

(Translation- In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

## **PHIHONG TECHNOLOGY CO., LTD.**

### **2024 ANNUAL SHAREHOLDERS' MEETING MINUTES**

#### **(Translation)**

**Time:** Wednesday, June 12, 2024 at 9:00 a.m.

**Place:** Fullon Hotel Taoyuan Airport Access MRT A8

(3F., No. 2, Fuxing 1st Rd., Guishan Dist., Taoyuan City)

**Total Outstanding Shares of PHIHONG TECHNOLOGY CO., LTD.:**431,208,416 shares

**Total Shares Represented By Shareholders Present In Person or By Proxy:** 292,460,596 shares.

**Percentage of Outstanding Share Held By Shareholders Present In Person or By Proxy:**67.82%

**Board Members Present:**

Chung- Ming Lin,

Kuan Feng Investment Ltd. Representative Yang-Hung Lin,

Kuan Feng Investment Ltd. Representative Wei-Feng Chian

TCC Group Holdings CO., LTD. Ming-Jen Yu

Fei-Hung Lin,

Yu-Yuan Hung(Independent Director, Chairman of the Audit Committee),

Kuei-Hung Lin(Independent Director),

Chung-Shu Wu(Independent Director), more than one-half of all 9 directors are in attendance.

**Attendance:** Zhi-Yi Chang, Hong, Kuo-Tien,(CPA of Deloitte & Touche) , Zheng-Xian Lin(Lin & Associates Law Firm), Hui Mei Kung( Independent Candidate).

**Chairman:** Yang-Hung Lin

**Recorder:** Pei Yi,Li

**Commencement:** The aggregate number of shares present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

**Chairman's address:** Omitted

#### **I. Report Items**

1. 2023 Business Report. [\(Please refer to Attachment 1\)](#)

2.Audit Committee's Review Report on the 2023 Financial Statements. [\(Please refer to Attachment 2\)](#)

3.Report of amendment to the Company's "Rules of Procedure for Board of Directors Meetings". [\(Please refer to Attachment 3\)](#)

4. Report on Employee Compensation and Directors' Remuneration for 2023.

**Description:** (1) The Company's Employee Compensation and Director's Remuneration for 2023 was approved by the Board of Directors on 7 March 2024, being paid in cash.

- (2) In 2023, the Company's Employee Compensation amounted to NT \$28,702,358 and Directors' Remuneration amounted to NT\$ 5,740,472.

## II. Proposal Items

### 1. Adoption of the 2023 Business Report and Financial Statements.

#### (Proposed by the Board of Directors)

**Description:** (1) The Company's 2023 business report and financial statements were approved by the Board of Directors on March 7, 2024 and the financial statements were audited by CPAs Zhi-Yi Chang and Hong, Kuo-Tien from Deloitte & Touche.

(2) The final account statements have been submitted to and reviewed by the Audit Committee of the Company, and the review report has been issued.

(3) The following statements are enclosed:

1. 2023 Business Report([Please refer to Attachment 1](#))
2. 2023 consolidated financial statements and standalone financial statements ([Please refer to Attachment 4~5](#))

#### Voting Results:

Voting Results (including votes casted electronically)		Percentage of outstanding share held by shareholders present in person or by proxy
In favor votes	287,434,151 votes	98.28%
Against votes	495,325 votes	0.16%
Invalid votes	0 votes	0.00%
Invalidly cast or abstained votes	4,531,120 votes	1.54%

**Approved,** that the above proposal be and hereby were accepted as submitted.

### 2. Adoption of the Proposal for Distribution of 2023 Profits

#### (Proposed by the board of directors)

**Description:** (1) The company's net profit after tax in 2023 was NT\$262,551,178. The opening cumulative loss was nil, plus the remeasurements of the defined

benefit plan of NT\$5,295,204, and the Company appropriated 10% as the legal reserve of NT\$26,784,638 and appropriated a special reserve of NT\$54,513,623 according to the Articles of Incorporation and relevant laws and regulations. The earnings available for distribution were NT\$186,548,121.

(2) According to Article 21-1, if the earnings available for distribution during the year are less than 15% of the paid-in capital, no distribution shall be made. The earnings available for distribution in 2023 was NT\$186,548,121, which was less than 15% of the paid-in capital; therefore, the Company will not distribute earnings.

(3) The “2023 Earnings Distribution Statement” is enclosed [\(Please refer to Attachment 6\)](#)

**Voting Results:**

<b>Voting Results</b> (including votes casted electronically)		<b>Percentage of outstanding share held by shareholders present in person or by proxy</b>
In favor votes	287,341,818 votes	98.24%
Against votes	583,398 votes	0.19%
Invalid votes	0 votes	0.00%
Invalidly cast or abstained votes	4,535,380 votes	1.55%

**Approved**, that the above proposal be and hereby were accepted as submitted.

**III. Discussion Items**

**1. Amendment to the “Procedures for the Loaning of Funds to Others” of the Company is hereby submitted for determination.**

**(Proposed by the Board of Directors)**

**Description:** In response to the operational requirements, the Company intends to amend partial provisions of the “Procedures for the Loaning of Funds to Others” of the Company. For the comparison table of the amendment, please refer to Attachment 7 on pages 55 to 59 of the Handbook. [\(Please refer to](#)

[Attachment 7\)](#)

**Voting Results:**

<b>Voting Results</b> (including votes casted electronically)		<b>Percentage of outstanding share held by shareholders present in person or by proxy</b>
In favor votes	287,339,665 votes	98.24%
Against votes	578,099 votes	0.19%
Invalid votes	0 votes	0.00%
Invalidly cast or abstained votes	4,542,832 votes	1.55%

**Approved**, that the above proposal be and hereby were accepted as submitted.

**IV. Election Items:**

**1. The by-election of an Independent Director.**

**(Proposed by the Board of Directors)**

**Description:**

- (1) According to Article 13 of the Articles of Incorporation, the Company has 9 to 11 Directors. The candidate nomination system is adopted for the election of Directors, who shall be elected by the shareholders' meeting from the list of candidates.
- (2) The 15th session of the Board has a vacancy for an Independent Director, and the shareholders' meeting shall carry out the by-election of an Independent Director according to the law. The new Independent Director shall assume the position on the day she/he is elected, and the term of office shall be from June 12, 2024, to June 8, 2026. The list of Independent Director candidates was approved by the Board of the Company, and shareholders shall elect the Independent Director from the list of candidates [\(Please refer to Attachment 8\)](#)
- (3) Regulations for the Election of Directors (please refer to Appendix 4 on page 82~83 of the Handbook).

