579,383	$ 2,179,372

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 after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 23-g to the consolidated financial statements.

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.

When a special reserve is appropriated, the special reserve is only appropriated from the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The appropriations of earnings for 2022 and the deficit compensation for 2021 that had been resolved by the shareholders in their meeting on June 9, 2023 and June 8, 2022, were as follows:

	Appropriation of Earnings	Deficit Compensation
	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Legal reserve	$ 9,127	$ 316,924
Special reserve	$ 82,146	

The appropriation of earnings for 2023, which was proposed by the Company's board of directors on March 7, 2024, was as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 26,785
Special reserve	$ 54,514

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June 12, 2024.

d. Special reserves

On the first-time adoption of IFRS Accounting Standards, the Company transferred $10,968 thousand and $250,296 thousand of unrealized revaluation increment and cumulative translation exchange differences on translating the financial statements of foreign operations to retained earnings, respectively. Because the increase in the retained earnings resulting from the firs-time adoption of IFRS Accounting Standards could not fulfill the appropriation for the special reserves generated from the revaluation and translation differences, Phihong appropriated the amount of $230,859 thousand, the increase in retained earnings from all IFRS Accounting Standards adjustments to the special reserve.

e. Other equity items

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

	For the Year Ended December 31	
	2023	**2022**
Balance, beginning of period	$ (244,171)	$ (523,866)
Exchange differences on the translation of the financial statements of foreign operations	(49,295)	279,695
Balance, end of period	$ (293,466)	$ (244,171)

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

	For the Year Ended December 31	
	2023	**2022**
Balance, beginning of period	$ (80,339)	$ (88,412)
Current generation		
Unrealized loss - equity instruments	6,593	(862)
Share from associates accounted for using the equity method	(306)	8,935
Balance, end of period	$ (74,052)	$ (80,339)

f. Non-controlling Interests

	For the Year Ended December 31	
	2023	**2022**
Balance, beginning of period	$ (9,653)	$ (8,671)
Attributable to non-controlling interests:		
Share of loss for the period	(37)	(21)
Exchange differences on translation the financial statements of foreign entities	7	(961)
Balance, end of period	$ (9,683)	$ (9,653)

22. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	$ 12,115,290	$ 13,920,213
Revenue from the rendering of services	217,107	97,362
	$ 12,332,397	$ 14,017,575

Contract balances

	December 31	
	2023	2022
Contract liabilities		
Contract liabilities - current	$ 423,831	$ 300,547

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 121,092	$ 37,686
Others	-	331
	$ 121,092	$ 38,017

b. Other income

	For the Year Ended December 31	
	2023	2022
Sample revenue (Note 30)	$ 26,001	$ 69,865
Dividend income	7,477	2,995
Others	123,241	92,346
	$ 156,719	$ 165,206

c. Other gains and (losses)

	For the Year Ended December 31	
	2023	2022
Net foreign exchange (losses) gains	$ (26,359)	$ 56,942
Loss on disposal of property, plant and equipment	(2,345)	(9,063)
Loss on disposal of intangible assets	(262)	(44)
Gain on disposal of investment	-	3,334
Gain on disposal of non-current assets held for sale	-	11,765
Gain on lease modification	540	-
Others	(3,906)	(7,214)
	$ (32,332)	$ 55,720

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 298,488	$ 275,727
Right-of-use assets	50,068	39,661
Computer software	18,944	15,113
	$ 367,500	$ 330,501
An analysis of depreciation by		
Operating costs	$ 159,969	$ 151,706
Operating expenses	188,587	163,682
	$ 348,556	$ 315,388
An analysis of amortization by		
Operating costs	$ 3,781	$ 4,161
Operating expenses	15,163	10,952
	$ 18,944	$ 15,113

e. Finance costs

	For the Year Ended December 31	
	2023	2022
Bank loans interest	$ 112,178	$ 61,331
Bonds payable interest	10,590	9,094
Lease liabilities interest	2,757	2,073
Interest on the disposal of trade receivables	-	978
Other finance costs	4,958	4,442
	$ 130,483	$ 77,918

f. Employee benefits expense

	For the Year Ended December 31	
	2023	**2022**
Short-term employee benefits	$ 2,800,725	$ 2,582,044
Post-employment benefits (Note 20)		
Defined contribution plans	49,236	22,096
Defined benefit plans	301	58
Total employee benefits expense	$ 2,850,262	$ 2,604,198
An analysis of employee benefits expense by function		
Operating costs	$ 1,170,577	$ 1,453,699
Operating expenses	1,679,685	1,150,499
	$ 2,850,262	$ 2,604,198

g. Employees' compensation and remuneration to directors

Phihong accrued employees' compensation and remuneration of directors at the rates no less than 10% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022 are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	10%	10%
Remuneration of directors	2%	2%

