

**Phihong Technology Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2024 and 2023 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Phihong Technology Co., Ltd. and its subsidiaries (collectively, the "Group") as of June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the carrying amount of the Group's investments accounted for the using equity method of NT\$80,519 thousand and NT\$98,169 thousand as of June 30, 2024 and 2023, respectively, and the comprehensive gain (loss) from the investments of NT\$6,861 thousand and NT\$(4,619) thousand for the three months ended June 30, 2024 and 2023, and NT\$5,594 thousand and NT\$(7,833) thousand for the six months ended June 30, 2024 and 2023, respectively, were based on these investees' unreviewed financial statements.

## Qualified Conclusion

Based on our reviews and the report of the other auditors (refer to the Other Matter section), except for adjustments if any, as might have been determined to be necessary had the financial statements of equity-method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, its consolidated financial performance for the three months ended June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2024 and 2023. in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Other Matter

We did not review the financial statements of some subsidiaries included in the consolidated financial statements of the Group, but such financial statements were reviewed by other auditors. Our conclusion, insofar as it relates to the amounts included for subsidiaries, is based solely on the reports of other auditors. As of June 30, 2024 and 2023, the total assets of these subsidiaries were NT\$4,245,405 thousand and NT\$3,937,599 thousand, representing 27.80% and 22.62%, respectively, of the consolidated total assets, and for the six months ended June 30, 2024 and 2023, the total amount of operating revenues of these subsidiaries were NT\$1,888,158 thousand and NT\$1,802,145 thousand, representing 38.20% and 30.17%, respectively of the consolidated operating revenues.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 12, 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 review such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.*

**PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 5,119,913	34	\$ 5,851,805	38	\$ 6,258,301	36
Financial assets at amortized cost - current (Notes 8 and 31)	274,779	2	235,014	1	498,989	3
Contract assets - current (Note 23)	9,399	-	-	-	-	-
Notes receivables (Note 9)	-	-	-	-	20,456	-
Trade receivables (Note 9)	1,864,431	12	1,707,187	11	2,573,055	15
Trade receivables from related parties (Notes 9 and 30)	2,499	-	2,186	-	2,881	-
Other receivables	50,224	-	36,210	-	38,610	-
Current tax assets	67,905	-	49,059	-	-	-
Inventories (Note 10)	2,375,192	16	2,602,895	17	3,031,396	17
Non-current assets held for sale (Note 11)	9,313	-	-	-	-	-
Other current assets	345,217	2	300,270	2	279,400	2
Total current assets	<u>10,118,872</u>	<u>66</u>	<u>10,784,626</u>	<u>69</u>	<u>12,703,088</u>	<u>73</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	146,070	1	122,608	1	128,245	1
Financial assets at amortized cost - non-current (Notes 8 and 31)	-	-	10,500	-	14,500	-
Investments accounted for using equity method (Note 13)	80,519	1	86,674	1	98,169	1
Property, plant and equipment (Note 14)	4,070,125	27	3,823,140	25	3,968,005	23
Right-of-use assets (Note 15)	349,728	2	308,023	2	330,648	2
Investment properties (Note 16)	305,443	2	271,958	2	-	-
Other intangible assets (Note 17)	59,806	-	46,835	-	34,985	-
Deferred tax assets	60,463	-	54,542	-	39,172	-
Other non-current assets	81,386	1	69,640	-	91,135	-
Total non-current assets	<u>5,153,540</u>	<u>34</u>	<u>4,793,920</u>	<u>31</u>	<u>4,704,859</u>	<u>27</u>
<b>TOTAL</b>	<u>\$ 15,272,412</u>	<u>100</u>	<u>\$ 15,578,546</u>	<u>100</u>	<u>\$ 17,407,947</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 18)	\$ 670,346	4	\$ 878,851	6	\$ 3,777,499	22
Contract liabilities - current (Notes 23 and 30)	370,007	2	423,831	3	813,732	4
Trade payables	1,962,833	13	1,933,927	12	2,278,496	13
Trade payables to related parties (Note 30)	-	-	4,788	-	68,488	-
Other payables (Note 20)	895,128	6	1,465,281	9	1,241,133	7
Current tax liabilities	84,499	1	146,078	1	128,115	1
Lease liabilities - current (Note 15)	32,413	-	31,088	-	36,078	-
Current portion of long-term borrowings (Note 18)	43,017	-	117,417	1	297,846	2
Other current liabilities (Note 20)	240,283	2	190,688	1	179,054	1
Total current liabilities	<u>4,298,526</u>	<u>28</u>	<u>5,191,949</u>	<u>33</u>	<u>8,820,441</u>	<u>50</u>
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 19)	699,294	5	699,092	5	698,888	4
Long-term borrowings (Note 18)	163,533	1	170,967	1	1,381,979	8
Deferred tax liabilities	38,028	-	30,265	-	37,061	-
Lease liabilities - non-current (Note 15)	53,377	-	23,855	-	36,686	-
Net defined benefit liabilities - non-current	29,126	-	32,019	1	43,575	1
Other non-current liabilities	89,314	1	30,163	-	16,296	-
Total non-current liabilities	<u>1,072,672</u>	<u>7</u>	<u>986,361</u>	<u>7</u>	<u>2,214,485</u>	<u>13</u>
Total liabilities	<u>5,371,198</u>	<u>35</u>	<u>6,178,310</u>	<u>40</u>	<u>11,034,926</u>	<u>63</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)</b>						
Ordinary shares	4,312,084	28	4,312,084	28	3,752,084	22
Capital surplus	4,579,383	30	4,579,383	29	2,179,372	13
Retained earnings						
Legal reserve	331,904	2	305,119	2	305,119	1
Special reserve	367,518	3	313,005	2	313,005	2
Unappropriated earnings	298,891	2	267,846	2	161,534	1
Total retained earnings	<u>998,313</u>	<u>7</u>	<u>885,970</u>	<u>6</u>	<u>779,658</u>	<u>4</u>
Other equity						
Exchange differences on translating of the financial statements of foreign operations	83,019	1	(293,466)	(2)	(250,317)	(1)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	(71,585)	(1)	(74,052)	(1)	(77,987)	(1)
Total other equity	<u>11,434</u>	<u>-</u>	<u>(367,518)</u>	<u>(3)</u>	<u>(328,304)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	<u>9,901,214</u>	<u>65</u>	<u>9,409,919</u>	<u>60</u>	<u>6,382,810</u>	<u>37</u>
<b>NON-CONTROLLING INTERESTS (Note 22)</b>	<u>-</u>	<u>-</u>	<u>(9,683)</u>	<u>-</u>	<u>(9,789)</u>	<u>-</u>
Total equity	<u>9,901,214</u>	<u>65</u>	<u>9,400,236</u>	<u>60</u>	<u>6,373,021</u>	<u>37</u>
<b>TOTAL</b>	<u>\$ 15,272,412</u>	<u>100</u>	<u>\$ 15,578,546</u>	<u>100</u>	<u>\$ 17,407,947</u>	<u>100</u>

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

(With Deloitte & Touche review report dated August 12, 2024)

## PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 23, 30 and 35)	\$ 2,600,492	100	\$ 3,194,220	100	\$ 4,942,791	100	\$ 5,974,119	100
OPERATING COSTS (Notes 10 and 30)	<u>1,897,072</u>	<u>73</u>	<u>2,398,259</u>	<u>75</u>	<u>3,525,842</u>	<u>71</u>	<u>4,517,034</u>	<u>75</u>
GROSS PROFIT	<u>703,420</u>	<u>27</u>	<u>795,961</u>	<u>25</u>	<u>1,416,949</u>	<u>29</u>	<u>1,457,085</u>	<u>25</u>
OPERATING EXPENSES								
Selling and marketing expenses	294,670	11	231,799	7	561,225	11	417,437	7
General and administrative expenses	248,201	10	204,410	7	472,406	10	382,248	7
Research and development expenses	227,331	9	225,703	7	452,608	9	428,853	7
Expected credit (gain) loss	<u>(13,088)</u>	<u>(1)</u>	<u>8,615</u>	<u>-</u>	<u>(16,471)</u>	<u>-</u>	<u>22,096</u>	<u>-</u>
Total operating expenses	<u>757,114</u>	<u>29</u>	<u>670,527</u>	<u>21</u>	<u>1,469,768</u>	<u>30</u>	<u>1,250,634</u>	<u>21</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(53,694)</u>	<u>(2)</u>	<u>125,434</u>	<u>4</u>	<u>(52,819)</u>	<u>(1)</u>	<u>206,451</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 24)	39,938	2	30,254	1	75,022	2	46,927	1
Other income (Notes 24 and 30)	69,421	3	34,668	1	101,873	2	81,758	1
Other gains and losses (Note 24)	28,492	1	15,599	1	83,956	2	(2,295)	-
Finance costs (Note 24)	(12,620)	(1)	(30,782)	(1)	(27,565)	(1)	(58,385)	(1)
Share of profit or loss of associates (Note 13)	<u>3,132</u>	<u>-</u>	<u>(4,087)</u>	<u>-</u>	<u>5,594</u>	<u>-</u>	<u>(2,697)</u>	<u>-</u>
Total non-operating income and expenses	<u>128,363</u>	<u>5</u>	<u>45,652</u>	<u>2</u>	<u>238,880</u>	<u>5</u>	<u>65,308</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	74,669	3	171,086	6	186,061	4	271,759	5
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(29,463)</u>	<u>(1)</u>	<u>(53,349)</u>	<u>(2)</u>	<u>(73,718)</u>	<u>(2)</u>	<u>(110,252)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>45,206</u>	<u>2</u>	<u>117,737</u>	<u>4</u>	<u>112,343</u>	<u>2</u>	<u>161,507</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income (Note 22)	(5,395)	-	4,262	-	2,467	-	7,488	-