**Election Result:**

<b>Title</b>	<b>Name</b>	<b>Elected voting number</b>
Independent Director	Hui Mei Kung	285,849,796 Votes

## **V. Other Proposals:**

### **1. Release of the Non-competition Restriction of Directors.**

**(Proposed by the Board of Directors)**

**Description:**

(1) According to Article 209 of the Company Act: “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

(2) In order to meet actual business needs and based on investment or other business development considerations, the directors of the Company intend to lift the non-competition restrictions of directors (including independent directors) without prejudice to the interests of the company. [\(Please refer to Attachment 9\)](#)

**Voting Results:**

<b>Voting Results</b> (including votes casted electronically)		<b>Percentage of outstanding share held by shareholders present in person or by proxy</b>
In favor votes	287,076,149 votes	98.15%
Against votes	355,093 votes	0.12%
Invalid votes	0 votes	0.00%
Invalidly cast or abstained votes	5,029,354 votes	1.71%

**Approved**, that the above proposal be and hereby were accepted as submitted.

## **VI. Extemporary Motion:**

Summary of shareholder questions and company responses:

1. Shareholder No.131952:

In the face of labor shortages, does the company have any plans to increase salaries to retain talents?

Summary of the Company's Explanation:

The employee turnover rate is very low, so the company has not planned any salary increases to retain talents.

2. Shareholder No. 259811:

What are the differences between the company's EV chargers technology and that of other domestic manufacturers?

Summary of the Company's Explanation:

Other domestic manufacturers mainly design their EV chargers in cooperation with car manufacturers; however, our company operates for operators and can be applied to any car brand.

3. Shareholder No. 321986:

What is the current operational status of Zerova?

Summary of the Company's Explanation:

Due to factors such as the bankruptcy of a major EV charger company in the United States, the layoff of their EV charger team, and geopolitical issues, the market has not shown significant improvement. This has led to customers adopting more conservative ordering strategies. However, this is a short-term impact, and our management team remains optimistic about the EV market. They continue to cultivate customer relationships and prepare for market growth in the next two years.

**VII. Meeting Adjourned: There was no other business and extemporary motion, the Chairman announced the meeting adjourned.**

(Note : The content of the speech recorded in the Annual General Meeting minutes is a summary. The actual situation of the speech is subject to the on-site video and audio recording.)

## **【Attachment 1】 Business Report**

**Dear shareholders, ladies and gentlemen,**

In 2023, the world welcomed the post-pandemic era of recovery. However, the interest rate increase decision made by the Fed against inflation made the global market fluctuate, and the AI chip war between China and the US, the intense geopolitical situation, and the impacts of the real estate crisis on domestic demand in Mainland China and its financial system caused the sluggish demand in the end market. Together with the inventory adjustments in industries, economic growth was slow.

In 2023, benefiting from the growth in EV sales and the active installation of charging poles in various countries, Zerova, the EV energy business, made shipments to over 40 countries worldwide. With the operation entering the high-growth period, a significant increase in operating income had been recorded, accounting for approximately 37% of the group's operating income, and fruitful profits were brought. The operating income of the power supply business recorded a significant decline under the effects of the deteriorated industrial and economic environment. However, its profit margin recorded double-digit growth and improvement due to operating cost control, a significant price reduction in material costs, and the optimization of the product portfolio, minimizing the impact. In general, the operating income of the group decreased by approximately 12% in 2023 from 2022; however, its profit margin significantly increased from 15.3% by 70% to 26.1%, and its profit grew three times or above, setting the highest earning record for the past decade.

2024 will remain a year full of challenges, and the management team will actively confront challenges of various uncertainties. In terms of the growth and prospects of the Company, we will adopt active business strategies for Zerova to increase our market share and ensure our leading position in technology; it is estimated that a 50% growth in the operating income will be recorded. For the power supply business, we will continue to complete the consolidation of the production base in Dongguan and control the operating costs according to the transformation plan, focus on the niche market and customers, expand the structure and sales of standard products with high gross profit, and create GaN core technologies and value. We value the sustainable business development of the group and continue to improve the overall operating efficiency to maximize shareholders' interests.

### **I. Financial Performance**

#### **(1) Implementation of Business Plan and Budget Execution**

The net operating income of the Company in 2023 was NT\$12,332,397 thousand, representing a decrease of approximately 12.02% as compared to the net operating income of NT\$14,017,575 thousand in 2022. Net profit after tax in 2023 was NT\$262,514 thousand,

representing an increase of approximately 268.15% as compared to the net profit after tax of NT\$71,306 thousand in 2022. The overall profit in 2023 achieved the internal target set.

(2) Analysis of Financial Income and Expenditure and Profitability

1. Financial Income and Expenditure Analysis

Unit: NT\$1,000,%

Item \ Year	2022	2023	Changes %
Non-operating income and expenses	174,483	109,663	(37.15)

The non-operating income and expenses of the Company in 2023 decreased from 2022, primarily due to the increase in exchange losses arising from fluctuations in exchange rates and the increase in interest expenses.

2. Profitability Analysis

Item \ Year		2022	2023	
Profitability	Return on assets (%)	0.95	2.43	
	Return on equity (%)	1.18	3.36	
	As a percentage of paid-in capital (%)	Operating net profit	0.36	8.23
		Net Profit before tax	5.01	10.77
	Net profit margin (%)	0.51	2.13	
	Earnings per share(dollar)	0.19	0.68	

**II. Research and Development Status**

(1) Zerova Technologies Taiwan Limited Zerova Charging equipment Products

Zerova continues to innovate and expand its product applications in key verticals, and focuses on the research and development of high power and high margin charging equipment above 360kW, main products as bellowing, ◦

· Monolithic DC fast charging pole: The 480kW monolithic DC fast charging pole is equipped with four DC charging cables. Based on customers' requirements, 7", 21.5", 32", and different screen combinations may be flexibly adopted to provide favorable user experiences for owners of EVs in different scenarios. DQ480 is suitable for park urban parking spaces with limited space and fast charging requirements (i.e., commercial fleets, petrol stations, commercial centers, and shopping centers) to accelerate the vehicle cycle and use the efficiency of charging poles of operators.



- V2X power conversion system: V2X is a part of the energy infrastructure for smart power grids. During power consumption peaks, natural disasters, or emergencies, it can reversely send the power in EVs back to the residences, commercial/office buildings, of the power grids of cities for use. V2X allows EVs to serve as transportation tools and mobile power storage devices and allows EVs to serve as backup power for families and virtual power plants in cities, facilitating the smart transportation of power grids through the flexible allocation of power and the optimization of energy consumption efficiency.
- Electric bus charging station: A pantograph charging pile for charging electric buses, compatible with all standard charging technologies. Fully modular, no manual plugging or unplugging required.
- Large-scale charging system: A 3.84 MW system for commercial fleets, which can connect to 24 charging devices at the same time. Integrated in an electrical cabinet, the energy storage system can be upgraded.