Amount

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	$ 77,449	$ 13,462
Remuneration of directors	5,741	2,692

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.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2023	**2022**
Foreign exchange gains	$ 44,255	$ 204,315
Foreign exchange losses	(70,614)	(147,373)
Net gains (loss)	$ (26,359)	$ 56,942

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current period	$ 224,835	$ 132,392
Adjustments for prior year	(10,186)	5,679
Deferred tax		
In respect of the current period	(12,757)	(21,237)
Income tax expense recognized in profit or loss	$ 201,892	$ 116,834

A reconciliation of accounting profit and income tax expense is as follows

	For the Year Ended December 31	
	2023	**2022**
Profit before tax from continuing operations	$ 464,406	$ 188,140
Income tax expense calculated at the statutory rate	$ 216,016	$ 132,392
Adjustments for prior years' tax	(10,186)	5,679
Land value increment tax	8,819	-
Deductible temporary differences	(12,757)	(21,237)
Income tax expense recognized in profit or loss	$ 201,892	$ 116,834

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	**2022**
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ 1,324	$ 4,986
Total income tax recognized in other comprehensive income	$ 1,324	$ 4,986

c. Current tax liabilities

	December 31 2023	December 31 2022
Current tax liabilities		
Income tax payable	$ 146,078	$ 136,533

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation	$ 946	$ 1,419	$ -	$ 2,365
Unrealized gross profit	7,834	(604)	-	7,230
Pension cost	19,162	2,009	-	21,171
Tax Loss	18,624	(18,624)	-	-
Others	10,927	14,173	(1,324)	23,776
	$ 57,493	$ (1,627)	$ (1,324)	$ 54,542
Deferred tax liabilities				
Temporary differences				
Unrealized investment gains	$ 44,649	$ (14,384)	$ -	$ 30,265

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance to reduce inventory to market	$ 3,910	$ (2,964)	$ -	$ 946
Gross profit	15,870	(8,036)	-	7,834
pension cost	16,670	2,492	-	19,162
Loss carryforwards	16	18,608	-	18,624
Others	16,648	(735)	(4,986)	10,927
	$ 53,114	$ 9,365	$ (4,986)	$ 57,493
Deferred tax liabilities				
Temporary differences				
Investment properties	$ 56,520	$ (11,871)	$ -	$ 44,649

e. Deductible temporary differences, unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Loss carryforwards	$ -	$ 659,020

f. Income tax assessments

The Company's income tax returns through 2021 have been assessed by the tax authorities.

25. SHARE-BASED PAYMENT

On August 25, 2023, the Company obtained approval from the Financial Supervisory Commission to issue 56,000 thousand shares for capital increase by cash. As per decision of the board of director's, 15% of the new shares were reserved for employee subscription. On September 5, 2023, the Company confirmed the number of shares subscribed by employees. The date is seemed as the grant date for recognizing the fair value of share-based compensation expense by the Black-Scholes option pricing model, and accordingly, increased the capital surplus by NT$176,400 thousand.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	$ 0.68	$ 0.19
Diluted earnings per share	$ 0.68	$ 0.19

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Period

	For the Year Ended December 31	
	2023	2022
Profit used in the computation of basic earnings per share	$ 262,551	$ 71,327
Profit used in the computation of diluted earnings per share	$ 262,551	$ 71,327

Ordinary Shares Outstanding

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in computation of basic earnings per share	$ 384,567	$ 375,208
Effect of potentially dilutive ordinary shares		
Compensation of employee	477	341
Weighted average number of ordinary shares used in the computation of diluted earnings per share	$ 385,044	$ 375,459

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. GOVERNMENT GRANTS

PHC received $4,057 thousand in government grants for acquiring energy-saving equipment in 2022. Such amounts have been deducted from the carrying amounts of the relevant assets while recognized in profit or loss within the useful lives of the assets by reducing the depreciation expenses. For the year ended December 31, 2023 and 2022, the depreciation expenses have been decreased by $3,199 and $246 thousand, respectively.

28. 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.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ -	$ -	$ -	$ -
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 122,608	$ 122,608

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ -	$ -	$ -	$ -
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 99,764	$ 99,764

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

	December 31	
	2023	2022
Financial assets		
Balance, beginning of period	$ 99,764	$ 87,226
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOCI)	6,593	(862)
Additions	21,000	16,104
Repayment from capital reduction	(4,742)	(2,704)
Effect of foreign currency exchange differences	(7)	-
Balance, end of period	$ 122,608	$ 99,764

b. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets at amortized cost (1)	$ 7,865,670	$ 6,308,002
Financial assets at FVTOCI		
Equity instruments	122,608	99,764
Financial liabilities		
Financial liabilities at amortized cost (2)	5,779,260	7,995,482

1) The balances included cash and cash equivalents, financial assets measured at amortized cost, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties and refundable deposits.

