



# **One. Call to Order**

## **Two. Meeting Agenda**

# **Phihong Technology Co., Ltd.**

## **Agenda of 2024 shareholders' meeting**

Method: Physical shareholders' meeting.

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

**Location:** Fullon Hotel Taoyuan Airport Access MRT A8 (3F., No. 2, Fuxing 1st Rd., Guishan Dist., Taoyuan City)

### **I. Speech Delivery by Chairman**

### **II. Reporting Issues**

- (1) Year 2023 Business Report
- (2) The Audit Committee's Review Report on the 2023 Financial Statements.
- (3) Amendments to the Company's report on "Regulations Governing the Meetings of the Board of Directors"
- (4) Report on Employee Compensation and Directors' Remuneration for 2023

### **III. Recognizing Issues**

- (1) Adoption of the 2023 Financial Statements.
- (2) Adoption of the Proposal for 2023 earning.

### **IV. Issues to be Discussed**

- (1) Proposal for Amendment to the "Procedures for the Loaning of Funds to Others" of the Company.

### **V. Elections**

- (1) By-election of an Independent Director.

### **VI Other Proposals**

- (1) Release of the Non-competition Restriction of Directors

### **VII. Extempore Motions**

### **VIII. Meeting Adjourned**

# **Reporting**

## **1. Year 2023 Business Report, hereby submitted for review.**

### **Description:**

Year 2023 Business Report (please refer to Attachment 1 on pages 9 to 13 of the Handbook).

## **2. Audit Committee's Review Report on the 2023 Financial Statements, hereby submitted for review.**

### **Description:**

Year 2023 Audit Committee's Review Report (please refer to Attachment 2 on page 13 of the Handbook).

## **3. The amendment to the Company's report on "Rules of Procedure for Board of Directors Meetings", hereby submitted for review.**

### **Description:**

According to Order Jin-Guan-Zheng-Fa-Zi No. 1120383996 of the Financial Supervisory Commission dated January 11, 2024, the Company amended the partial provisions of its "Rules of Procedure for Board of Directors Meetings." For the comparison table of the amendment, please refer to Attachment 3 on pages 15 to 17 of the Handbook.

## **4. Report on Employee Compensation and Directors' Remuneration for 2023, hereby submitted for review.**

### **Description:**

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

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

# **Recognizing Issues**

## **1. Subject: Adoption of 2023 Financial Statements, submitted for adoption. (Proposed by the Board of Directors)**

### **Description:**

- (1) The Company's 2023 business report and financial statements were approved by the Board of Directors on March 7, 2024 and the financial statements were audited by CPAs Chang, Chih-I and Hong, Kuo-Tien from Deloitte & Touche.
- (2) The final financial statements have been submitted to and reviewed by the Audit Committee of the Company, and the review report has been issued.
- (3) The following statements are enclosed:
  1. Year 2023 Business Report (please refer to Attachment 1 on pages 9 to 13 of the Handbook).
  2. Year 2023 Standalone financial statements and consolidated financial statements (please refer to Attachments 4 and 5 on pages 18 to 53 of the Handbook).

### **Resolution:**

## **2. Subject: Adoption of the Proposal for 2023 earning hereby submitted for adoption. (Proposed by the board of directors)**

### **Description:**

- (1) The company's net profit after tax in 2023 was NT\$262,551,178. The opening cumulative loss was nil, plus the remeasurements of the defined benefit plan of NT\$5,295,204, and the Company appropriated 10% as the legal reserve of NT\$26,784,638 and appropriated a special reserve of NT\$54,513,623 according to the Articles of Incorporation and relevant laws and regulations. The earnings available for distribution were NT\$186,548,121.
- (2) According to Article 21-1, if the earnings available for distribution during the year are less than 15% of the paid-in capital, no distribution shall be made. The

earnings available for distribution in 2023 was NT\$186,548,121, which was less than 15% of the paid-in capital; therefore, the Company will not distribute earnings.

(3) The “2023 Earnings Distribution Statement” is enclosed (please refer to Attachment 6 on page 54 of the Handbook)

**Resolution:**

## **Issues to be Discussed**

**1. Subject: The proposal for the amendment to the “Procedures for the Loaning of Funds to Others” of the Company is hereby submitted for determination. (Proposed by the Board of Directors)**

**Descriptions:**

In response to the operational requirements, the Company intends to amend partial provisions of the “Procedures for the Loaning of Funds to Others” of the Company. For the comparison table of the amendment, please refer to Attachment 7 on pages 55 to 59 of the Handbook.

**Resolution:**

## **Elections**

**1. Subject: The by-election of an Independent Director is hereby submitted for election. (Proposed by the Board of Directors)**

**Description:**

(1) According to Article 13 of the Articles of Incorporation, the Company has 9 to 11 Directors. The candidate nomination system is adopted for the election of Directors, who shall be elected by the shareholders’ meeting from the list of candidates.