## (2) Power Supply Products

- Create GaN core technologies and value, provide high-efficiency, lightweight, and small-sized products to make market segregations to ensure the leading position in technologies, and bring substantial benefits for customers in terms of ESG, energy conservation, and carbon reduction.
- Utilize simulation-assisted physical design to integrate experience and engineering design capacity with software/hardware combination to ensure the feasibility of designs and, in turn, shorten the product development cycle, winning customers' trust in our profession.
- Continue to improve the material cost structure of existing products and optimize the process to reduce production costs so as to reinforce the competitive strength of products.
- USB PD 3.1 product and technology development: Comply with the maximum output power and maximum output voltage requirements under the new regulations, enabling applications of USD PD from consumer products to gaming laptops, electric tools, electric bicycles, network communications, etc.
- 300-1500W power supply product and technology development: Proactively enter high-end niche markets such as 5G communication, power battery charging, robotics and industrial control applications.

## III. Business Policies and Objectives

### (1) Company Development:

- Focusing on maximizing the efficiency of the Company and accelerating its

transformation

- Strengthening emphasis on strategy and capital allocation
- Enhancing corporate governance practices and ESG sustainable development
- Prioritizing shareholder return and value

(2) Zerova:

- Focusing on expanding its scale and increasing the global sales network
- Recruit and build international management team to accelerate growth
- Continuing research and development and innovation to ensure long-term competitiveness
- Strategically selecting the right markets to achieve healthy and sustainable growth
- Pursuing high-quality revenue
- Concentrating on quality, customer service and delivery capability
- Continuing to establish a strong business model with diversified revenues

(3) Power Supply Products

- Focusing on cost structure improvements
- Reorganizing production layouts to reduce costs and improve competitiveness
- Focus on strategic niche markets, customers, and product development
- Emphasizing the business model of high margin standard products.
- Emphasizing high-quality profits and not blindly pursuing revenue growth
- Build GaN core technologies and value

#### **IV. Sales Policies**

We continue to work closely with our customers and supply chain to accelerate our global layout and capacity deployment, and actively adopt mutually beneficial solutions in the face of raw material shortages and price uncertainties.

The current production and marketing strategy is as follows:

- Deeply cultivating international brand customers and establishing a multi-point production and marketing and after-sales service system
- Establishing a lean supply chain and increasing production capacity, and dynamically adjusting production capacity to meet customer demand
- Continue to optimize the local supply chain in Vietnam for maturity and landing

#### **IV. Effect of External Competition, Legal Environment, and Overall Business Environment**

In terms of the legal environment, with the rise of environmental sustainability awareness, customers of well-known international brands are setting high standards of

supplier management code of conduct and requiring supply chain compliance. Our company upholds the spirit of sustainable development and incorporates this spirit into the research, development and mass production process to achieve the production goal of net-zero emissions. The Company continues to track changes in the legal environment and actively proposes contingency measures to reduce operational risks.

The world is experiencing a series of rapid changes, including inflation control, geopolitical conflicts, tightened monetary policies, and the interest rate increase/decrease policy of the Fed, further deepening the level of risk associated with uncertainties. The Company will pay close attention to the general economic changes and formulate the best business strategy to cope with the changes in the international situation.

Looking ahead to 2024, we will uphold our business philosophy of “superior design, excellent quality, and accurate delivery” and use our strong core competitiveness to gain customers’ trust and provide high-quality services to move towards our goal of sustainable growth and profitability, creating higher value for our customers and shareholders.

Finally, I would like to express my sincere gratitude to all the staff and shareholders for your long-standing support and encouragement for the Company. Thank you very much.

We wish all of you good health and all the best.

Chairman: Lin, Chung-Min President: Lin, Yang-Hong Head of accounting: Chen, Kuei-Chih

**【Attachment 2】 Audit Committee’s Review Report**

**Phihong Technology Co., Ltd.**

**Audit Committee’s Review Report**

The Board of Directors has prepared the Company’s 2023 Business Report, 2023 Standalone and Consolidated Financial Statements, and the Proposal for Deficit Compensation. Deloitte & Touche has completed the audit on the 2023 Standalone and Consolidated Financial Statements, and has issued an audit report accordingly. The 2023 Business Report, 2023 Standalone and Consolidated Financial Statements, and the Proposal for Deficit Compensation above have been reviewed and determined to be adequate by the Audit Committee. Therefore, we hereby submit this report pursuant to relevant provisions of the Securities and Exchange Act and Company Act for you to review.

Sincerely,

2024 shareholders’ meetings of Phihong Technology Co., Ltd.

Convener of the Audit Committee: Hong, Yu-Yuan

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**【Attachment 3】 Comparison Table for the provisions Before and After the Amendments to the “Regulations Governing the Meetings of the Board of Directors”**

**Phihong Technology Co., Ltd.**

**Comparison Table for the provisions Before and After the Amendments to the “Regulations Governing the Meetings of the Board of Directors”**

Provisions Before Amendment	Provisions After Amendments	Description
<p>Article 8 (Materials for board meetings, presenting personnel, and convening the board meeting)</p> <p>Paragraphs 1 and 2 are omitted</p> <p>The chairperson of the board shall call the meeting to order immediately when more than half of the directors have attended the meeting. At the scheduled meeting time, if half of all directors are absent, the chairperson may announce the postponement of the meeting. The number of postponements is up to two. If the quorum is not met after two postponements, the chairperson may re-convene the meeting in accordance with the procedures specified in Paragraph 2, Article 3.</p> <p>Paragraph 4 is omitted</p>	<p>Article 8 (Materials for board meetings, presenting personnel, and convening the board meeting)</p> <p>Paragraphs 1 and 2 are omitted</p> <p>The chairperson of the board shall call the meeting to order immediately when more than half of the directors have attended the meeting. At the scheduled meeting time, if half of all directors are absent, the chairperson may announce the postponement of the meeting <u>on that day</u>. The number of postponements is up to two. If the quorum is not met after two postponements, the chairperson may re-convene the meeting in accordance with the procedures specified in Paragraph 2, Article 3.</p> <p>Paragraph 4 is omitted</p>	<p>Amended according to laws and regulations</p>
<p>Article 11 (Proposal discussion)</p> <p>The Company’s board meeting shall be processed in accordance with the proceedings scheduled in the meeting notice; however, it can be changed with the consent of a majority of the directors presented.</p> <p>The chairperson shall not announce adjournment of the meeting before the end of the meeting agenda contents</p>	<p>Article 11 (Proposal discussion)</p> <p>The Company’s board meeting shall be processed in accordance with the proceedings scheduled in the meeting notice; however, it can be changed with the consent of a majority of the directors presented.</p> <p>The chairperson shall not announce adjournment of the meeting before the end of the meeting agenda contents</p>	<p>Amended according to laws and regulations</p>