2) The balances included short-term borrowings, short bills payable, 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 measured at amortized cost, equity instruments, notes receivable, trade receivables, other receivables, other receivables from related parties, refundable deposits/guarantee deposits received, short-term borrowings, short bills payable, 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

Several subsidiaries of the Company 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) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 33 to the consolidated financial statements.

Sensitivity analysis

The Group was mainly exposed to the USD, RMB 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 other equity, and the balances below would be negative.

	For the Year Ended December 31	
	2023	2022
USD	$ 17,740	$ 11,494
RMB	(1,888)	(2,176)
VND	1,473	3,763

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, short-term bills payable, 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:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial liabilities	$ 1,377,012	$ 2,197,138
Cash flow interest rate risk		
Financial liabilities	544,257	1,727,345

2) Credit risk

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

According to the Group's policy, the Group only transacts with creditworthy counterparties. In the case that overdue receivables may result to the risks on financial losses, the Group usually obtains the collateral to mitigate the risks. The Group continuously monitors the risk exposure and the credit ratings of the counterparties. In addition, to control the credit risk exposure, the Group transacts with many creditworthy customers and assigns personnel to annually review and approve their credit limits.

Trade receivables generate from a large number of customers, who vary from the industries and geographical areas. The Group continuously evaluate the customers' financial performances to ensure the collection of the trade receivables. In addition, if necessary, the Group purchases the insurance to secure the trade receivables.

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 liquidity. As of December 31, 2023 and 2022, 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. The table included both interest and principal cash flows. 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.

December 31, 2023

	On Demand or Less than 1 Year	**1 to 3 Years**	**Over 3 Years**	**Total**
Non-derivative financial liabilities				
Non-interest bearing	$ 2,817,770	$ -	$ -	$ 2,817,770
Lease liabilities	31,088	11,074	12,781	54,943
Variable interest rate instrument	373,291	29,733	141,233	544,257
Fixed interest rate instrument	622,978	-	699,092	1,322,070
	$ 3,845,127	$ 40,807	$ 853,106	$ 4,739,040

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	**1 to 5 Years**	**5 to 10 Years**
Lease liabilities	$ 31,088	$ 16,362	$ 7,493

December 31, 2022

	On Demand or Less than 1 Year	1 to 3 Years	Over 3 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 3,640,277	$ -	$ -	$ 3,640,277
Lease liabilities	44,518	35,668	15,624	95,810
Variable interest rate instrument	1,061,762	509,483	156,100	1,727,345
Fixed interest rate instrument	734,640	668,000	698,688	2,101,328
	$ 5,481,197	$ 1,213,151	$ 870,412	$ 7,564,760

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	1 to 5 Years	5 to 10 Years
Lease liabilities	$ 44,518	$ 43,461	$ 7,831

b) Financing facilities

	December 31 2023	December 31 2022
Unsecured bank facilities:		
Amount used	$ 376,870	$ 2,377,690
Amount unused	5,150,988	1,578,635
	$ 5,527,858	$ 3,956,325
Secured bank facilities:		
Amount used	$ 808,810	$ 721,760
Amount unused	779,436	1,141,700
	$ 1,588,246	$ 1,863,460

30. RELATED-PARTY TRANSACTIONS

a. The Group's related parties and relationship

Related Party	Relationship with the Group
Everbright Manufacturing Co., Ltd. (Note 1)	Other related party
Dongguan Guan Hung Industrial Co., Ltd. (Note 1)	Other related party
Hua Jung Components Co., Ltd.	Other related party
TCC Energy Storage Technology Corporation	Related party
SG Digital Technology Ltd.	Related party
Spring City Resort Co., Ltd.	Associate

(Continued)

Related Party	Relationship with the Group
Peter Lin	Phihong's chairman
Su-Nu Chien	Related party
Kevin Lin	Related party
Joyce Lin	Related party
Peggy Wu	Related party

(Concluded)

Note 1: There are no related parties since the fourth quarter of 2023.