(Continued)

## PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates accounted for using the equity method (Notes 13 and 22)	\$ 3,729	-	\$ (532)	-	\$ -	-	\$ (5,136)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating of the financial statements of foreign operations (Note 22)	96,940	3	5,234	-	369,444	8	(6,255)	-
Other comprehensive income (loss) for the period	95,274	3	8,964	-	371,911	8	(3,903)	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>\$ 140,480</u>	<u>5</u>	<u>\$ 126,701</u>	<u>4</u>	<u>\$ 484,254</u>	<u>10</u>	<u>\$ 157,604</u>	<u>3</u>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 45,206	2	\$ 117,760	4	\$ 112,343	2	\$ 161,534	3
Non-controlling interests	-	-	(23)	-	-	-	(27)	-
	<u>\$ 45,206</u>	<u>2</u>	<u>\$ 117,737</u>	<u>4</u>	<u>\$ 112,343</u>	<u>2</u>	<u>\$ 161,507</u>	<u>3</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 140,525	5	\$ 126,918	4	\$ 484,704	10	\$ 157,740	3
Non-controlling interests	(45)	-	(217)	-	(450)	-	(136)	-
	<u>\$ 140,480</u>	<u>5</u>	<u>\$ 126,701</u>	<u>4</u>	<u>\$ 484,254</u>	<u>10</u>	<u>\$ 157,604</u>	<u>3</u>
<b>EARNINGS PER SHARE (Note 26)</b>								
Basic earnings per share	<u>\$ 0.10</u>		<u>\$ 0.31</u>		<u>\$ 0.26</u>		<u>\$ 0.43</u>	
Diluted earnings per share	<u>\$ 0.10</u>		<u>\$ 0.31</u>		<u>\$ 0.26</u>		<u>\$ 0.43</u>	

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

(With Deloitte & Touche review report dated August 12, 2024)

(Concluded)

**PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other Equity		Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2023	\$ 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 22)	-	-	9,127	-	(9,127)	-	-	-	-	-
Special reserve (Note 22)	-	-	-	82,146	(82,146)	-	-	-	-	-
Net profit (loss) for the six months ended June 30, 2023	-	-	-	-	161,534	-	-	161,534	(27)	161,507
Other comprehensive (loss) income for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	(6,146)	2,352	(3,794)	(109)	(3,903)
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	161,534	(6,146)	2,352	157,740	(136)	157,604
BALANCE AT JUNE 30, 2023	<u>\$ 3,752,084</u>	<u>\$ 2,179,372</u>	<u>\$ 305,119</u>	<u>\$ 313,005</u>	<u>\$ 161,534</u>	<u>\$ (250,317)</u>	<u>\$ (77,987)</u>	<u>\$ 6,382,810</u>	<u>\$ (9,789)</u>	<u>\$ 6,373,021</u>
BALANCE AT JANUARY 1, 2024	\$ 4,312,084	\$ 4,579,383	\$ 305,119	\$ 313,005	\$ 267,846	\$ (293,466)	\$ (74,052)	\$ 9,409,919	\$ (9,683)	\$ 9,400,236
Appropriation of 2023 earnings										
Legal reserve (Note 22)	-	-	26,785	-	(26,785)	-	-	-	-	-
Special reserve (Note 22)	-	-	-	54,513	(54,513)	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	6,591	-	6,591	10,133	16,724
Net profit for the six months ended June 30, 2024	-	-	-	-	112,343	-	-	112,343	-	112,343
Other comprehensive income (loss) for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	369,894	2,467	372,361	(450)	371,911
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	112,343	369,894	2,467	484,704	(450)	484,254
BALANCE AT JUNE 30, 2024	<u>\$ 4,312,084</u>	<u>\$ 4,579,383</u>	<u>\$ 331,904</u>	<u>\$ 367,518</u>	<u>\$ 298,891</u>	<u>\$ 83,019</u>	<u>\$ (71,585)</u>	<u>\$ 9,901,214</u>	<u>\$ -</u>	<u>\$ 9,901,214</u>

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

(With Deloitte & Touche review report dated August 12, 2024)

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before tax	\$ 186,061	\$ 271,759
Adjustments for:		
Depreciation expense	186,506	174,788
Amortization expense	12,058	8,212
Expected credit (reversed) loss recognized on trade receivables	(16,471)	22,096
Finance costs	27,565	58,385
Interest income	(75,022)	(46,927)
Dividend income	(4,782)	(1,543)
Share of loss of associates	(5,594)	2,697
(Gain) loss on disposal of property, plant and equipment	(4,011)	3,285
Loss on disposal of intangible assets	62	14
Loss on disposal of associates	518	-
Gain on lease modification	(266)	(540)
Net changes in operating assets and liabilities		
Contract assets	(9,399)	-
Notes receivables	-	(4,297)
Trade receivables	(141,051)	69,290
Trade receivables from related parties	(313)	(2,881)
Other receivables	(28,001)	8,935
Other receivables from related parties	-	3,654
Inventories	227,703	265,184
Other current assets	(39,020)	6,185
Other non-current assets	(562)	5,411
Contract liabilities	(53,824)	393,707
Trade payables	28,906	(376,995)
Trade payables to related parties	(4,788)	(17,831)
Other payables	(501,677)	362,300
Deferred revenue	44,262	-
Other current liabilities	49,596	30,675
Net defined benefit liabilities	(2,893)	(5,442)
Cash (used in) generated from operating activities	(124,437)	1,230,121
Interest received	89,009	41,316
Interest paid	(45,515)	(52,420)
Income tax paid	(152,301)	(107,937)
Net cash (used in) generated from operating activities	(233,244)	1,111,080
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(21,000)	(21,000)
Purchase of financial assets at amortized cost	(37,275)	(15,247)

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# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2024	2023
Proceeds from disposal of financial assets at amortized cost	\$ 10,500	\$ 79,100
Disposal of investments accounted for using the equity method	1,917	-
Capital reduction and refund from Investments accounted for using the equity method	-	6,869
Payments for property, plant and equipment	(326,698)	(167,087)
Proceeds from disposal of property, plant and equipment	10,102	135
Payments for intangible assets	(21,299)	(1,846)
Proceeds from disposal of intangible assets	-	166
Increase in refundable deposits	(14,196)	993
Increase in prepayments for equipment	(15,315)	(41,867)
Dividends received	<u>4,782</u>	<u>1,543</u>
Net cash used in investing activities	<u>(408,482)</u>	<u>(158,241)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	1,484,710	2,443,665
Repayments of short-term borrowings	(1,731,703)	-
Decrease in short-term bills payable	-	(69,740)
Proceeds from long-term borrowings	200,000	3,286,793
Repayments of long-term borrowings	(281,834)	(3,339,172)
Increase in guarantee deposits received	-	5,599
Decrease in guarantee deposits received	(41)	-
Repayment of the principal portion of lease liabilities	<u>(21,304)</u>	<u>(22,732)</u>
Net cash (used in) generated from financing activities	<u>(350,172)</u>	<u>2,304,413</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>260,006</u>	<u>10,166</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(731,892)</b>	<b>3,267,418</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b><u>5,851,805</u></b>	<b><u>2,990,883</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>\$ 5,119,913</u></b>	<b><u>\$ 6,258,301</u></b>

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

(With Deloitte & Touche review report dated August 12, 2024)

(Concluded)

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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, electric vehicle charging station, 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 August 12, 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 Financial Supervisory Commission (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 2025

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
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 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
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 to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended 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 interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of 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 12, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Retirement benefit

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

#### 4) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Group ceases to have significant influence or joint control over the investment after the disposal takes place, the Group accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

### 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 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

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 3,344	\$ 2,436	\$ 2,727
Checking accounts and demand deposits	4,856,210	5,529,245	6,236,952
Cash equivalent (investments with original maturities of 3 months or less)			
Repurchase agreements collateralized by bonds	240,359	300,124	-
Time deposits	<u>20,000</u>	<u>20,000</u>	<u>18,622</u>
	<u>\$ 5,119,913</u>	<u>\$ 5,851,805</u>	<u>\$ 6,258,301</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Demand deposits and time deposits	0.001%-5.350%	0.001%-5.400%	0.001%-5.600%

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Non-current</u>			
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)			
Domestic non-publicly trade equity investments	\$ 146,070	\$ 122,608	\$ 128,245

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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 266,646	\$ 232,314	\$ 495,786
Restricted bank deposits	<u>8,133</u>	<u>2,700</u>	<u>3,203</u>
	<u>\$ 274,779</u>	<u>\$ 235,014</u>	<u>\$ 498,989</u>
<u>Non-current</u>			
Restricted bank deposits	\$ -	\$ 10,500	\$ 12,500
Court deposits	<u>-</u>	<u>-</u>	<u>2,000</u>
	<u>\$ -</u>	<u>\$ 10,500</u>	<u>\$ 14,500</u>

The group offered the bank deposits of \$8,133 thousand, \$13,200 thousand and \$17,703 thousand as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively as performance bonds for specific business projects, bank borrowings, customs deposits and release before duty. Please refer to Note 31 to the consolidated financial statements.

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ -	\$ -	\$ 20,456
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,456</u>
 <u>Trade receivables</u>			
At amortized cost			
Gross carrying amount from unrelated parties	\$ 1,293,556	\$ 1,364,167	\$ 1,990,970
Gross carrying amount from related parties (Note 30)	2,499	2,186	2,881
Less: Allowance for impairment loss	<u>(10,167)</u>	<u>(26,360)</u>	<u>(25,589)</u>
	<u>1,285,888</u>	<u>1,339,993</u>	<u>1,968,262</u>
At FVTOCI	<u>581,042</u>	<u>369,380</u>	<u>607,674</u>
	<u>\$ 1,866,930</u>	<u>\$ 1,709,373</u>	<u>\$ 2,596,392</u>

### a. Notes receivable

The Group has no overdue notes receivables as of June 30, 2023.