Provisions Before Amendment	Provisions After Amendments	Description
<p>mentioned in the preceding paragraph unless approved by a half majority of the present directors.</p> <p>Amidst the course of the board meeting, if the number of directors present in the course does not reach one-half majority of the total present directors, upon proposal by a present director(s), the chairperson shall announce suspension from the meeting process, to which the provisions set forth under Paragraph 5, Article 8, shall apply mutatis mutandis.</p>	<p>mentioned in the preceding paragraph unless approved by a half majority of the present directors.</p> <p>Amidst the course of the board meeting, if the number of directors present in the course does not reach one-half majority of the total present directors, upon proposal by a present director(s), the chairperson shall announce suspension from the meeting process, to which the provisions set forth under Paragraph 5, Article 8, shall apply mutatis mutandis.</p> <p><u>Amidst the course of the board meeting, if the chairperson is unable to host the board meeting for other reasons or adjourns the meeting in violation of Paragraph 2, the provisions under Paragraph 3, Article 7, shall apply mutatis mutandis in terms of the election of the representative.</u></p>	
<p>Article 18 (Supplementary provisions)</p> <p>The establishment and amendment of the Regulations are approved by the board of the Company and reported to the shareholders' meeting. The Regulations were established on January 14, 2005. The 1st amendment was made on December 11, 2006. The 2nd amendment was made on March 22, 2013. The 3rd amendment was made on November 10, 2017. The 4th amendment was made on March 13, 2020.</p>	<p>Article 18 (Supplementary provisions)</p> <p>The establishment and amendment of the Regulations are approved by the board of the Company and reported to the shareholders' meeting. The Regulations were established on January 14, 2005. The 1st amendment was made on December 11, 2006. The 2nd amendment was made on March 22, 2013. The 3rd amendment was made on November 10, 2017. The 4th amendment was made on March 13, 2020.</p>	<p>Added the date of amendments</p>

<b>Provisions Before Amendment</b>	<b>Provisions After Amendments</b>	<b>Description</b>
The 5th amendment was made on November 3, 2022.	The 5th amendment was made on November 3, 2022. <u>The 6th amendment was made on March 7, 2024.</u>	

## **【Attachment 4】 Year 2023 Consolidated Financial Statements**

### **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

Lin, Chung Ming

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March 7, 2024



## **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 the notes to the consolidated financial statements, including a summary of significant accounting policies.

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 are 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 this year. As the electric vehicle charging market is booming rapidly with the popularity of electric vehicles, the percentage of the Group's revenue from electric vehicle energy increases significantly. Therefore, the authenticity of the sales revenue from electric vehicle energy business is considered as a key audit matter in this year. Refer to Note 4 to the accompanying consolidated financial statements for the related disclosures.

Corresponding audit procedures:

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 authenticity 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

Notice to Readers

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

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
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	<u>300,270</u>	<u>2</u>	<u>282,685</u>	<u>2</u>
Total current assets	<u>10,784,626</u>	<u>69</u>	<u>9,837,700</u>	<u>67</u>
<b>NON-CURRENT ASSETS</b>				
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	<u>69,640</u>	<u>-</u>	<u>75,304</u>	<u>1</u>
Total non-current assets	<u>4,793,920</u>	<u>31</u>	<u>4,751,777</u>	<u>33</u>
<b>TOTAL</b>	<u>\$ 15,578,546</u>	<u>100</u>	<u>\$ 14,589,477</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
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)	<u>190,688</u>	<u>1</u>	<u>148,379</u>	<u>1</u>
Total current liabilities	<u>5,191,949</u>	<u>33</u>	<u>6,186,134</u>	<u>42</u>
<b>NON-CURRENT LIABILITIES</b>				
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	<u>30,163</u>	<u>-</u>	<u>10,697</u>	<u>-</u>
Total non-current liabilities	<u>986,361</u>	<u>7</u>	<u>2,187,926</u>	<u>15</u>
Total liabilities	<u>6,178,310</u>	<u>40</u>	<u>8,374,060</u>	<u>57</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Ordinary shares	<u>4,312,084</u>	<u>28</u>	<u>3,752,084</u>	<u>26</u>
Capital surplus	<u>4,579,383</u>	<u>29</u>	<u>2,179,372</u>	<u>15</u>
Retained earnings				
Legal reserve	305,119	2	295,992	2
Special reserve	313,005	2	230,859	1
Unappropriated earnings	<u>267,846</u>	<u>2</u>	<u>91,273</u>	<u>1</u>
Total retained earnings	<u>885,970</u>	<u>6</u>	<u>618,124</u>	<u>4</u>
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	<u>(74,052)</u>	<u>(1)</u>	<u>(80,339)</u>	<u>-</u>
Total other equity	<u>(367,518)</u>	<u>(3)</u>	<u>(324,510)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	9,409,919	60	6,225,070	43
NON-CONTROLLING INTERESTS (Note 21)	<u>(9,683)</u>	<u>-</u>	<u>(9,653)</u>	<u>-</u>
Total equity	<u>9,400,236</u>	<u>60</u>	<u>6,215,417</u>	<u>43</u>
TOTAL	<u>\$ 15,578,546</u>	<u>100</u>	<u>\$ 14,589,477</u>	<u>100</u>

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)	<u>9,119,641</u>	<u>74</u>	<u>11,875,937</u>	<u>85</u>
GROSS PROFIT	<u>3,212,756</u>	<u>26</u>	<u>2,141,638</u>	<u>15</u>
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	<u>23,701</u>	<u>-</u>	<u>521</u>	<u>-</u>
Total operating expenses	<u>2,858,013</u>	<u>23</u>	<u>2,127,981</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>354,743</u>	<u>3</u>	<u>13,657</u>	<u>-</u>
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)	<u>(5,333)</u>	<u>-</u>	<u>(6,542)</u>	<u>-</u>
Total non-operating income and expenses	<u>109,663</u>	<u>1</u>	<u>174,483</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	464,406	4	188,140	2
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(201,892)</u>	<u>(2)</u>	<u>(116,834)</u>	<u>(1)</u>



NET PROFIT FOR THE YEAR	<u>262,514</u>	<u>2</u>	<u>71,306</u>	<u>1</u>
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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	-
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Unrealized gain (loss) on investments in  
equity instruments at fair value through  
other comprehensive income (Note 21)

6,593	-	(862)	-
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(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)	<u>(49,288)</u>	<u>-</u>	<u>278,734</u>	<u>2</u>
Total other comprehensive (loss) income for the year	<u>(37,706)</u>	<u>-</u>	<u>306,753</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 224,808</u>	<u>2</u>	<u>\$ 378,059</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 262,551	2	\$ 71,327	1
Non-controlling interests	<u>(37)</u>	<u>-</u>	<u>(21)</u>	<u>-</u>
Total	<u>\$ 262,514</u>	<u>2</u>	<u>\$ 71,306</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 224,838	2	\$ 379,041	3
Non-controlling interests	<u>(30)</u>	<u>-</u>	<u>(982)</u>	<u>-</u>

Total	<u>\$ 224,808</u>	<u>2</u>	<u>\$ 378,059</u>	<u>3</u>
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EARNINGS PER SHARE (Note 26)