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 were disclosed below:

b. Trading transactions

Item	Related Party Category	For the Year Ended December 31 2023	2022
Operating revenue	Related party	$ 3,760	$ 4,915
Operating costs	Other related party	$ 123,149	$ 194,424

The sales prices and trading terms of the Group to 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

Related Party Category	December 31 2023	2022
Related party	$ 12,606	$ 20,526

d. Receivables from related parties

Item	Related Party Category	December 31 2023	2022
Trade receivables	Related party	$ 873	$
Other receivables	Related party	$ -	$ 3,654

e. Payables to related parties

Item	Related Party Category	December 31 2023	2022
Trade payables	Other related party	$ 4,788	$ 86,319

f. Operating expenses

Item	Related Party Category	For the Year Ended December 31 2023	2022
Operating expense	Related party	$ 24,920	$ 22,612

g. Remuneration of key management personnel

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

	For the Year Ended December 31 2023	2022
Short-term benefits	$ 52,094	$ 61,496
Post-employment benefits	324	806
	$ 52,418	$ 62,302

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

h. Other transactions with related parties

Phihong's chairman served as the joint guarantor for Phihong's short-term borrowings, short bills payable, bonds payable and long-term borrowings. As of December 31, 2023 and 2022, the amounts of the guarantees were $987,476 thousand and $3,333,504 thousand, respectively.

i. Others

Item	Related Party Category	For the Year Ended December 31 2023	2022
Non-operating income-sample income	Related party	$ -	$ 29,580

31. 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:

	December 31 2023	2022
Financial assets at amortized cost - current (Note 8)	$ 2,700	$ 500
Financial assets at amortized cost - non-current (Note 8)	10,500	22,030
Land	463,345	463,345
Right-of-use assets - land use right	65,693	67,404
Buildings	418,256	423,816
	$ 960,494	$ 977,095

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2023 and 2022 were as follows:

	December 31	
	2023	**2022**
Acquisition of property, plant and equipment		
The amount of signed contract	$ 2,508,983	$ 1,500,991
Unpaid amount	1,046,943	190,172

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 were as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 82,978	30.70500	$ 2,547,844
RMB	18,989	4.32623	82,152
VND	203,775,516	0.0126	256,757
Financial liabilities			
Monetary items			
USD	25,203	30.70500	773,856
RMB	62,641	4.32623	271,001
VND	86,848,120	0.00126	109,429

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 90,458	30.72500	$ 2,779,316
RMB	9,068	4.40230	39,919
VND	393,378,124	0.00130	511,392
Financial liabilities			
Monetary items			
USD	53,050	30.72500	1,629,965
RMB	58,489	4.40230	257,484
VND	103,942,821	0.00130	135,126

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: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (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 material 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:

	Power Supply	EV Energy	Other	Total
For the year ended December 31, 2023				
Revenues from external customers	$ 7,572,407	$ 4,740,789	$ 19,201	$ 12,332,397
Segment (losses) incomes	$ (283,264)	$ 634,825	$ 3,182	$ 354,743
Interest incomes				121,092
Other incomes				156,719
Other gains and losses				(32,332)
Finance costs				(130,483)
Share of loss of associates				(5,333)
Gain before income tax				$ 464,406

(Continued)

	Power Supply	EV Energy	Other	Total
For the year ended December 31, 2022				
Revenue from external customers	$ 12,128,906	$ 1,876,665	$ 12,004	$ 14,017,575
Segment (losses) incomes	$ 36,242	$ (24,815)	$ 2,230	$ 13,657
Interest incomes				38,017
Other incomes				165,206
Other gains and losses				55,720
Finance costs				(77,918)
Share of loss of associates				(6,542)
Gain before income tax				$ 188,140

(Concluded)

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2023	2022
Power supply products	$ 7,591,608	$ 12,140,910
EV energy products	4,740,789	1,876,665
	$ 12,332,397	$ 14,017,575

d. Geographical information

The Group operates in three principal geographical areas - Asia, Americas and Europe.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Asia	$ 5,175,057	$ 9,892,905	$ 4,626,829	$ 4,599,366
Americas	5,367,868	2,331,342	158,660	142,110
Europe	1,666,411	1,622,631	8,431	10,301
Others	123,061	170,697	-	-
	$ 12,332,397	$ 14,017,575	$ 4,793,920	$ 4,751,777

e. Information on major customers

The revenue for 2023 and 2022, amounting to $12,332,397 thousand and $14,017,575 thousand, respectively, included revenue totaling approximately $4,540,240 thousand and $6,530,995 thousand from sales to the Group's largest customer.