### b. Trade receivable

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.

June 30, 2024

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>Over 120 Days</b>	<b>Total</b>
Expected credit loss rate	0.00-1.91%	0.02-9.33%	0.00-15.86%	0.00-9.50%	0.00-100%	
Gross carrying amount	\$ 1,116,895	\$ 141,632	\$ 30,356	\$ 5,205	\$ 1,967	\$ 1,296,055
Loss allowance (Lifetime ECL)	<u>(3,919)</u>	<u>(3,551)</u>	<u>(2,672)</u>	<u>-</u>	<u>(25)</u>	<u>(10,167)</u>
Amortized cost	<u>\$ 1,112,976</u>	<u>\$ 138,081</u>	<u>\$ 27,684</u>	<u>\$ 5,205</u>	<u>\$ 1,942</u>	<u>\$ 1,285,888</u>

December 31, 2023

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>Over 120 Days</b>	<b>Total</b>
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)	<u>(2,145)</u>	<u>(4,421)</u>	<u>(170)</u>	<u>-</u>	<u>(19,624)</u>	<u>(26,360)</u>
Amortized cost	<u>\$ 1,153,623</u>	<u>\$ 179,472</u>	<u>\$ 6,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,339,993</u>

June 30, 2023

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>Over 120 Days</b>	<b>Total</b>
Expected credit loss rate	0.00-0.11%	0.00-6.95%	4.41-19.95%	0.00-17.03%	10.59-100.00%	
Gross carrying amount	\$ 1,384,800	\$ 274,011	\$ 254,952	\$ 22,344	\$ 57,744	\$ 1,993,851
Loss allowance (Lifetime ECL)	<u>(309)</u>	<u>(693)</u>	<u>(174)</u>	<u>(336)</u>	<u>(24,077)</u>	<u>(25,589)</u>
Amortized cost	<u>\$ 1,384,491</u>	<u>\$ 273,318</u>	<u>\$ 254,778</u>	<u>\$ 22,008</u>	<u>\$ 33,667</u>	<u>\$ 1,968,262</u>

The above aging schedule was based on overdue days.

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

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance, beginning of period	\$ 26,360	\$ 3,672
Add: Net remeasurement (reversed) of loss allowance	(16,471)	22,096
Less: Amounts written off	(854)	(470)
Foreign exchange gains and losses	<u>1,132</u>	<u>291</u>
Balance, end of period	<u>\$ 10,167</u>	<u>\$ 25,589</u>

c. Trade receivables at FVTOCI

For trade receivables from major customers, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI 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:

June 30, 2024

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>Over 120 Days</b>	<b>Total</b>
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 565,858	\$ 15,123	\$ 61	\$ -	\$ -	\$ 581,042
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 565,858</u>	<u>\$ 15,123</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 581,042</u>

December 31, 2023

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

June 30, 2023

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>Over 120 Days</b>	<b>Total</b>
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 606,263	\$ 1,042	\$ 369	\$ -	\$ -	\$ 607,674
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 606,263</u>	<u>\$ 1,042</u>	<u>\$ 369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607,674</u>

## 10. INVENTORIES

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Raw materials	\$ 695,315	\$ 1,065,466	\$ 1,122,262
Work-in-process	286,879	275,093	343,117
Finished goods	<u>1,392,998</u>	<u>1,262,336</u>	<u>1,566,017</u>
	<u>\$ 2,375,192</u>	<u>\$ 2,602,895</u>	<u>\$ 3,031,396</u>

For the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the cost of inventories recognized as cost of goods sold was \$1,897,072 thousand, \$2,398,259 thousand, \$3,525,842 thousand and \$4,517,034 thousand, respectively. (Reversal) write-down of inventories to net realizable value of \$(6,512) thousand, \$55,629 thousand, \$(49,788) thousand and \$74,967 thousand were respectively included in the cost of goods sold during reporting period in 2024 and 2023.

## 11. NON-CURRENT ASSETS HELD FOR SALE

**June 30, 2024**

Investments accounted for using the equity method  
Spring City Resort Co., Ltd.

\$ 9,313

On May 8, 2024, the board of directors held a meeting and resolved to dispose of the equity of Spring City Resort Co., Ltd. (“Spring City Resort”) accounted for using the equity method to Peter Lin, chairman of the company; therefore, the assets were reclassified as non-current assets held for sale based on carrying amounts as of April 30, 2024, and were presented separately in the consolidated balance sheets.

The net proceeds from the disposal were expected to exceed the carrying amount of the related net assets. Accordingly, no impairment loss was recognized while the assets were reclassified to non-current assets held for sale. The company expects to complete the transactions in the third quarter of 2024.

## 12. SUBSIDIARIES

Investor	Investee	Main Business	Percentage of Ownership			Note
			December 31, June 30, 2024	2023	June 30, 2023	
Phihong	Phihong International Corp. (“PHI”)	Makes investments	100.00	100.00	100.00	
Phihong	Phitek International Co., Ltd. (“PHK”)	Makes investments	100.00	100.00	100.00	
Phihong	Ascent Alliance Ltd. (“PHQ”)	Makes investments	100.00	100.00	100.00	
Phihong	Phihong USA Corp. (“PHA”)	Sells various power supplies	100.00	100.00	100.00	
Phihong	Phihong Technology Japan Co., Ltd. (“PHJ”)	Sells power components	100.00	100.00	100.00	
Phihong	Guang-Lai Investment Co., Ltd. (“Guang-Lai”)	Makes investments	100.00	100.00	100.00	
Phihong	Phihong Vietnam Co., Ltd. (“PHV”)	Manufactures and sells various power supplies	100.00	100.00	100.00	
Phihong	Zerova Technologies Holdings Limited (“ZKH”)	Makes investments	100.00	100.00	100.00	
PHI	Phihong (Dongguan) Electronics Co., Ltd. (“PHC”)	Manufactures and sells various power supplies	100.00	100.00	100.00	
PHI	Phihong Electronics (Suzhou) Co., Ltd. (“PHZ”)	Manufactures and sells various power supplies	100.00	100.00	100.00	
PHI	N-Lighten Technologies, Inc. (“N-Lighten”)	Makes investments	-	58.45	58.45	Note 4
PHI	Yanghong Trade (Shanghai) Co., Ltd. (“Yanghong”)	Sells various lighting and power supplies	-	100.00	100.00	Note 3
PHK	Dongguan Phitek Electronics Co., Ltd. (“PHP”)	Manufactures and sells various power supplies	100.00	100.00	100.00	
PHQ	Dongguan Shuang-Ying Electronics Co., Ltd. (“PHSY”)	Manufactures and sells electronic materials	100.00	100.00	100.00	
PHQ	Jin-Sheng-Hong (Jiangxi) Electronics Co., Ltd. (“PHE”)	Manufactures and sells electronic materials	100.00	100.00	100.00	
Guang-Lai	N-Lighten	Makes investments	-	19.78	19.78	Note 4
ZKH	Zerova Technologies SG Pte. Ltd. (“ZSH”)	Makes investments and sells of electrical equipment	100.00	100.00	100.00	
ZSH	Zerova Technologies Europe B.V. (“ZNS”)	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	Note 2
ZSH	Zerova Technologies (Dongguan) Co., Ltd. (“ZCM”)	Manufactures and sells of electrical equipment	100.00	100.00	100.00	
ZSH	Zerova Trading Services (Dongguan) Co., Ltd. (“ZCS”)	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	
ZSH	Zerova Technologies Japan Co., Ltd. (“ZJS”)	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	
ZSH	Zerova Technologies Taiwan Limited (“ZTM”)	Manufacture, sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	Note 1
ZSH	Zerova Technologies America Corporation (“ZAH”)	Makes investments	100.00	100.00	100.00	
ZAH	Zerova Technologies USA LLC (“ZAS”)	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	
ZCM	Zerova Trading Services (Shanghai) Co., Ltd. (“ZCT”)	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	-	-	Note 3

Note 1: ZTM has completed the reorganization in the second quarter of 2023 and all of its shares originally held by Phihong are now held by ZSH.

Note 2: ZNS has completed the reorganization in the second quarter of 2023 and all of its shares originally held by ZKH are now held by ZSH.

Note 3: Yanghong has completed the reorganisation in the first quarter of 2024 and all of its shares originally held by PHI are now held by ZCM, and changed its name to Zerova Trading Services (Shanghai) Co., Ltd.

Note 4: N-Lighten has been approved for dissolution on January 16, 2024 and the legal process of liquidation has been completed on May 15, 2024.

Please refer to Tables 7 and 8 for the information on places of incorporation and principal places of business.

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates:

	June 30, 2024	December 31, 2023	June 30, 2023
Associates that are not individually material	<u>\$ 80,519</u>	<u>\$ 86,674</u>	<u>\$ 98,169</u>

Aggregate information of associates that are not individually material:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
The Group's share of:				
Net profit (loss) for the reporting period	\$ 3,132	\$ (4,087)	\$ 5,594	\$ (2,697)
Other comprehensive income (loss)	<u>3,729</u>	<u>(532)</u>	<u>-</u>	<u>(5,136)</u>
Total comprehensive income (loss) for the year	<u>\$ 6,861</u>	<u>\$ (4,619)</u>	<u>\$ 5,594</u>	<u>\$ (7,833)</u>

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, and the dissolution was completed on September 11, 2023. The liquidation was dissolved on April 9, 2024.

The associate Spring City Resort Co., Ltd. invested by the Group was disposed all of equity with the resolution made by the board of directors on May 8, 2024, and recognized as non-current assets held for sale. Please refer to Note 11 to the consolidated financial statements.