Basic earnings per share	<u>\$ 0.68</u>	<u>\$ 0.19</u>
Diluted earnings per share	<u>\$ 0.68</u>	<u>\$ 0.19</u>

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										Total Equity
	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		
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	-	-	9,127	-	(9,127)	-	-	-	-	-	
Legal reserve (Note 21)	-	-	-	-	(82,146)	-	-	-	-	-	
Special reserve (Note 21)	-	-	-	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	7	(37,706)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	267,846	(49,295)	6,287	(30)	224,808
BALANCE AT DECEMBER 31, 2023	\$ 4,312,084	\$ 4,579,383	\$ 305,119	\$ 267,846	\$ (293,466)	\$ (74,052)	\$ (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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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	<u>(10,379)</u>	<u>(13,143)</u>
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	<u>(254,163)</u>	<u>(22,191)</u>
Net cash generated from (used in) operating activities	<u>2,225,917</u>	<u>(298,674)</u>

#### 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

(Continued)

# 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	<u>(157,733)</u>	<u>(960,812)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(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	<u>(41,136)</u>	<u>(27,604)</u>



Net cash generated from financing activities	<u>811,214</u>	<u>528,427</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(18,476)</u>	<u>131,022</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,860,922	(600,037)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,990,883</u>	<u>3,590,920</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,851,805</u>	<u>\$ 2,990,883</u>

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

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

(Concluded)

## **【Attachment 5】 Year 2023 Standalone Financial Statements**

### **INDEPENDENT AUDITORS' REPORT**

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

#### **Opinion**

We have audited the accompanying parent company only financial statements of Pihong Technology Co., Ltd. (the “Company”) which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies. (collectively referred to as the “parent company only financial statement”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **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 Parent Company Only Financial Statements section of our report. We are independent of the Company 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 parent company only financial statements for the year ended December 31,

2023. These matters were addressed in the context of our audit of the parent company only 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 Company's parent company only financial statements for the year ended December 31, 2023 are stated as follows.

#### The authenticity of Sales Revenue of Subsidiaries Accounted for Using Equity Method

Description of the key audit matter:

According to our assessment on the revenues from the products regarding electric vehicle energy, the revenues generating from the subsidiaries accounted for using equity method are highly increasing in this year. Thus, we have identified the authenticity of the revenues as a key audit matter for the audit of the Company's parent company only financial statements for the year ended December 31, 2023.

Corresponding audit procedures:

Corresponding the key audit matter, we have performed the procedures to understand the subsidiaries' 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 authenticity of the revenues.

#### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

### **Other Matter**

For the year ended December 31, 2023, the financial statements of Zerova Technologies Holdings Limited (ZKH), an associate accounted for using the equity method, were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the accompanying parent company only financial statements for ZKH, is based solely on the reports of other auditors. As of December 31, 2023, the aggregate carrying amount of the equity-method investments in ZKH was NT\$2,596,528 thousand, representing 20.40% of the total assets. For the year ended December 31, 2023, the share of profit of ZKH was NT\$556,647 thousand, representing 220.38%, of the profit before income tax.

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 auditing standards will always detect a material misstatement when it exists. Misstatements may arise from fraud or errors and are considered material if, individually or in aggregate, they may reasonably be expected to affect the economic decisions of users taken on the basis of these parent company only 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 parent company only 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 Company'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 Company'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 parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only 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

Notice to Readers

*The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 financial statements shall prevail.*

**PHIHONG TECHNOLOGY CO., LTD.**

**PARENT COMPANY ONLY BALANCE SHEETS**

**DECEMBER 31, 2023 AND 2022**

**(In New Taiwan Dollars)**

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,237,594	18	\$ 1,721,093	14
Financial assets at amortized cost - current (Notes 4, 8 and 29)	-	-	61,450	1
Trade receivables (Notes 4 and 9)	508,469	4	1,127,924	9
Trade receivables from related parties (Notes 4, 9 and 28)	154,152	1	395,597	3
Other receivables (Note 9)	1,088	-	14,143	-
Other receivables from related parties (Notes 9 and 28)	500,623	4	1,336,759	11
Current tax assets (Notes 4 and 23)	49,057	-	-	-
Inventories (Notes 4 and 10)	13,625	-	14,032	-
Other current assets	<u>86,181</u>	<u>1</u>	<u>79,139</u>	<u>1</u>
Total current assets	<u>3,550,789</u>	<u>28</u>	<u>4,750,137</u>	<u>39</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	120,132	1	96,270	1
Financial assets at amortized cost - non-current (Notes 4, 8 and 29)	10,500	-	22,030	-
Investments accounted for using equity method (Notes 4 and 11)	8,390,943	66	6,598,775	54
Property, plant and equipment (Notes 4 and 12)	533,385	4	670,682	5
Right-of-use assets (Notes 4 and 13)	13,835	-	28,823	-
Investment property (Notes 4 and 14)	22,429	-	23,168	-
Other intangible assets (Notes 4 and 15)	28,747	-	26,895	-
Deferred tax assets (Notes 4 and 23)	41,951	1	57,493	1
Other non-current assets	<u>12,521</u>	<u>-</u>	<u>19,794</u>	<u>-</u>
Total non-current assets	<u>9,174,443</u>	<u>72</u>	<u>7,543,930</u>	<u>61</u>
<b>TOTAL</b>	<u>\$ 12,725,232</u>	<u>100</u>	<u>\$ 12,294,067</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ -	-	\$ 832,900	7
Short-term bills payable (Note 16)	-	-	69,740	1
Contract liabilities - current (Notes 21 and 28)	29,937	-	148,483	1
Trade payables	5,075	-	4,125	-
Trade payables to related parties (Note 28)	12,802	-	44,565	-
Other payables (Notes 18 and 28)	1,744,731	14	1,880,840	15
Current tax liabilities (Notes 4 and 23)	-	-	83,393	1
Lease liabilities - current (Notes 4 and 13)	5,790	-	5,048	-
Current portion of long-term borrowings (Note 16)	117,417	1	398,592	3
Other current liabilities	<u>80,117</u>	<u>1</u>	<u>149,555</u>	<u>1</u>
Total current liabilities	<u>1,995,869</u>	<u>16</u>	<u>3,617,241</u>	<u>29</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 17)	699,092	6	698,688	6
Long-term borrowings (Note 16)	170,967	1	1,333,583	11