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2023	**2022**
Customer A	$ 1,624,039	$ 2,645,962
Customer B	1,607,820	2,334,051
Customer C	1,308,381	1,550,982
	$ 4,540,240	$ 6,530,995

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
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No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
0	PHT	ZSH	Other receivables from related parties	Yes	$ 844,388 (US$ 27,500,000)	$ 307,050 (US$ 10,000,000)	$ -	3.00%-6.50%	b.	$ -	Capital movement	$ -	-	$ -	$ 1,881,983	$ 3,763,967	
		ZCM	〃	〃	921,150 (US$ 30,000,000)	460,575 (US$ 15,000,000)	-	3.00%-6.50%	〃	-	〃	-	-	-	1,881,983	3,763,967	
		ZCS	〃	〃	153,525 (US$ 5,000,000)	- (US$ -)	-	3.00%	〃	-	〃	-	-	-	1,881,983	3,763,967	
		ZAS	〃	〃	245,640 (US$ 8,000,000)	92,115 (US$ 3,000,000)	-	3.00%-6.50%	〃	-	〃	-	-	-	1,881,983	3,763,967	
		ZNS	〃	〃	199,583 (US$ 6,500,000)	46,058 (US$ 1,500,000)	-	3.00%-6.50%	〃	-	〃	-	-	-	1,881,983	3,763,967	
		ZJS	〃	〃	153,526 (US$ 5,000,000)	76,763 (US$ 2,500,000)	-	3.00%-6.50%	〃	-	〃	-	-	-	1,881,983	3,763,967	
		PHJ	〃	〃	64,575 (JPY 300,000,000)	- (JPY -)	-	1.50%	〃	-	〃	-	-	-	1,881,983	3,763,967	
1	PHC	PHP	〃	〃	216,312 (RMB 50,000,000)	- (RMB -)	-	4.35%	〃	-	〃	-	-	-	2,044,688	2,044,688	
		PHE	〃	〃	43,262 (RMB 10,000,000)	43,262 (RMB 10,000,000)	43,262	4.90%	〃	-	〃	-	-	-	2,044,688	2,044,688	
2	PHZ	PHP	〃	〃	2,011,697 (RMB 465,000,000)	973,402 (RMB 225,000,000)	973,402	4.75%	〃	-	〃	-	-	-	1,969,728	1,969,728	
3	ZTM	ZSH	〃	〃	64,481 (US$ 2,100,000)	- (US$ -)	-	5.00%	〃	-	〃	-	-	-	210,044	420,089	
		ZCM	〃	〃	64,481 (US$ 2,100,000)	- (US$ -)	-	5.00%	〃	-	〃	-	-	-	210,044	420,089	
		ZCS	〃	〃	21,494 (US$ 700,000)	- (US$ -)	-	5.00%	〃	-	〃	-	-	-	210,044	420,089	
		ZAS	〃	〃	21,494 (US$ 700,000)	- (US$ -)	-	5.00%	〃	-	〃	-	-	-	210,044	420,089	
		ZNS	〃	〃	21,494 (US$ 700,000)	- (US$ -)	-	5.00%	〃	-	〃	-	-	-	210,044	420,089	
		ZJS	〃	〃	21,494 (US$ 700,000)	- (US$ -)	-	5.00%	〃	-	〃	-	-	-	210,044	420,089	
4	PHA	ZAS	〃	〃	368,460 (US$ 12,000,000)	368,460 (US$ 12,000,000)	-	6.50%	〃	-	〃	-	-	-	1,824,022	1,824,022	

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 follows:

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 loans between foreign subsidiaries in which the Company holds 100% of direct or indirect the operating procedures for loans to other subsidiaries of the Group, the aggregate amount of loans between subsidiaries shall not exceed 150% of the net worth of the lending subsidiary based on the latest financial statements.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 and 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 (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 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	$ 7,057,439	$ 337,755 (US$ 11,000,000)	$ 276,345 (US$ 9,000,000)	$ 64,410 (US$ 2,000,000)	$ -	3.89	$ 9,409,919	Y	N	N	6 and 9
		ZTM	〃	7,057,439	2,900,000	1,700,000	-	-	23.94	9,409,919	Y	N	N	4, 7 and 10
		ZSH	〃	7,057,439	1,581,308 (US$ 51,500,000)	1,581,308 (US$ 51,500,000)	- (US$ -)	-	22.27	9,409,919	Y	N	N	5, 8 and 11

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 100% of endorser/guarantor’s net worth. Additionally, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 75% 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 latest financial statement.

Note 4: On August 4, 2022, the board of directors approved that the Company’s endorsements/guarantees amount to ZTM is NT$600 million.

Note 5: On April 21, 2023, the board of directors approved that the Company’s endorsements/guarantees amount to ZSH is US$3 million.

Note 6: On May 11, 2023, the board of directors approved that the Company’s endorsements/guarantees amount to PHV is US$7 million.

Note 7: On June 26, 2023, the board of directors approved that the Company’s endorsements/guarantees amount to ZTM is NT$1 billion.

Note 8: On June 26, 2023, the board of directors approved that the Company’s endorsements/guarantees amount to ZSH is US$45 million.

Note 9: On June 26, 2023, the board of directors approved that the Company’s endorsements/guarantees amount to PHV is US$2 million.

Note 10: On June 26, 2023, the board of directors approved that the Company’s endorsements/guarantees amount to ZTM is NT$100 million.