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.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>						
Balance at January 1, 2024	\$ 560,856	\$ 3,384,870	\$ 2,534,198	\$ 715,827	\$ 310,464	\$ 7,506,215
Additions	-	52,237	17,315	23,416	233,197	326,165
Disposals	-	(6,812)	(201,686)	(10,581)	-	(219,079)
Transfers to investment properties	-	-	-	-	(21,649)	(21,649)
Reclassification	-	249,024	756	124	(281,068)	(31,164)
Effects of foreign currency exchange differences	365	146,445	95,993	15,136	3,453	261,392
Balance at June 30, 2024	<u>\$ 561,221</u>	<u>\$ 3,825,764</u>	<u>\$ 2,446,576</u>	<u>\$ 743,922</u>	<u>\$ 244,397</u>	<u>\$ 7,821,880</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ -	\$ 1,080,484	\$ 1,999,888	\$ 602,703	\$ -	\$ 3,683,075
Disposals	-	(6,006)	(196,798)	(10,184)	-	(212,988)
Depreciation expenses	-	62,723	73,686	22,189	-	158,598
Effects of foreign currency exchange differences	-	42,849	68,539	11,682	-	123,070
Balance at June 30, 2024	<u>\$ -</u>	<u>\$ 1,180,050</u>	<u>\$ 1,945,315</u>	<u>\$ 626,390</u>	<u>\$ -</u>	<u>\$ 3,751,755</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 560,856</u>	<u>\$ 2,304,386</u>	<u>\$ 534,310</u>	<u>\$ 113,124</u>	<u>\$ 310,464</u>	<u>\$ 3,823,140</u>
Carrying amounts at June 30, 2024	<u>\$ 561,221</u>	<u>\$ 2,645,714</u>	<u>\$ 501,261</u>	<u>\$ 117,532</u>	<u>\$ 244,397</u>	<u>\$ 4,070,125</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 547,188	\$ 3,366,507	\$ 2,470,190	\$ 692,500	\$ 429,822	\$ 7,506,207
Additions	16,034	30,974	30,579	10,834	58,169	146,590
Disposals	-	(1,464)	(54,881)	(7,854)	-	(64,199)
Reclassification	-	723	9,799	6,169	(3,358)	13,333
Effects of foreign currency exchange differences	(1,617)	(26,091)	(25,749)	(5,465)	(6,376)	(65,298)
Balance at June 30, 2023	<u>\$ 561,605</u>	<u>\$ 3,370,649</u>	<u>\$ 2,429,938</u>	<u>\$ 696,184</u>	<u>\$ 478,257</u>	<u>\$ 7,536,633</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 990,550	\$ 1,953,366	\$ 576,116	\$ -	\$ 3,520,032
Disposals	-	(1,281)	(51,645)	(7,853)	-	(60,779)
Depreciation expenses	-	52,814	72,995	23,830	-	149,639
Effects of foreign currency exchange differences	-	(13,842)	(22,014)	(4,408)	-	(40,264)
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 1,028,241</u>	<u>\$ 1,952,702</u>	<u>\$ 587,685</u>	<u>\$ -</u>	<u>\$ 3,568,628</u>
Carrying amounts at June 30, 2023	<u>\$ 561,605</u>	<u>\$ 2,342,408</u>	<u>\$ 477,236</u>	<u>\$ 108,499</u>	<u>\$ 478,257</u>	<u>\$ 3,968,005</u>

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.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Carrying amount</u>			
Land (including land use rights)	\$ 286,299	\$ 277,608	\$ 286,843
Buildings	51,977	19,270	30,605
Machinery	903	1,996	6,781
Transportation equipment	8,317	5,870	6,206
Other equipment	<u>2,232</u>	<u>3,279</u>	<u>213</u>
	<u>\$ 349,728</u>	<u>\$ 308,023</u>	<u>\$ 330,648</u>
		<b>For the Six Months Ended June 30</b>	
		<b>2024</b>	<b>2023</b>
Additions to right-of-use assets		<u>\$ 49,810</u>	<u>\$ 29,454</u>
Depreciation charge for right-of-use assets			
Land (including land use rights)		\$ 5,928	\$ 5,859
Buildings		13,299	10,914
Machinery		1,163	6,220
Transportation equipment		2,467	2,055
Other equipment		<u>1,043</u>	<u>101</u>
		<u>\$ 23,900</u>	<u>\$ 25,149</u>

### b. Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Carrying amount</u>			
Current	<u>\$ 32,413</u>	<u>\$ 31,088</u>	<u>\$ 36,078</u>
Non-current	<u>\$ 53,377</u>	<u>\$ 23,855</u>	<u>\$ 36,686</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Land	1.200%-1.870%	1.200%-1.250%	1.200%-1.870%
Buildings	1.030%-4.560%	1.030%-4.875%	1.030%-6.000%
Machinery	4.000%	4.000%	4.000%
Transportation equipment	0.600%-4.000%	1.155%-5.007%	1.155%-4.000%
Other equipment	0.600%-1.155%	1.03%-4%	1.030%-1.155%

c. Material lease-in activities and terms

The Group leases certain machinery, transportation, and other equipment for the use of manufacturing and R&D with lease terms of 2 to 5 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 Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	<u>\$ 4,043</u>	<u>\$ 2,457</u>	<u>\$ 7,933</u>	<u>\$ 4,679</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 312</u>	<u>\$ 251</u>	<u>\$ 609</u>	<u>\$ 511</u>
Total cash outflow for leases			<u>\$ (29,846)</u>	<u>\$ (27,922)</u>

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.

## 16. INVESTMENT PROPERTIES

	<b>Building</b>
<u>Cost</u>	
Balance at January 1, 2024	\$ 271,958
Transferred from property, plant and equipment	21,649
Effects of foreign currency exchange differences	<u>15,975</u>
Balance at June 30, 2024	<u>\$ 309,582</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ -
Amortization expense	4,008
Effects of foreign currency exchange differences	<u>131</u>
Balance at June 30, 2024	<u>\$ 4,139</u>
Carrying amounts at December 31, 2023	<u>\$ 271,958</u>
Carrying amounts at June 30, 2024	<u>\$ 305,443</u>

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. Since the factory is located in China, alternative reliable measurements of fair value are not available; therefore, the Company determined the fair value of the investment property.

Investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	31 years
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## 17. OTHER INTANGIBLE ASSETS

	<b>Computer Software</b>
<u>Cost</u>	
Balance at January 1, 2024	\$ 154,334
Additions	21,299
Disposals	(973)
Reclassified	1,581
Effects of foreign currency exchange differences	<u>2,599</u>
Balance at June 30, 2024	<u>\$ 178,840</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ 107,499
Amortization expense	12,058
Disposals	(911)
Reclassified	(1,183)
Effects of foreign currency exchange differences	<u>1,571</u>
Balance at June 30, 2024	<u>\$ 119,034</u>
Carrying amounts at December 31, 2023	<u>\$ 46,835</u>
Carrying amounts at June 30, 2024	<u>\$ 59,806</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 139,513
Additions	1,846
Disposals	(3,385)
Reclassified	121
Effects of foreign currency exchange differences	<u>(129)</u>
Balance at June 30, 2023	<u>\$ 137,966</u>

(Continued)

	<b>Computer Software</b>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 98,415
Amortization expense	8,212
Disposals	(3,205)
Reclassified	121
Effects of foreign currency exchange differences	<u>(562)</u>
Balance at June 30, 2023	<u>\$ 102,981</u>
Carrying amounts at December 31, 2022	<u>\$ 41,098</u>
Carrying amounts at June 30, 2023	<u>\$ 34,985</u>
	(Concluded)

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

## 18. BORROWINGS

### a. Short-term borrowings

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
<u>Unsecured borrowings</u>			
Phihong	\$ -	\$ -	\$ 2,577,305
PHV	<u>197,938</u>	<u>255,874</u>	<u>438,590</u>
	<u>197,938</u>	<u>255,874</u>	<u>3,015,895</u>
<u>Secured borrowings</u>			
PHC	<u>472,408</u>	<u>622,977</u>	<u>761,604</u>
	<u>\$ 670,346</u>	<u>\$ 878,851</u>	<u>\$ 3,777,499</u>
The range of interest rates	3.60%-6.39%	3.60%-6.86%	2.05%-6.93%



b. Long-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Unsecured borrowings</u>			
Phihong	\$ 28,150	\$ 102,550	\$ 935,950
<u>Secured borrowings</u>			
Phihong	178,400	185,834	543,846
ZTM	-	-	200,029
Long-term loans payable - current portion	<u>(43,017)</u>	<u>(117,417)</u>	<u>(297,846)</u>
	<u>\$ 163,533</u>	<u>\$ 170,967</u>	<u>\$ 1,381,979</u>
The range of interest rates	2.0000%- 2.7950%	2.0000%- 2.7950%	1.895%- 2.9518%

- 1) On June 30, 2023, Phihong had short-term bank borrowings with contract terms from May 4, 2023, to December 7, 2023, with monthly interest payments.
- 2) On June 30, 2024, December 31, 2023 and June 30, 2023, PHV Company had short-term bank borrowings with contract terms from December 13, 2023 to January 15, 2025, October 10, 2023 to December 19, 2024 and July 13, 2022 to October 9, 2023, respectively, with monthly interest payments.
- 3) On June 30, 2024, December 31, 2023 and June 30, 2023, PHC Company had short-term bank borrowings with contract terms from March 19, 2024 to December 10, 2024, August 10, 2023 to May 10, 2024 and February 7, 2023 to November 3, 2023, respectively, with monthly interest payments.
- 4) On June 30, 2024, December 31, 2023 and June 30, 2023, Phihong had long-term bank borrowings with contract terms from April 7, 2021 to April 7, 2036, April 7, 2021 to April 7, 2036 and August 17, 2020 to April 7, 2036, respectively, with monthly interest payments.
- 5) On June 30, 2023, ZTM Company had long-term bank borrowings with contract terms from June 7, 2023 to August 25, 2023, with monthly interest payments.
- 6) 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 on March 1, 2022. 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. The remaining joint credit accounts were paid off in November 2023.