Deferred tax liabilities (Notes 4 and 23)	30,265	-	44,649	-
Lease liabilities - non-current (Notes 4 and 13)	8,179	-	23,980	-
Net defined benefit liability - non-current (Notes 4 and 19)	32,019	-	49,017	-
Other non-current liabilities (Notes 4 and 11)	<u>378,922</u>	<u>3</u>	<u>301,839</u>	<u>3</u>
 Total non-current liabilities	 <u>1,319,444</u>	 <u>10</u>	 <u>2,451,756</u>	 <u>20</u>
 Total liabilities	 <u>3,315,313</u>	 <u>26</u>	 <u>6,068,997</u>	 <u>49</u>
 EQUITY (Notes 4, 20 and 24)				
Ordinary shares	<u>4,312,084</u>	<u>34</u>	<u>3,752,084</u>	<u>31</u>
Capital surplus	<u>4,579,383</u>	<u>36</u>	<u>2,179,372</u>	<u>18</u>
Retained earnings				
Legal reserve	305,119	2	295,992	2
Special reserve	313,005	3	230,859	2
Accumulated earnings	<u>267,846</u>	<u>2</u>	<u>91,273</u>	<u>1</u>
Total retained earnings	<u>885,970</u>	<u>7</u>	<u>618,124</u>	<u>5</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(293,466)	(2)	(244,171)	(2)
Unrealized loss on financial assets at fair value through other comprehensive income	<u>(74,052)</u>	<u>(1)</u>	<u>(80,339)</u>	<u>(1)</u>
Total other equity	<u>(367,518)</u>	<u>(3)</u>	<u>(324,510)</u>	<u>(3)</u>
 Total equity	 <u>9,409,919</u>	 <u>74</u>	 <u>6,225,070</u>	 <u>51</u>
 TOTAL LIABILITIES AND EQUITY	 <u>\$ 12,725,232</u>	 <u>100</u>	 <u>\$ 12,294,067</u>	 <u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

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

# PHIHONG TECHNOLOGY CO., LTD.

## PARENT COMPANY ONLY 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 REVENUE (Notes 4, 21 and 28)	\$ 6,098,143	100	\$ 11,202,956	100
OPERATING COST (Notes 4, 10 and 28)	<u>5,519,084</u>	<u>91</u>	<u>9,885,426</u>	<u>88</u>
OPERATING GROSS PROFIT	579,059	9	1,317,530	12
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES (Note 4)	<u>3,021</u>	<u>-</u>	<u>40,158</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>582,080</u>	<u>9</u>	<u>1,357,688</u>	<u>12</u>
OPERATING EXPENSES				
Sales and marketing expenses	243,211	4	356,737	3
General and administration expenses	228,840	4	207,023	2
Research and development expenses	388,333	6	462,133	4
Expected credit loss (gain) recognized (Note 9)	<u>6,834</u>	<u>-</u>	<u>(742)</u>	<u>-</u>
Total operating expenses	<u>867,218</u>	<u>14</u>	<u>1,025,151</u>	<u>9</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(285,138)</u>	<u>(5)</u>	<u>332,537</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 22 and 28)	45,051	1	12,271	-
Other income (Notes 22 and 28)	164,654	3	197,157	2
Other gains and losses (Note 22)	(13,622)	-	121,767	1
Finance costs (Note 22)	(79,336)	(2)	(57,547)	(1)
Share of profit or loss of subsidiaries associates and joint ventures (Notes 4 and 11)	<u>420,972</u>	<u>7</u>	<u>(471,561)</u>	<u>(4)</u>

Total non-operating income and expenses	<u>537,719</u>	<u>9</u>	<u>(197,913)</u>	<u>(2)</u>
PROFIT BEFORE INCOME TAX	252,581	4	134,624	1
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 23)	<u>9,970</u>	<u>-</u>	<u>(63,297)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>262,551</u>	<u>4</u>	<u>71,327</u>	<u>-</u>

OTHER COMPREHENSIVE (LOSS) INCOME

Items that may not reclassified subsequently to  
profit or loss:

(Continued)

## PHIHONG TECHNOLOGY CO., LTD.

### PARENT COMPANY ONLY 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	%
Remeasurement of defined benefit plans (Note 19)	6,619	-	24,932	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 20)	7,604	-	743	-
Share of other comprehensive (loss) income of associates accounted for using the equity method (Note 20)	(1,317)	-	7,330	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	(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 20)	<u>(49,295)</u>	<u>-</u>	<u>279,695</u>	<u>3</u>
Total other comprehensive (loss) income for the period	<u>(37,713)</u>	<u>-</u>	<u>307,714</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 224,838</u>	<u>4</u>	<u>\$ 379,041</u>	<u>3</u>
EARNINGS PER SHARE (Note 25)				
Basic earnings per share	<u>\$ 0.68</u>		<u>\$ 0.19</u>	
Diluted earnings per share	<u>\$ 0.68</u>		<u>\$ 0.19</u>	

The accompanying notes are an integral part of the parent company only financial statements.

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

(Concluded)

**PHIHONG TECHNOLOGY CO., LTD.**

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

	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings		Unappropriat ed Earnings (Accumulated Deficits)	Translating of the Financial Statements of Foreign Operations	Other Equity		Total Equity
					Legal Reserve	Special Reserve			Exchange Differences on Financial Assets at Fair Value	Unrealized Gain (Loss) on Other Comprehensiv e Income	
BALANCE AT JANUARY 1, 2022	\$ 3,752,084	\$ 2,179,372	\$ 612,916	\$ 230,859	\$ (316,924)	\$ (316,924)	\$ (523,866)	\$ (88,412)		\$ 5,846,029	
Legal reserve used to offset accumulated deficits (Note 20)	-	-	(316,924)	-	316,924	-	-	-	-	-	
Net profit for the year ended December 31, 2022	-	-	-	-	71,327	71,327	-	-	-	71,327	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	19,946	19,946	279,695	8,073		307,714	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	91,273	91,273	279,695	8,073		379,041	
BALANCE AT DECEMBER 31, 2022	3,752,084	2,179,372	295,992	230,859	91,273	91,273	(244,171)	(80,339)		6,225,070	
Appropriation of 2022 earnings	-	-	9,127	-	(9,127)	-	-	-	-	-	
Legal reserve (Note 20)	-	-	-	82,146	(82,146)	-	-	-	-	-	
Special reserve (Note 20)	-	-	-	-	-	-	-	-	-	-	
Adjustments to share of changes in equity of associates	-	61	-	-	-	-	-	-	-	61	
Share-based payment arrangements (Note 24)	-	176,400	-	-	-	-	-	-	-	176,400	

Issuance of ordinary share for cash	560,000	2,223,550	-	-	-	-	2,783,550
Net profit for the year ended December 31, 2023	-	-	-	-	262,551	-	262,551
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	5,295	(49,295)	(37,713)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	267,846	(49,295)	224,838
BALANCE AT DECEMBER 31, 2023	<u>\$ 4,312,084</u>	<u>\$ 4,579,383</u>	<u>\$ 305,119</u>	<u>\$ 313,005</u>	<u>\$ 267,846</u>	<u>\$ (293,466)</u>	<u>\$ 9,409,919</u>

The accompanying notes are an integral part of the parent company only financial statements.