Note 11: On November 9, 2023, the board of directors approved that the Company’s endorsements/guarantees amount to ZSH is US$3.5 million.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Phihong	Ordinary shares							
	Pao-Dian Venture Capital Co., Ltd.	None	Financial assets at FVTOCI - non-current	229,980	$ 3,023	10.49	$ 3,023	
	Zhong-Xuan Venture Capital Co., Ltd.	〃	Financial assets at FVTOCI - non-current	2,314,097	18,633	8.62	18,633	
	BMC Venture Capital Investment Corporation	〃	Financial assets at FVTOCI - non-current	5,700,000	74,730	9.84	74,730	
	RFIC Technology Corporation	〃	Financial assets at FVTOCI - non-current	1,000,000	3,922	3.50	3,922	
	BMD Venture Capital Investment Corporation	〃	Financial assets at FVTOCI - non-current	2,100,000	19,824	9.31	19,824	
Guang-Lai	Ordinary shares							
	Taiwan Cultural & Creativity No. 1 Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,000,000	2,379	10.83	2,379	
PHJ	Ordinary shares							
	ENECHANGE EV Labs Ltd.	None	Financial assets at FVTOCI - non-current	45	97	5.00	97	

Note 1: The marketable securities stated here are 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.

TABLE 4

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts 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	$ (2,364,693)	(38.81)	To be agreed by both parties	-	-	$ 102,716	14.01	
	PHJ	〃	〃	(213,436)	(3.50)	〃	-	-	50,441	6.88	
	PHC	〃	Purchase	2,650,049	47.98	〃	-	-	-	-	
	PHP	〃	〃	514,413	9.31	〃	-	-	122	0.02	
	PHV	〃	〃	2,210,514	40.02	〃	-	-	-	-	
PHC	PHT	Subsidiary of PHT	Sale	(2,650,049)	(100.00)	To be agreed by both parties	-	-	200,840	-	
PHP	PHT	Subsidiary of PHT	Sale	(514,413)	(29.45)	To be agreed by both parties	-	-	110,423	-	
PHV	PHT	Subsidiary of PHT	Sale	(2,210,514)	(82.55)	To be agreed by both parties	-	-	194,441	-	
PHA	PHT	Subsidiary of PHT	Purchase	2,364,693	95.98	To be agreed by both parties	-	-	(102,716)	(92,57)	
PHJ	PHT	Subsidiary of PHT	Purchase	213,436	58.19	To be agreed by both parties	-	-	(50,441)	(37.72)	
ZTM	PHT	Subsidiary of PHT	Sale	(119,868)	(6.73)	To be agreed by both parties	-	-	21,962	7.7	
	ZSH	Between subsidiaries	〃	(860,890)	(48.33)	〃	-	-	85,743	30.08	
	ZAS	〃	〃	(582,843)	(38.21)	〃	-	-	171,229	37.53	
	ZSH	〃	Purchase	160,786	36.35	〃	-	-	-	-	
ZAS	ZCM	Between subsidiaries	Sale	(115,581)	(3.47)	To be agreed by both parties	-	-	-	-	
	ZSH	〃	Purchase	1,812,620	91.61	〃	-	-	(69,029)	(93.14)	
ZCM	ZSH	Between subsidiaries	Sale	(1,617,499)	(91.35)	To be agreed by both parties	-	-	128,955	57.32	
	ZAS	〃	Purchase	115,581	7.96	〃	-	-	-	-	
ZSH	ZTM	Between subsidiaries	Sale	(160,786)	(5.15)	To be agreed by both parties	-	-	38,541	11.31	
	ZAS	〃	〃	(1,812,620)	(58.06)	〃	-	-	69,029	20.26	
	ZNS	〃	〃	(194,274)	(6.22)	〃	-	-	35,667	10.47	
	PHJ	〃	〃	(144,594)	(4.63)	〃	-	-	84,720	24.86	
	ZTM	〃	Purchase	180,249	8.04	〃	-	-	(2,539)	(1.66)	
	ZCM	〃	〃	1,617,499	72.17	〃	-	-	(128,952)	(84.09)	
PHJ	ZSH	Between subsidiaries	Purchase	144,594	39.42	To be agreed by both parties	-	-	(83,357)	(62.34)	
ZNS	ZSH	Between subsidiaries	Purchase	194,274	96.48	To be agreed by both parties	-	-	(35,667)	(85.32)	