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

7) 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, with 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 US\$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 June 30, 2024, have 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.

## 19. BONDS PAYABLE

	June 30, 2024	December 31, 2023	June 30, 2023
Secured domestic bonds	<u>\$ 699,294</u>	<u>\$ 699,092</u>	<u>\$ 698,888</u>

### Secured Domestic Bonds

On March 25, 2021, Phihong issued 70 units of \$10,000 thousand, A 5-year New Taiwan dollar-denominated secured general corporate bond with a coupon rate of 0.60% 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.

## 20. OTHER PAYABLES

	June 30, 2024	December 31, 2023	June 30, 2023
Other payables			
Payables for salaries and bonuses	\$ 259,953	\$ 316,232	\$ 200,876
Payables for annual leave	72,599	72,357	75,779
Payables for purchases of equipment	12,768	28,231	2,552
Employee compensation payable	102,374	77,449	35,507
Director compensation payable	8,508	5,741	6,386
Others	<u>438,926</u>	<u>965,271</u>	<u>920,033</u>
	<u>\$ 895,128</u>	<u>\$ 1,465,281</u>	<u>\$ 1,241,133</u>
Other current liabilities			
Temporary receipts	\$ 140,337	\$ 114,701	\$ 138,928
Others	<u>99,946</u>	<u>75,987</u>	<u>40,126</u>
	<u>\$ 240,283</u>	<u>\$ 190,688</u>	<u>\$ 179,054</u>

## 21. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023, the pension expenses of defined benefit plans were \$84 thousand, \$159 thousand, \$167 thousand and \$318 thousand, respectively, and these were calculated based on pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022.

## 22. EQUITY

### a. Share capital

	June 30, 2024	December 31, 2023	June 30, 2023
Number of shares authorized (in thousands of shares)	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
Shares authorized	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>431,208</u>	<u>431,208</u>	<u>375,208</u>
Shares issued and fully paid	<u>\$ 4,312,084</u>	<u>\$ 4,312,084</u>	<u>\$ 3,752,084</u>

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

To enhance working capital, on July 31, 2023, the board of directors held a meeting and resolved to issue 56 million shares, each with a par value of NT\$10, at NT\$49.8 per share. 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 was collected. Moreover, the capital change registration was completed on November 24, 2023.

b. Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Issuance of common shares	\$ 3,745,633	\$ 3,745,633	\$ 1,379,472
Conversion of bonds	667,058	667,058	667,058
Treasury share transactions	48,234	48,234	48,234
Expired employee stock warrants	33,789	33,789	-
Interest payable on bond conversion	13,243	13,243	13,243
Adjustment to share of change in equity of associates and joint ventures	61	61	-
<u>May be used to offset a deficit only</u>			
Treasury share transactions	<u>71,365</u>	<u>71,365</u>	<u>71,365</u>
	<u>\$ 4,579,383</u>	<u>\$ 4,579,383</u>	<u>\$ 2,179,372</u>

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 24-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 2023 and 2022 that had been resolved by the shareholders in their meeting on June 12, 2024 and June 9, 2023, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	<u>\$ 26,785</u>	<u>\$ 9,127</u>
Special reserve	<u>\$ 54,513</u>	<u>\$ 82,146</u>

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 first-time adoption of IFRS Accounting Standards could not fulfill the appropriation for the special reserves generated from the revaluation and translation differences, Pihong 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

	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance, beginning of period	\$ (293,466)	\$ (244,171)
Exchange differences on the translation of the financial statements of foreign operations	368,894	(6,146)
Changes in percentage of ownership interests in subsidiaries	<u>6,591</u>	<u>-</u>
Balance, end of period	<u>\$ 83,019</u>	<u>\$ (250,317)</u>

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

	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance, beginning of period	\$ (74,052)	\$ (80,339)
Current generation		
Unrealized gain - equity instruments	2,467	7,488
Share from associates accounted for using the equity method	<u>-</u>	<u>(5,136)</u>
Balance, end of period	<u>\$ (71,585)</u>	<u>\$ (77,987)</u>

f. Non-controlling Interests

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance, beginning of period	\$ (9,683)	\$ (9,653)
Attributable to non-controlling interests:		
Share of loss for the period	-	(27)
Changes in percentage of ownership interests in subsidiaries	10,133	-
Exchange differences on translation the financial statements of foreign entities	<u>(450)</u>	<u>(109)</u>
Balance, end of period	<u>\$ -</u>	<u>\$ (9,789)</u>

**23. REVENUE**

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 2,503,975	\$ 3,169,684	\$ 4,817,333	\$ 5,922,986
Other operating revenue	<u>96,517</u>	<u>24,536</u>	<u>125,458</u>	<u>51,133</u>
	<u>\$ 2,600,492</u>	<u>\$ 3,194,220</u>	<u>\$ 4,942,791</u>	<u>\$ 5,974,119</u>

**Contract Balances**

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>	<b>January 1, 2023</b>
Contract assets				
Contract assets - current	<u>\$ 9,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contract liabilities				
Contract liabilities - current (Note 30)	<u>\$ 370,007</u>	<u>\$ 423,831</u>	<u>\$ 813,732</u>	<u>\$ 300,547</u>

**24. NET PROFIT FROM CONTINUING OPERATIONS**

a. Interest income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Bank deposits	<u>\$ 39,938</u>	<u>\$ 30,254</u>	<u>\$ 75,022</u>	<u>\$ 46,927</u>

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Sample revenue	\$ 176	\$ 261	\$ 305	\$ 16,028
Dividend income	-	-	4,782	1,543
Rent revenue	10,087	-	21,124	-
Others (Note 30)	<u>59,158</u>	<u>34,407</u>	<u>75,662</u>	<u>64,187</u>
	<u>\$ 69,421</u>	<u>\$ 34,668</u>	<u>\$ 101,873</u>	<u>\$ 81,758</u>

c. Other gains and (losses)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Net foreign exchange gains	\$ 28,748	\$ 21,230	\$ 85,977	\$ 4,421
Gain (loss) on disposal of property, plant and equipment	3,972	(3,285)	4,011	(3,285)
Loss on disposal of intangible assets	-	(14)	(62)	(14)
Loss on disposal of investment	(518)	-	(518)	-
Gain on lease modification	-	284	266	540
Others	<u>(3,710)</u>	<u>(2,616)</u>	<u>(5,718)</u>	<u>(3,957)</u>
	<u>\$ 28,492</u>	<u>\$ 15,599</u>	<u>\$ 83,956</u>	<u>\$ (2,295)</u>

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Property, plant and equipment	\$ 80,962	\$ 73,949	\$ 158,598	\$ 149,639
Right-of-use assets	12,873	12,159	23,900	25,149
Investment properties	1,629	-	4,008	-
Computer software	<u>6,107</u>	<u>4,039</u>	<u>12,058</u>	<u>8,212</u>
	<u>\$ 101,571</u>	<u>\$ 90,147</u>	<u>\$ 198,564</u>	<u>\$ 183,000</u>
An analysis of depreciation by				
Operating costs	\$ 37,452	\$ 38,876	\$ 76,203	\$ 79,579
Operating expenses	<u>58,012</u>	<u>47,232</u>	<u>110,303</u>	<u>95,209</u>
	<u>\$ 95,464</u>	<u>\$ 86,108</u>	<u>\$ 186,506</u>	<u>\$ 174,788</u>
An analysis of amortization by				
Operating costs	\$ 697	\$ 938	\$ 1,491	\$ 2,088
Operating expenses	<u>5,410</u>	<u>3,101</u>	<u>10,567</u>	<u>6,124</u>
	<u>\$ 6,107</u>	<u>\$ 4,039</u>	<u>\$ 12,058</u>	<u>\$ 8,212</u>

e. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Bank loans interest	\$ 7,632	\$ 24,785	\$ 16,495	\$ 47,473
Bonds payable interest	2,648	2,648	5,295	5,294
Lease liabilities interest	915	716	1,481	1,545
Other finance costs	<u>1,425</u>	<u>2,633</u>	<u>4,294</u>	<u>4,073</u>
	<u>\$ 12,620</u>	<u>\$ 30,782</u>	<u>\$ 27,565</u>	<u>\$ 58,385</u>

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 719,645	\$ 664,441	\$ 1,390,769	\$ 1,258,587
Post-employment benefits				
Defined contribution plans	29,175	7,794	56,311	15,260
Defined benefit plans (Note 20)	<u>84</u>	<u>159</u>	<u>167</u>	<u>318</u>
Total employee benefits expense	<u>\$ 748,904</u>	<u>\$ 672,394</u>	<u>\$ 1,447,247</u>	<u>\$ 1,274,165</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 308,563	\$ 313,965	\$ 573,770	\$ 581,310
Operating expenses	<u>440,341</u>	<u>358,429</u>	<u>873,477</u>	<u>692,855</u>
	<u>\$ 748,904</u>	<u>\$ 672,394</u>	<u>\$ 1,447,247</u>	<u>\$ 1,274,165</u>

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 six months ended June 30, 2024 and 2023 are as follows:

Accrual rate

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Compensation of employees	10%	10%	10%	10%
Remuneration of directors	2%	2%	2%	2%



Amount

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Compensation of employees	\$ 5,266	\$ 12,925	\$ 13,840	\$ 18,466
Remuneration of directors	1,053	2,584	2,768	3,693