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

# PHIHONG TECHNOLOGY CO., LTD.

## PARENT COMPANY ONLY 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	\$ 252,581	\$ 134,624
Adjustments for:		
Depreciation expense	29,905	58,536
Amortization expense	11,020	9,109
Expected credit loss recognized (reversed)	6,834	(742)
Finance costs	79,336	57,547
Interest income	(45,051)	(12,271)
Dividend income	(7,477)	(2,995)
Gain on lease modification	(287)	-
Compensation cost of share-based payments	106,995	-
Share of loss of associates	(420,972)	471,561
Loss (gain) on disposal of property, plant and equipment	(841)	2,706
Write-down of inventories (reversed)	(1,036)	36,943
Realized gain on transactions with subsidiaries	(3,021)	(40,158)
Net changes in operating assets and liabilities		
Notes receivables	-	3,056
Trade receivables	612,621	(51,577)
Trade receivables from related parties	241,445	(4,341)
Other receivables	13,152	(10,923)
Other receivables from related parties	836,136	(293,865)
Inventories	1,443	(73,149)
Other current assets	(7,039)	830
Contract liabilities	(118,546)	61,713
Trade payables	950	(31,130)
Trade payables to related parties	(31,763)	93,852
Other payables	(135,152)	35,096
Other current liabilities	(69,438)	67,843
Net defined benefit liability	<u>(10,379)</u>	<u>(13,143)</u>
Cash generated from operations	1,341,416	499,122
Interest received	44,954	12,200



Interest paid	(81,415)	(54,171)
Income tax paid	<u>(122,646)</u>	<u>(620)</u>
Net cash generated from operating activities	<u>1,182,309</u>	<u>456,531</u>

#### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income	(21,000)	(16,000)
Capital reduction of financial assets at fair value through other comprehensive income	4,742	2,704
Purchase of financial assets at amortized cost	(10,120)	(63,971)
Proceeds from sale of financial assets at amortized cost	83,100	949
Acquisition of investment accounted for using equity method	(1,272,199)	(824,885)
Purchase of property, plant and equipment	(120,671)	(212,526)

(Continued)

# PHIHONG TECHNOLOGY CO., LTD.

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

	2023	2022
Proceeds from disposal of property, plant and equipment	243,964	3,425
Payment for intangible assets	(11,925)	(18,943)
Proceeds from disposal of intangible assets	6	-
Increase in refundable deposits	-	(2,229)
Decrease in refundable deposits	7,274	-
Increase in prepayments for equipment	(7,130)	(2,608)
Dividends received	7,477	2,995
Cash outflow from divestiture	<u>-</u>	<u>(358,670)</u>
Net cash used in investing activities	<u>(1,096,482)</u>	<u>(1,489,759)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(832,900)	196,720
(Decrease) increase in Short-term bills payable	(69,740)	69,740
Proceeds from long-term borrowings	4,197,188	3,365,461
Repayment of long-term borrowings	(5,640,979)	(3,232,887)
Increase in guarantee deposits received	-	1,258
Decrease in guarantee deposits received	(40)	-
Repayment of the principal portion of lease liabilities	(6,405)	(5,485)
Capital increase	<u>2,783,550</u>	<u>-</u>
Net cash generated from financing activities	<u>430,674</u>	<u>394,807</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	516,501	(638,421)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,721,093</u>	<u>2,359,514</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,237,594</u>	<u>\$ 1,721,093</u>

The accompanying notes are an integral part of the parent company only financial statements.

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

(Concluded)

**【Attachment 6】 2023 Earning Distribution Statement****Phihong Technology Co., Ltd.  
2023 Earning Distribution Statement**

Unit: NT\$

Item	Amount	
	Subtotal	Total
Accumulated deficits at beginning of period	-	
Add: Re-measurement of the defined benefit plans earnings	5,295,204	
Add: Net income after tax for the year	262,551,178	
List of items		
Provision of legal reserve (10%)	(26,784,638)	
Provision of special reserve	(54,513,623)	
Earnings available for distribution for the year		186,548,121
Allocated items		
Dividend of Shareholders	-	
Subtotal		-
Unallocated earning at the end of the period		186,548,121

Note:

- The special reserve is set aside in accordance with the provisions of the Financial Management Certificate No.1090150022.
- The current deduction of shareholders' equity accounted for in 2023 in the amount of NT\$367,518,124 was the exchange difference between the translation of the financial statements of foreign operations of NT\$293,465,644 and the unrealized gain or loss of equity instruments measured at fair value through other comprehensive income of NT\$74,052,480. The special reserve provided in prior years was NT\$313,004,501, and the special reserve to be provided shall be NT\$54,513,623.
- According to Article 21-1, if the earnings available for distribution during the year are less than 15% of the paid-in capital, no distribution shall be made. The earnings available for distribution in 2023 was NT\$186,548,121, which was less than 15% of the paid-in capital (NT\$646,812,624); therefore, the Company will not distribute earnings.

Chairman: Lin, Chung-Min

President: Lin, Yang-Hong

Head of accounting: Chen, Kuei-Chih

**【 Attachment 7 】 Comparison Table for Provisions Before and After the Amendments to the “Procedures for the Loaning of Funds to Others”**

**Phihong Technology Co., Ltd.**

**Comparison Table for Provisions Before and After the Amendments to the “Procedures for the Loaning of Funds to Others”**

Provisions Before Amendment	Provisions After Amendments	Description
<p>Article 2: The Company’s loans to others shall comply with one of the following conditions; however, external investment requirements for business shall be subject to Paragraph 2, Article 3, of the “Regulations for External Investments and Technical Cooperation of the Ministry of Economic Affairs; this shall not apply to capital contributions by way of loans.</p> <p>(1) Companies that have business dealings with the Company.</p> <p>(2) Companies that have short-term financing requirements.</p> <p>The term "short-term" as used in the preceding paragraph means one year or one business cycle, which ever is longer.</p>	<p>Article 2: The Company’s loans to others shall comply with one of the following conditions; however, external investment requirements for business shall be subject to Paragraph 2, Article 3, of the “Regulations for External Investments and Technical Cooperation of the Ministry of Economic Affairs; this shall not apply to capital contributions by way of loans.</p> <p>(1) Companies that have business dealings with the Company, <u>limited to related parties for business requirements, which shall be subject to Subparagraph 1, Paragraph 1, Article 3.</u></p> <p>(2) Companies that have short-term financing requirements, <u>limited to the following:</u></p> <p><u>(a) Short-term financing requirements of companies in which the Company directly and indirectly holds over 50% of their voting shares due to finance and business;</u></p> <p><u>(b) Short-term financing requirements of companies directly and indirectly holding over 50% of the Company’s voting shares due to finance and business.</u></p> <p>The term "short-term" as used in the preceding paragraph means one year or one business cycle, whichever is longer.</p>	<p>Amended according to laws and requirements</p>