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Actions Taken		
Phihong	PHA	Subsidiary of the Company	Trade receivables	$ 102,716	10.55%	$ -	-	$ 101,555	$ -
	PHC	〃	Other receivables	237,299	-	-	-	149,566	-
	PHV	〃	Other receivables	257,631	-	-	-	222,553	-
PHZ	PHP	Fellow subsidiaries	Other receivables	973,402	-	-	-	-	-
ZTM	ZAS	Fellow subsidiaries	Trade receivables	171,229	6.81%	-	-	1,216	-
PHC	PHT	Subsidiary of PHT	Trade receivables	200,840	26.39%	-	-	200,824	-
PHP	PHT	Subsidiary of PHT	Trade receivables	110,423	9.73%	-	-	70,263	-
PHV	PHT	Subsidiary of PHT	Trade receivables	194,441	14.80%	-	-	194,441	-
ZCM	ZSH	Subsidiary of ZSH	Trade receivables	128,955	9.50%	-	-	128,955	-

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	PHT	PHA	a	Sales revenue	$ 2,364,693	To be agreed by both parties	19
		PHJ	〃	〃	213,436	〃	2
		PHC	〃	Purchase	2,650,049	No significant difference	21
		PHP	〃	〃	514,413	〃	4
		PHV	〃	〃	2,210,514	〃	18
		ZTM	〃	〃	98,823	〃	1
		PHA	〃	Trade receivables	102,716	To be agreed by both parties	1
		PHC	〃	Other receivables	237,299	-	2
		PHV	〃	〃	257,631	-	2
1	PHZ	PHP	c	Other receivables	973,402	-	6
2	PHC	PHT	c	Trade receivables	200,840	-	1
3	PHP	PHT	c	Trade receivables	110,423	-	1
4	PHV	PHT	c	Trade receivables	194,441	-	1
5	ZTM	ZSH	c	Service income	680,640	-	6
		ZAS	〃	〃	582,843	-	5
		ZSH	〃	Sale revenue	180,249	-	1
		PHT	〃	〃	119,868	-	1
		ZAS	〃	Trade receivables	171,229	-	1
		ZSH	〃	〃	85,743	-	1
6	ZAS	ZCM	c	Sale revenue	115,581	-	1
7	ZSH	ZTM	c	Sale revenue	160,786	-	1
		PHA	〃	〃	68,025	-	1
		ZAS	〃	〃	1,812,620	-	15
		ZNS	〃	〃	194,274	-	2
		PHJ	〃	Trade receivables	84,720	-	1
8	ZCM	ZSH	c	Trade receivables	128,955	-	1
		PHYL	〃	Sale revenue	115,984	-	1
		ZSH	〃	〃	1,617,499	-	13

(Continued)

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

a. 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. Parent company to subsidiary.
b. Subsidiary to parent company.
c. Between subsidiaries.

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 December 31, 2023. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2023.

(Concluded)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
PHT	PHI	British Virgin Islands	Makes investments	$ 3,209,288	$ 3,209,288	102,421,351	100.00	$ 2,651,317	$ (37,889)	$ (33,889)	
	PHA	The United States	Sells various power supplies	207,203	207,203	3,100,000	100.00	1,181,641	35,336	35,336	
	PHK	British Virgin Islands	Makes investments	554,154	554,154	18,840,000	100.00	(377,663)	(84,843)	(83,567)	
	PHQ	British Virgin Islands	Makes investments	352,043	352,043	12,012,600	100.00	56,985	(10,534)	(9,102)	
	Guang-Lai	Taiwan	Makes investments	139,758	139,758	13,975,828	100.00	107,935	(3,643)	(3,643)	
	H&P Venture Capital Co., Ltd.	Taiwan	Makes investments	6,869	13,738	686,901	32.26	2,435	(5,323)	(1,717)	
	PHJ	Japan	Sells power components	295,181 (JPY 500,000,000)	137,436 (JPY 150,000,000)	25,000	100.00	225,296	2,263	2,263	
	PHV	Vietnam	Manufactures and sells various power supplies	1,906,713 (US$ 65,000,000)	1,906,713 (US$ 65,000,000)	65,000,000	100.00	1,568,806	(41,270)	(41,356)	
	ZKH	Cayman Islands	Makes investments	2,083,650 (US$ 69,927,260)	365,580 (US$ 12,000,000)	699,272,603	100.00	2,596,528	557,029	556,647	
PHI	N-Lighten	The United States	Makes investments	409,851	409,851	110,834,223	58.45	(25,998)	(168)	(98)	PHI and Guang-Laiholds 78.23%
Guang-Lai	Spring City Resort Co., Ltd.	Taiwan	Hotel and attached restaurant and the general bathroom industry	196,250	190,000	3,462,343	25.27	7,852	(5,026)	(1,248)	
	Han-Yu Venture Capital Co., Ltd.	Taiwan	Makes investments	100,000	100,000	8,000,000	22.22	76,387	(10,615)	(2,369)	
	N-Lighten	The United States	Makes investments	206,084	206,084	37,498,870	19.78	(8,798)	(168)	(33)	PHI and Guang-Laiholds 78.23%
ZKH	ZSH	Singapore	Makes investments and sells of electrical equipment	2,175,576 (US$ 67,649,888)	362,534 (US$ 11,900,000)	67,649,888	100.00	2,587,218	584,620	574,151	
ZSH	ZJS	Japan	Provides electric vehicle charging solutions	16,848 (JPY 80,000,000)	-	8,000	100.00	22,119	5,832	5,832	
	ZAH	The United States	Makes investments	95,482 (US$ 3,050,000)	32,692 (US$ 1,050,000)	3,050,000	100.00	253,858	161,602	161,602	
	ZTM	Taiwan	Manufactures and sells of electrical equipment	1,293,748	600,000	60,000,000	100.00	1,050,289	339,482	345,109	The ZTM organization structure was transferred to ZSH ownership on April 17, 2023.
	ZNS	Netherlands	Provides electric vehicle charging solutions	104,056 (EUR 3,000,000)	-	100	100.00	106,446	4,253	6,434	
ZAH	ZAS	The United States	Provides electric vehicle charging solutions	95,150 (US$ 3,000,000)	31,620 (US$ 1,000,000)	3,000,000	100.00	253,065	161,734	162,343	