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

The appropriations of employees' compensation and remuneration of directors for 2023 and 2022 that was resolved by the board of directors on March 7, 2024 and March 9, 2023, respectively, is as shown below:

Amount

	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 28,702	\$ 13,462
Remuneration of directors	5,741	2,692

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Foreign exchange gains	\$ 35,978	\$ 31,327	\$ 105,259	\$ 109,487
Foreign exchange losses	<u>(7,230)</u>	<u>(10,097)</u>	<u>(19,282)</u>	<u>(105,066)</u>
Net gains	<u>\$ 28,748</u>	<u>\$ 21,230</u>	<u>\$ 85,977</u>	<u>\$ 4,421</u>

## 25. 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 Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ 16,051	\$ 59,810	\$ 54,741	\$ 116,071
Unappropriated earnings	22,833	-	22,833	-
Adjustments for prior year	<u>(671)</u>	<u>8,193</u>	<u>(5,698)</u>	<u>8,425</u>
	38,213	68,003	71,876	124,496
Deferred tax				
In respect of the current period	<u>(8,750)</u>	<u>(14,654)</u>	<u>1,842</u>	<u>(14,244)</u>
Income tax expense recognized in profit or loss	<u>\$ 29,463</u>	<u>\$ 53,349</u>	<u>\$ 73,718</u>	<u>\$ 110,252</u>

### b. Income tax assessments

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

## 26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ 0.10</u>	<u>\$ 0.31</u>	<u>\$ 0.26</u>	<u>\$ 0.43</u>
Diluted earnings per share	<u>\$ 0.10</u>	<u>\$ 0.31</u>	<u>\$ 0.26</u>	<u>\$ 0.43</u>

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 Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Profit used in the computation of basic earnings per share	<u>\$ 45,206</u>	<u>\$ 117,760</u>	<u>\$ 112,343</u>	<u>\$ 161,534</u>
Profit used in the computation of diluted earnings per share	<u>\$ 45,206</u>	<u>\$ 117,760</u>	<u>\$ 112,343</u>	<u>\$ 161,534</u>

## Ordinary Shares Outstanding

	Unit: In Thousands of Shares			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2024	2023	2024	2023
Weighted average number of ordinary shares used in computation of basic earnings per share	431,208	375,208	431,208	375,208
Effect of potentially dilutive ordinary shares				
Compensation of employee	<u>108</u>	<u>140</u>	<u>445</u>	<u>324</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>431,316</u>	<u>375,348</u>	<u>431,653</u>	<u>375,532</u>

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 government grants for acquiring energy-saving equipment in. 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 three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, the depreciation expenses have been decreased by \$623 thousand, \$522 thousand, \$1,413 thousand and \$1,044 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

June 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>146,070</u>	\$ <u>146,070</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>122,608</u>	\$ <u>122,608</u>

June 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>128,245</u>	\$ <u>128,245</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Balance, beginning of period	\$ 122,608	\$ 99,764	\$ 99,764
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	2,467	6,593	7,488
Additions	21,000	21,000	21,000
Repayment from capital reduction	-	(4,742)	-
Effect of foreign currency exchange differences	<u>(5)</u>	<u>(7)</u>	<u>(7)</u>
Balance, end of period	<u>\$ 146,070</u>	<u>\$ 122,608</u>	<u>\$ 128,245</u>

b. Categories of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 7,358,208	\$ 7,865,670	\$ 9,433,336
Financial assets at FVTOCI			
Equity instruments	146,070	122,608	128,245

Financial liabilities

Financial liabilities at amortized cost (2)	4,920,070	5,779,260	10,647,121
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- 1) The balances included cash and cash equivalents, financial assets measured at amortized cost, contract assets, notes receivable, trade receivables, trade receivables from related parties, other receivables and refundable deposits.
- 2) The balances included short-term borrowings, 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, contract assets, notes receivable, trade receivables, trade receivables from related parties, other receivables, refundable deposits/guarantee deposits received, short-term borrowings, contract liabilities, trade payables, trade payables to related parties, other payables, long-term borrowings, bonds payable and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

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 (increase) 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.

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
USD	\$ 16,511	\$ 5,979
RMB	(1,023)	(2,552)
VND	(36)	4,503

b) Interest rate risk

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

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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Fair value interest rate risk			
Financial liabilities	\$ 1,257,492	\$ 1,377,012	\$ 2,277,536
Cash flow interest rate risk			
Financial liabilities	404,488	544,257	3,951,440

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year.

If interest rates had increased/decreased by 1%, with all other variables held constant., the Group cash outflows/inflows would have been \$4,045 thousand and \$3,951 thousand for the six months ended June 30, 2024 and 2023, respectively.

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 June 30, 2024 and 2023, 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.

#### June 30, 2024

	<b>On Demand or Less than 1 Year</b>	<b>1 to 3 Years</b>	<b>Over 3 Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,258,090	\$ -	\$ -	\$ 3,258,090
Lease liabilities	32,413	30,745	22,632	85,790
Variable interest rate instrument	240,955	44,600	118,933	404,448
Fixed interest rate instrument	<u>472,408</u>	<u>-</u>	<u>699,294</u>	<u>1,171,702</u>
	<u>\$ 4,003,806</u>	<u>\$ 75,345</u>	<u>\$ 840,859</u>	<u>\$ 4,920,070</u>

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

	<b>Less than 1 Year</b>	<b>1 to 5 Years</b>	<b>5 to 10 Years</b>
Lease liabilities	<u>\$ 32,413</u>	<u>\$ 46,977</u>	<u>\$ 6,400</u>

December 31, 2023

	<b>On Demand or Less than 1 Year</b>	<b>1 to 3 Years</b>	<b>Over 3 Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
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	<u>622,978</u>	<u>-</u>	<u>699,092</u>	<u>1,322,070</u>
	<u>\$ 3,845,127</u>	<u>\$ 40,807</u>	<u>\$ 853,106</u>	<u>\$ 4,739,040</u>

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

	<b>Less than 1 Year</b>	<b>1 to 5 Years</b>	<b>5 to 10 Years</b>
Lease liabilities	<u>\$ 31,088</u>	<u>\$ 16,362</u>	<u>\$ 7,493</u>

June 30, 2023

	<b>On Demand or Less than 1 Year</b>	<b>1 to 3 Years</b>	<b>Over 3 Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 4,418,145	\$ -	\$ -	\$ 4,418,145
Lease liabilities	36,078	20,595	16,091	72,764
Variable interest rate instrument	3,407,461	395,312	148,667	3,951,440
Fixed interest rate instrument	<u>667,884</u>	<u>838,000</u>	<u>698,888</u>	<u>2,204,772</u>
	<u>\$ 8,529,568</u>	<u>\$ 1,253,907</u>	<u>\$ 863,646</u>	<u>\$ 10,647,121</u>

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

	<b>Less than 1 Year</b>	<b>1 to 5 Years</b>	<b>5 to 10 Years</b>
Lease liabilities	<u>\$ 36,078</u>	<u>\$ 36,686</u>	<u>\$ -</u>

b) Financing facilities

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Unsecured bank facilities:			
Amount used	\$ 181,488	\$ 376,870	\$ 4,001,636
Amount unused	<u>7,000,163</u>	<u>5,150,988</u>	<u>3,788,784</u>
	<u>\$ 7,181,651</u>	<u>\$ 5,527,858</u>	<u>\$ 7,790,420</u>

(Continued)



	June 30, 2024	December 31, 2023	June 30, 2023
Secured bank facilities:			
Amount used	\$ 695,408	\$ 808,810	\$ 1,495,364
Amount unused	<u>1,820,458</u>	<u>779,436</u>	<u>448,235</u>
	<u>\$ 2,515,866</u>	<u>\$ 1,588,246</u>	<u>\$ 1,943,599</u> (Concluded)

### 30. RELATED-PARTY TRANSACTIONS

a. The Group's related parties and relationship

<u>Related Party</u>	<u>Relationship with the Group</u>
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. (Note 2)	Other related party
TCC Energy Storage Technology Corporation ("TCC Energy Storage")	Related party
SG Digital Technology Ltd	Related party
EVSE Solutions ("EVSE")	Related party
FREE2MOVE ESOLUTIONS NORTH AMERICA LLC ("F2M")	Related party
Spring City Resort Co., Ltd.	Associate
Peter Lin	Phihong's chairman
Kevin Lin	Related party
Joyce Lin	Related party
Peggy Wu	Related party

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

Note 2: 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 Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2024	2023	2024	2023
Operating revenue	F2M	\$ 26,533	\$ -	\$ 205,880	\$ -
	EVSE	27,868	-	27,868	-
	Others	<u>446</u>	<u>2,334</u>	<u>906</u>	<u>2,628</u>
		<u>\$ 54,847</u>	<u>\$ 2,334</u>	<u>\$ 234,654</u>	<u>\$ 2,628</u>
Operating costs	Related party	<u>\$ -</u>	<u>\$ 43,587</u>	<u>\$ -</u>	<u>\$ 73,926</u>

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

<b>Related Party Name</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
TCC Energy Storage	\$ 12,647	\$ 12,606	\$ 13,779
F2M	6,417	53,069	-
EVSE	<u>2,109</u>	<u>-</u>	<u>-</u>
	<u>\$ 21,173</u>	<u>\$ 65,675</u>	<u>\$ 13,779</u>

d. Receivables from related parties

<b>Item</b>	<b>Related Party Name</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Trade receivables	TCC Energy Storage	\$ 1,821	\$ 873	\$ 2,881
	F2M	<u>678</u>	<u>1,313</u>	<u>-</u>
		<u>\$ 2,499</u>	<u>\$ 2,186</u>	<u>\$ 2,881</u>

e. Payables to related parties

<b>Item</b>	<b>Related Party Category</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Trade payables	Related party	<u>\$ -</u>	<u>\$ 4,788</u>	<u>\$ 68,488</u>

f. Operating expenses

<b>Related Party Category</b>	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Related party	<u>\$ 8,862</u>	<u>\$ 2,051</u>	<u>\$ 19,999</u>	<u>\$ 9,411</u>