Provisions Before Amendment	Provisions After Amendments	Description
<p>Article 3: Total loans to others and the limit for individual borrowers: The total loans to others by the Company shall not exceed 40% of its net worth in the latest financial statements certified or reviewed by CPAs. The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follow:</p> <p>(1) For companies with business dealings with the Company, the individual loan amount shall not exceed <u>the purchases or sales, whichever is higher, with the Company at the time of loaning</u> in the most recent year or the current year.</p> <p>(2) For companies that have short-term financing requirements, the individual loan amount shall not exceed 40% of the Company's net worth in the latest financial statements certified or reviewed by CPAs.</p> <p>If inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or loans of funds to the Company by any overseas subsidiary in which the Company holds, directly or indirectly, 100% of the voting shares are for short-term financing requirements, the amount shall not be restricted to the limit of 40% of the Company's net worth in the latest financial statements certified or reviewed by CPAs, <u>and shall not be restricted by Article 5. However, the limit and period of total loans and individual targets shall be established.</u></p>	<p>Article 3: Total loans to others and the limit for individual borrowers: The total loans to others by the Company shall not exceed 40% of its net worth in the latest financial statements certified or reviewed by CPAs. The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follow:</p> <p>(1) For companies with business dealings with the Company, the individual loan amount shall not exceed the number of business transactions with them in the most recent year or <u>in the latest financial statements.</u></p> <p>(2) For companies that have short-term financing requirements, the individual loan amount shall not exceed 40% of the Company's net worth in the latest financial statements certified or reviewed by CPAs.</p> <p>If inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or loans of funds to the Company by any overseas subsidiary in which the Company holds, directly or indirectly, 100% of the voting shares are for short-term financing requirements, the amount shall not be restricted to the limit of 40% of the Company's net worth in the latest financial statements certified or reviewed by CPAs, <u>and the requirement of one year or one business cycle shall not apply to the financing period. However, the total loans</u></p>	<p>Amended according to the execution requirements</p>

Provisions Before Amendment	Provisions After Amendments	Description
<p>If the responsible person of the Company violates Paragraph 1, arrangements shall be made according to Article 15 of the Company Act.</p>	<p><u>and individual limit shall not exceed 150% of the net worth in the latest financial statements of the Company, and the period shall not exceed five years; the relevant requirements shall be subject to the “Procedures for the Loaning of Funds to Others of the Group’s Subsidiaries.”</u></p> <p><u>The “related parties,” “subsidiaries, and “parent company” referred to herein are recognized based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>If the responsible person of the Company violates Paragraph 1, arrangements shall be made according to Article 15 of the Company Act.</p>	
<p>Article 5: Loan period and interest calculation method</p> <p>If a borrower borrows funds from the Company, the period shall be limited to one year.</p>	<p>Article 5: Loan period and interest calculation method</p> <p>If a borrower borrows funds from the Company, the period shall be limited to one year.</p> <p><u>Upon the expiry of the short-term loans to others of the Company, the borrower may not make repayment with no actual cash flow or postpone the repayment deadline through the board. However, for inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or loans of funds to the Company by any overseas subsidiary in which the ultimate parent company holds, directly or indirectly, 100% of the voting shares are for short-term financing requirements, if a postponement is required as the repayment cannot be made upon the expiry, the short-term loans</u></p>	<p>Amended according to actual implementation needs</p>

Provisions Before Amendment	Provisions After Amendments	Description
<p>The interest calculation for loans provided by the Company shall be limited to the average interest rate of short-term borrowings provided by financial institutions to the Company plus/less 10% and shall accrue on a monthly basis. In special circumstances, adjustments may be made according to the actual circumstances after obtaining the approval of the board.</p>	<p><u>may be postponed. If the board approves the postponement of the deadline before its expiration, repayment with actual cash flow is not required. However, the postponement is up to one time, and the postponement period shall not exceed five years.</u></p> <p>The interest calculation for loans provided by the Company shall be limited to the average interest rate of short-term borrowings provided by financial institutions to the Company plus/less 10% and shall accrue on a monthly basis. In special circumstances, adjustments may be made according to the actual circumstances after obtaining the approval of the board.</p>	
<p>Article 11: The Procedures were established on May 11, 1990.</p> <p>The 1st amendment was made on June 16, 1997.</p> <p>The 2nd amendment was made on June 18, 1998.</p> <p>The 3rd amendment was made on May 20, 1999.</p> <p>The 4th amendment was made on June 9, 2003.</p> <p>The 5th amendment five made on June 9, 2006.</p> <p>The 6th amendment was made on June 13, 2008.</p> <p>The 7th amendment was made on June 10, 2009.</p> <p>The 8th amendment was made on June 15, 2010.</p> <p>The 9th amendment was made on June 11, 2015.</p> <p>The 10th amendment was made on June 8, 2016</p> <p>The 11th amendment was made on June 19, 2019</p>	<p>Article 11: The Procedures were established on May 11, 1990.</p> <p>The 1st amendment was made on June 16, 1997.</p> <p>The 2nd amendment was made on June 18, 1998.</p> <p>The 3rd amendment was made on May 20, 1999.</p> <p>The 4th amendment was made on June 9, 2003.</p> <p>The 5th amendment five made on June 9, 2006.</p> <p>The 6th amendment was made on June 13, 2008.</p> <p>The 7th amendment was made on June 10, 2009.</p> <p>The 8th amendment was made on June 15, 2010.</p> <p>The 9th amendment was made on June 11, 2015.</p> <p>The 10th amendment was made on June 8, 2016.</p> <p>The 11th amendment was made on June 19, 2019.</p>	<p>Added according to the amendment date</p>



<b>Provisions Before Amendment</b>	<b>Provisions After Amendments</b>	<b>Description</b>
	<u>The 12th amendment was made on June 12, 2024.</u>	

**【Attachment 8】 List of Director Candidates**

**Phihong Technology Co., Ltd.  
List of Director Candidates**

Unit: share

<b>Category of Nominee</b>	<b>Name</b>	<b>Number of Shares (Note)</b>	<b>Primary Education, Experience, and Current Position</b>
Independent Director	Kang, Hui-Mei	0 shares	<b>Academic background:</b> Department of International Trade, National Taiwan University; EMBA, Institute of International Business, National Taiwan University <b>Experience:</b> President, IBF Securities Co., Ltd.; COO, Polaris Securities Co., Ltd. <b>Current position:</b> President, La Fresh Information Co., Ltd.; Chairman, Feng Yi International Investment Co., Ltd.; Independent Director, Wonder Pets Enterprises Corporation

**【 Attachment 9 】 Statement of Directors' Concurrent Positions in Other Companies**

**Phihong Technology Co., Ltd.**

**Statement of Directors' Concurrent Positions in Other Companies**

<b>Title</b>	<b>Name</b>	<b>Concurrent positions in other companies</b>
Independent Director	Wu, Chong-Shu	Independent Director Cheng Shin Rubber Ind. Co., Ltd.
Independent Director	Kang, Hui-Mei	Chairman and President La Fresh Information Co., Ltd.