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. 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 Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
PHC	Manufactures and sells various power supplies	$ 1,988,018 (HK$ 495,450,000)	Indirect investment in mainland China through PHI	$ 1,677,679 (HK$ 419,000,000)	$ -	$ -	$ 1,677,679 (HK$ 419,000,000)	$ (79,808)	100	$ (79,808)	$ 1,363,126	$ -	
PHZ	Manufactures and sells various power supplies	1,097,139 (US$ 31,960,000)	〃	1,097,139 (US$ 31,960,000)	-	-	1,097,139 (US$ 31,960,000)	38,226	100	38,226	1,313,153	-	
PHYL	Sells various lighting and power supplies	49,027 (US$ 1,605,000)	〃	63,934 (US$ 2,865,000)	-	-	63,934 (US$ 2,865,000)	3,915	100	3,915	8,071	-	
PHP	Manufactures and sells various power supplies	604,135 (US$ 20,140,000)	Indirect investment in mainland China through PHK	554,456 (US$ 18,640,000)	-	-	554,456 (US$ 18,640,000)	(84,762)	100	(84,762)	(367,747)	-	
PHSY	Manufactures and sells electronic materials	39,678 HK$ 9,000,000)	Indirect investment in mainland China through PHQ	39,678 (HK$ 9,000,000)	-	-	39,678 (HK$ 9,000,000)	1,932	100	1,932	72,946	-	
PHE	Manufactures and sells electronic materials	360,124 (US$ 11,500,000)	〃	360,124 (US$ 11,500,000)	-	-	360,124 (US$ 11,500,000)	(12,358)	100	(12,358)	(17,049)	-	
N-Lighten (Shanghai) Trading Inc.	Develops, manufactures and sells various equipment and monitors	-	Indirect investment in mainland China through N-Lighten	387,406 (US$ 12,366,400)	-	-	387,406 (US$ 12,366,400)	-	-	-	-	-	Note 1
ZCM	Manufactures and sells of electrical equipment	28,942 (US$ 950,000)	Indirect investment in mainland China through ZSH	28,942 (US$ 950,000)	-	-	28,942 (US$ 950,000)	29,141	100	29,141	(4,921)	-	
ZCS	Provide electric vehicle charging solutions	6,430 (US$ 200,000)	〃	6,430 (US$ 200,000)	-	-	6,430 (US$ 200,000)	(14,424)	100	(14,424)	(8,479)	-	

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

Note 2: The amount was recognized based on audited financial statements.

Note 3: The foreign currencies in this table are converted into New Taiwan dollars using exchange rates of the investment date, except for income and expense items which are translated at the average exchange rates for the period.

2. Limit on investment amount in Mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$3,829,285	$4,688,443	Note 1

Note: In accordance with the Article 3 of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area", 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 amount of investment amount in mainland China.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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 YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
PHC	Purchase	$ 2,650,049	47.98	To be agreed by both parties	To be agreed by both parties	-	$ -	-	$ -	
PHP	〃	514,413	9.31	〃	〃	-	122	-	-	
ZCM	〃	115,581	7.96	〃	〃	-	-	-	-	
	Sale	(1,617,499)	(91.35)	〃	〃	-	(128,955)	57.32	-	

TABLE 10

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Peter Lin	54,541,837	12.64
Taiwan Cement Corporation	41,719,905	9.67

Note: 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 special shares that have completed unregistered delivery (including treasury shares). The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different due to the difference of calculation basis.