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:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Short-term benefits	\$ 13,364	\$ 8,996	\$ 26,595	\$ 17,024
Post-employment benefits	<u>154</u>	<u>81</u>	<u>308</u>	<u>162</u>
	<u>\$ 13,518</u>	<u>\$ 9,077</u>	<u>\$ 26,903</u>	<u>\$ 17,186</u>

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, bonds payable and long-term borrowings. As of June 30, 2024, December 31, 2023 and June 30, 2023, the amounts of the guarantees were \$992,550 thousand, \$987,476 thousand and \$4,712,809 thousand, respectively.

i. Others

Item	Related Party Category	For the Three Months Ended		For the Six Months Ended	
		June 30		June 30	
		2024	2023	2024	2023
Non-operating income	Related party	\$ -	\$ -	\$ -	\$ 20

### 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 Post-release Duty Payment:

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets at amortized cost - current (Note 8)	\$ 8,133	\$ 2,700	\$ 3,203
Financial assets at amortized cost - non-current (Note 8)	-	10,500	14,500
Land	463,345	463,345	463,345
Right-of-use assets - land use right	68,254	65,693	65,836
Buildings	<u>404,520</u>	<u>418,256</u>	<u>433,790</u>
	<u>\$ 944,252</u>	<u>\$ 960,494</u>	<u>\$ 980,674</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

a. According to tariff to regulations, the Group provides letters of bank guarantee to apply for the customer clearance, Post-release Duty Payment. The amount of the letters of credit were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Letter of bank guarantee	\$ 1,000	\$ 1,000	\$ 2,500

- b. The Group signed a contract for the construction of new plants on the Group's own land. The amount of the unrecognized commitments was as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Acquisition of property, plant and equipment			
Signed amount	\$ 2,777,709	\$ 2,508,983	\$ 1,557,268
Unpaid amount	1,116,870	1,046,943	108,450

### 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:

#### June 30, 2024

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 78,208	32.53000	\$ 2,544,119
RMB	29,112	4.56433	132,876
VND	193,814,009	0.00128	248,082

#### Financial liabilities

Monetary items			
USD	27,451	32.53000	892,981
RMB	51,522	4.56433	235,162
VND	196,604,018	0.00128	251,653

#### December 31, 2023

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 82,978	30.70500	\$ 2,547,844
RMB	18,989	4.32623	82,152
VND	203,775,516	0.00126	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

June 30, 2023

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 65,881	31.07000	\$ 2,046,930
RMB	15,237	4.30285	65,564
VND	414,114,742	0.00132	546,631
<u>Financial liabilities</u>			
Monetary items			
USD	46,639	31.07000	1,449,062
RMB	74,554	4.30285	320,795
VND	72,958,763	0.00132	96,306

#### **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, 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:

	<b>Power Supply</b>	<b>EV Energy</b>	<b>Others</b>	<b>Total</b>
For the six months ended <u>June 30, 2024</u>				
Revenues from external customers	<u>\$ 2,990,990</u>	<u>\$ 1,943,072</u>	<u>\$ 8,729</u>	<u>\$ 4,942,791</u>
Segment (losses) incomes	<u>\$ (153,763)</u>	<u>\$ 103,582</u>	<u>\$ (2,638)</u>	\$ (52,819)
Interest incomes				75,022
Other incomes				101,873
Other gains and losses				83,956
Finance costs				(27,565)
Share of profit of associates				<u>5,594</u>
Gain before income tax				<u>\$ 186,061</u>
For the six months ended <u>June 30, 2023</u>				
Revenues from external customers	<u>\$ 4,011,010</u>	<u>\$ 1,891,039</u>	<u>\$ 72,070</u>	<u>\$ 5,974,119</u>
Segment (losses) incomes	<u>\$ (81,157)</u>	<u>\$ 264,515</u>	<u>\$ 23,093</u>	\$ 206,451
Interest incomes				46,927
Other incomes				81,758
Other gains and losses				(2,295)
Finance costs				(58,385)
Share of profit of associates				<u>(2,697)</u>
Gain before income tax				<u>\$ 271,759</u>

## PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	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	\$ 325,300 (US\$ 10,000,000)	\$ - (US\$ 10,000,000)	\$ -	6.50%	b	\$ -	Capital movement	\$ -	-	\$ -	\$ 1,980,242	\$ 3,960,485	
		ZCM	"	"	487,950 (US\$ 15,000,000)	-	-	6.50%	"	-	"	-	-	-	1,980,242	3,960,485	
		ZAS	"	"	97,590 (US\$ 3,000,000)	-	-	6.50%	"	-	"	-	-	-	1,980,242	3,960,485	
		ZNS	"	"	48,795 (US\$ 1,500,000)	-	-	6.50%	"	-	"	-	-	-	1,980,242	3,960,485	
		ZJS	"	"	81,325 (US\$ 2,500,000)	-	-	6.50%	"	-	"	-	-	-	1,980,242	3,960,485	
		PHJ	"	"	487,950 (US\$ 15,000,000)	487,950 (US\$ 15,000,000)	97,590	6.30%	"	-	"	-	-	-	1,980,242	3,960,485	
		1	PHC	PHE	"	"	45,463 (RMB 10,000,000)	45,463 (RMB 10,000,000)	45,463	4.90%	"	-	"	-	-	-	2,256,839
2	PHZ	PHP	"	"	1,026,975 (RMB 225,000,000)	1,026,975 (RMB 225,000,000)	1,026,975	4.75%	"	-	"	-	-	-	2,101,384	2,101,384	
3	PHA	ZAS	"	"	390,360 (US\$ 12,000,000)	-	-	6.50%	"	-	"	-	-	-	1,908,898	1,908,898	
4	ZSH	ZAS	"	"	325,300 (US\$ 10,000,000)	325,300 (US\$ 10,000,000)	162,650	6.55%	"	-	"	-	-	-	3,115,556	3,115,556	
		ZNS	"	"	162,650 (US\$ 5,000,000)	162,650 (US\$ 5,000,000)	-	6.55%	"	-	"	-	-	-	3,115,556	3,115,556	
		ZJS	"	"	325,300 (US\$ 10,000,000)	325,300 (US\$ 10,000,000)	-	6.55%	"	-	"	-	-	-	3,115,556	3,115,556	

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 the operating procedures for loans to other subsidiary 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 of the subsidiary.



## PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(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	\$ 7,425,910	\$ 292,770 (US\$ 9,000,000)	\$ 65,060 (US\$ 2,000,000)	\$ 24,664	\$ -	0.66	\$ 9,901,214	Y	N	N	6 and 9
		ZTM	"	7,425,910	1,700,000	1,700,000	-	-	17.17	9,901,214	Y	N	N	4, 7 and 10
		ZSH	"	7,425,910	1,675,295 (US\$ 51,500,000)	1,675,295 (US\$ 51,500,000)	- (US\$ -)	-	16.92	9,901,214	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. (Expired in May 2024.)

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

JUNE 30, 2024

(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	June 30, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
PHT	<u>Ordinary shares</u>							
	Pao-Dian Venture Capital Co., Ltd.	None	Financial assets at FVTOCI - non-current	229,980	\$ 3,000	10.49	\$ 3,000	
	Zhong-Xuan Venture Capital Co., Ltd.	"	"	2,314,097	17,903	8.62	17,903	
	BMC Venture Capital Investment Corporation	"	"	5,700,000	78,007	9.84	78,007	
	RFIC Technology Corporation	"	"	1,000,000	3,497	3.50	3,497	
	BMD Venture Capital Investment Corporation	"	"	4,200,000	41,371	9.31	41,371	
Guang-Lai	<u>Ordinary shares</u>							
	Taiwan Cultural & Creativity No. 1 Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,000,000	2,200	10.83	2,200	
PHJ	<u>Ordinary shares</u>							
	ENECHANGE EV Labs Ltd.	None	Financial assets at FVTOCI - non-current	45	92	5	92	

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 SIX MONTHS ENDED JUNE 30, 2024**

**(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	
PHT	PHA	Subsidiary of the Company	Sale	\$ (1,024,875)	(41.54)	To be agreed by both parties	-	-	\$ 162,779	19.98	
	PHJ	"	"	(106,262)	(4.31)	"	-	-	68,804	8.44	
	PHC	"	Purchase	1,249,477	49.55	"	-	-	(242,854)	(14.52)	
	PHP	"	"	382,901	15.18	"	-	-	(99,163)	(5.93)	
	PHV	"	"	870,029	34.50	"	-	-	(197,374)	(11.80)	
PHA	PHT	Subsidiary of PHT	Purchase	1,024,875	94.29	To be agreed by both parties	-	-	(184,260)	(98.86)	
PHJ	PHT	Subsidiary of PHT	Purchase	106,262	87.10	To be agreed by both parties	-	-	(68,806)	(100.00)	
PHC	PHT	Subsidiary of PHT	Sale	(1,249,477)	(100.00)	To be agreed by both parties	-	-	236,626	100.00	
PHP	PHT	Subsidiary of PHT	Sale	(382,901)	(53.62)	To be agreed by both parties	-	-	99,163	32.72	
PHV	PHT	Subsidiary of PHT	Sale	(870,029)	(74.01)	To be agreed by both parties	-	-	188,950	70.03	
	ZSH	Between subsidiaries	"	(290,091)	(24.68)	"	-	-	67,194	24.90	
ZSH	ZAS	Subsidiary of the Company	Sale	(744,329)	(46.48)	To be agreed by both parties	-	-	347,453	46.43	
ZTM	ZSH	Subsidiary of ZSH	Sale	(420,012)	(53.77)	To be agreed by both parties	-	-	-	-	
	ZAS	Between subsidiaries	"	(116,913)	(14.97)	"	-	-	89,559	50.96	
ZCM	ZSH	Between subsidiaries	Sale	(664,759)	(83.30)	To be agreed by both parties	-	-	63,287	33.08	
ZSH	ZTM	Subsidiary of the Company	Purchase	129,022	11.26	To be agreed by both parties	-	-	(78,739)	(30.04)	
	ZCM	"	"	664,759	58.01	"	-	-	(63,616)	(24.27)	
	ZNS	"	Sale	(117,992)	(7.37)	"	-	-	35,763	4.78	
	PHV	Between subsidiaries	Purchase	290,091	25.31	"	-	-	(67,194)	(25.64)	
ZAS	ZSH	Subsidiary of ZSH	Purchase	744,329	96.50	To be agreed by both parties	-	-	(347,453)	(94.74)	
	ZTM	Between subsidiaries	"	116,913	15.16	"	-	-	(11,393)	(3.11)	
ZNS	ZSH	Between subsidiaries	Purchase	117,992	87.63	To be agreed by both parties	-	-	(35,763)	(96.46)	

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2024

(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		
PHT	PHC	Subsidiary of the Company	Other receivables \$ 510,012	-	\$ -	-	\$ 105,591	\$ -
	PHV	"	Other receivables 730,543	-	-	-	165,559	-
	PHA	"	Trade receivables 162,779	15.44	-	-	146,146	-
PHZ	PHP	Sister company	Other receivables 1,051,365	-	-	-	-	-
PHC	PHT	Subsidiary of PHT	Trade receivables 236,626	11.08	-	-	236,620	-
PHV	PHT	Subsidiary of PHT	Trade receivables 188,950	8.96	-	-	168,606	-
ZSH	ZAS	Subsidiary of ZSH	Other receivables 164,312	-	-	-	302	-
	"	"	Trade receivables 347,453	7.15	-	-	139,046	-

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(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	\$ 1,024,875	To be agreed by both parties	21.00
		PHJ	"	"	106,262	"	2.00
		PHV	"	"	34,421	"	1.00
		PHC	"	Purchase	1,249,477	No significant difference	25.00
		PHP	"	"	382,901	"	8.00
		PHV	"	"	870,029	"	18.00
		PHA	"	Trade receivables	162,779	To be agreed by both parties	1.00
		PHC	"	Other receivables	510,012	-	3.00
		PHJ	"	"	97,994	-	1.00
		PHV	"	"	730,543	-	5.00
		1	PHZ	PHP	c	Other receivables	1,051,365
2	PHC	PHT	b	Trade receivables	236,626	To be agreed by both parties	2.00
3	PHP	PHT	b	Trade receivables	99,163	To be agreed by both parties	1.00
4	PHV	PHT	b	Trade receivables	188,950	To be agreed by both parties	1.00
		ZSH	c	Sales revenue	290,091	"	6.00
5	ZTM	ZAS	c	Service income	116,913	To be agreed by both parties	2.00
		ZSH	"	Service income	291,278	"	6.00
		"	"	Sales revenue	128,734	"	3.00
		ZAS	"	Trade receivables	89,559	"	1.00
6	ZSH	ZTM	c	Sales revenue	97,868	To be agreed by both parties	2.00
		ZAS	"	"	744,329	"	15.00
		ZNS	"	"	117,992	"	2.00
		ZJS	"	"	75,182	"	2.00
		ZAS	"	Trade receivables	347,453	"	2.00
		"	"	Other receivables	164,312	"	1.00

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
7	ZCM	ZCT	c	Sales revenue	\$ 83,435	To be agreed by both parties	2.00
		ZSH	"	"	664,759	"	13.00
		PHV	"	"	28,745	"	1.00
		ZCT	"	Trade receivables	97,769	"	1.00
8	ZCT	ZSH	c	Sales revenue	48,982	To be agreed by both parties	1.00
9	ZNS	ZSH	c	Service income	39,335	To be agreed by both parties	1.00

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 June 30, 2024. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended June 30, 2024.

(Concluded)

## PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note	
				June 30, 2024	December 31, 2023	Shares	%	Carrying Amount				
PHT	PHI	British Virgin Islands	Makes investments	\$ 3,209,288	\$ 3,209,288	102,421,351	100.00	\$ 2,894,980	\$ 89,242	\$ 96,862		
	PHA	The United States	Sells various power supplies	207,203	207,203	3,100,000	100.00	1,254,401	(10,939)	(10,939)		
	PHK	British Virgin Islands	Makes investments	554,154	554,154	18,840,000	100.00	(448,821)	(50,722)	(49,196)		
	PHQ	British Virgin Islands	Makes investments	352,043	352,043	12,012,600	100.00	49,537	(10,041)	(10,164)		
	Guang-Lai	Taiwan	Makes investments	139,758	139,758	13,975,828	100.00	122,231	13,784	13,784		
	H&P Venture Capital Co., Ltd.	Taiwan	Makes investments	-	6,869	-	-	-	-	-		Dissolved in April 2024.
	PHJ	Japan	Sells power components	295,181	295,181	25,000	100.00	212,264	(2,672)	(2,672)		
	PHV	Vietnam	Manufactures and sells various power supplies	1,906,713	1,906,713	65,000,000	100.00	1,681,976	19,728	19,746		
	ZKH	Cayman Islands	Makes investments	2,083,650	2,083,650	699,272,603	100.00	2,771,159	102,670	85,416		
				(US\$ 69,927,620)	(US\$ 69,927,620)							
PHI	N-Lighten	The United States	Makes investments	-	409,851	-	-	-	-	-	Dissolved in June 2024.	
Guang-Lai	Spring City Resort Co., Ltd.	Taiwan	Hotel and attached restaurant and the general bathroom industry	196,250	196,250	3,462,343	25.27	9,313	5,782	1,461	Converted to non-current assets held for sale in June 2024.	
	Han-Yu Venture Capital Co., Ltd.	Taiwan	Makes investments	100,000	100,000	8,000,000	22.22	80,519	18,595	4,133	Dissolved in June 2024.	
	N-Lighten	The United States	Makes investments	-	206,084	-	-	-	-	-		
ZKH	ZSH	Singapore	Makes investments and sells of electrical equipment	2,117,995	2,175,576	67,649,888	100.00	2,778,767	145,287	104,264		
				(US\$ 65,872,408)	(US\$ 67,649,888)							
ZSH	ZJS	Japan	Sells of electrical equipment and provides electric vehicle charging solutions	16,848	16,848	8,000	100.00	42,585	21,683	21,683		
				(JPY 80,000,000)	(JPY 80,000,000)							
	ZAH	The United States	Makes investments	95,482	95,482	3,050,000	100.00	257,247	(11,473)	(11,473)		
				(US\$ 3,050,000)	(US\$ 3,050,000)							
	ZTM	Taiwan	Manufactures, sells of electrical equipment and provides electric vehicle charging solutions	624,343	624,343	60,000,000	100.00	1,091,565	41,472	41,472	The ZTM organization structure was transferred to ZSH ownership on April 17, 2023.	
	ZNS	Netherlands	Sells of electrical equipment and provides electric vehicle charging solutions	104,056	104,056	100	100.00	99,423	(9,397)	(9,397)		
				(EUR 3,000,000)	(EUR 3,000,000)							
ZAH	ZAS	The United States	Sells of electrical equipment and provides electric vehicle charging solutions	95,150	95,150	3,000,000	100.00	255,894	(11,353)	(11,353)		
				(US\$ 3,000,000)	(US\$ 3,000,000)							

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 SIX MONTHS ENDED JUNE 30, 2024  
(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2024	Accumulated Repatriation of Investment Income as of June 30, 2024	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)	\$ 64,096	100	\$ 64,096	\$ 1,504,560	\$ -	
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)	15,026	100	15,026	1,400,923	-	
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)	(50,962)	100	(50,962)	(437,671)	-	
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)	(1,140)	100	(1,140)	75,785	-	
PHE	Manufactures and sells electronic materials	360,124 (US\$ 11,500,000)	"	360,124 (US\$ 11,500,000)	-	-	360,124 (US\$ 11,500,000)	(8,779)	100	(8,779)	(27,090)	-	
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)	27,224	100	27,224	24,213	-	
ZCS	Sells of electrical equipment and provides electric vehicle charging solutions	21,588 (US\$ 670,000)	"	6,430 (US\$ 200,000)	-	-	6,430 (US\$ 200,000)	(3,853)	100	(3,853)	2,331	-	
ZCT	Sells of electrical equipment and provides electric vehicle charging solutions	49,027 (US\$ 1,605,000)	Indirect investment in mainland China through ZCM	63,934 (US\$ 2,865,000)	-	-	63,934 (US\$ 2,865,000)	5,356	100	5,356	13,702	-	Note 3

Note 1: The amount was recognized based on reviewed financial statements.

Note 2: 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.

Note 3: The reorganization of Yanghong on the first quarter of 2024 was under ZCM, and changed its name to Zerova Trading Services (Shanghai) Co., Ltd.

2. Limit on investment amount in Mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2024	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$4,241,115	\$5,100,493	Note

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 SIX MONTHS ENDED JUNE 30, 2024**  
**(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	\$ 1,249,477	49.55	To be agreed by both parties	To be agreed by both parties	-	\$ (242,854)	(14.52)	\$ -	
PHP	"	382,901	15.18	"	"	-	(99,163)	(5.93)	-	
ZCM	"	664,759	58.01	"	"	-	(63,616)	(24.27)	-	

**TABLE 10****PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****JUNE 30, 2024**

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.