(2) The 15th session of the Board has a vacancy for an Independent Director, and the

shareholders' meeting shall carry out the by-election of an Independent Director according to the law. The new Independent Director shall assume the position on the day she/he is elected, and the term of office shall be from June 12, 2024, to June 8, 2026. The list of Independent Director candidates was approved by the Board of the Company, and shareholders shall elect the Independent Director from the list of candidates (please refer to Attachment 8 on page 60 of the Handbook).

(3) Regulations for the Election of Directors (please refer to Appendix 4 on page 82~83 of the Handbook).

**Election Result:**

## **Other Proposals**

**1. Subject: The proposal for the release of the non-competition restriction on Directors is hereby submitted for determination. (Proposed by the Board of Directors)**

**Description:**

- (1) Arrangements are made according to Article 209 of the Company Act: “a Director who does anything for herself/himself or on behalf of another person that is within the scope of the Company's business shall explain to the shareholders' meeting the essential contents of such an act and secure its approval.”
- (2) In response to the business requirements and based on the considerations of investments or other business development, the Company intends to release the non-competition restrictions on Directors when not harming the interests of the Company. For the Statement of Directors' Concurrent Positions in Other Companies, please refer to Attachment 9 on page 61 of the Handbook.

**Resolution:**

## **Extempore Motions**

## **Three. Attachments**

## **【Attachment 1】 Business Report**

**Dear shareholders, ladies and gentlemen,**

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

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

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

### **I. Financial Performance**

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

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

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

(2) Analysis of Financial Income and Expenditure and Profitability

1. Financial Income and Expenditure Analysis

Unit: NT\$1,000,%

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

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

2. Profitability Analysis

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

**II. Research and Development Status**

(1) Zerova Technologies Taiwan Limited Zerova Charging equipment Products

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

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

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

## (2) Power Supply Products

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

## III. Business Policies and Objectives

### (1) Company Development:

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

transformation

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

(2) Zerova:

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

(3) Power Supply Products

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

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

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

The current production and marketing strategy is as follows:

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

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

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

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

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

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

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

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

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

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

**Phihong Technology Co., Ltd.**

**Audit Committee’s Review Report**

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

Sincerely,

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

Convener of the Audit Committee: Hong, Yu-Yuan

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

**Phihong Technology Co., Ltd.  
Comparison Table for the provisions Before and After the Amendments to the “Regulations Governing the Meetings of the Board of Directors”**

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

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

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

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

### **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

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

Very truly yours,

PHIHONG TECHNOLOGY CO., LTD.

By

Lin, Chung Ming

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March 7, 2024

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

#### The Accuracy of Sales Revenue from Electric Vehicle Energy Business

Description of the key audit matter:

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

Corresponding audit procedures:

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

#### **Other Matter**

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 7, 2024

Notice to Readers

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

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

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

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2023 AND 2022**

**(In New Taiwan Dollars)**

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 5,851,805	38	\$ 2,990,883	20
Financial assets at amortized cost - current (Notes 4, 8 and 31)	235,014	1	541,072	4
Notes receivables (Notes 4 and 9)	-	-	16,159	-
Trade receivables (Notes 4 and 9)	1,708,500	11	2,664,733	18
Trade receivables from related parties (Notes 10 and 30)	873	-	-	-
Other receivables	36,210	-	45,588	-
Current tax assets	49,059	-	-	-
Inventories (Notes 4 and 10)	2,602,895	17	3,296,580	23
Other current assets	<u>300,270</u>	<u>2</u>	<u>282,685</u>	<u>2</u>
Total current assets	<u>10,784,626</u>	<u>69</u>	<u>9,837,700</u>	<u>67</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	122,608	1	99,764	1
Financial assets at amortized cost - non-current (Notes 4, 8 and 31)	10,500	-	22,030	-
Investments accounted for using the equity method (Notes 4 and 12)	86,674	1	112,871	1
Property, plant and equipment (Notes 4 and 13)	3,823,140	25	3,986,175	27
Right-of-use assets (Note 4 and 14)	308,023	2	357,042	3
Investment property (Note 15)	271,958	2	-	-
Other intangible assets (Notes 4 and 16)	46,835	-	41,098	-
Deferred tax assets (Notes 4 and 24)	54,542	-	57,493	-
Other non-current assets	<u>69,640</u>	<u>-</u>	<u>75,304</u>	<u>1</u>
Total non-current assets	<u>4,793,920</u>	<u>31</u>	<u>4,751,777</u>	<u>33</u>
TOTAL	<u>\$ 15,578,546</u>	<u>100</u>	<u>\$ 14,589,477</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 878,851	6	\$ 1,328,070	9
Short-term bills payable (Note 17)	-	-	69,740	-
Contract liabilities - current (Notes 22 and 30)	423,831	3	300,547	2
Trade payables	1,933,927	12	2,655,491	18
Trade payables to related parties (Note 30)	4,788	-	86,319	1
Other payables (Note 19)	1,465,281	9	1,017,945	7
Current tax liabilities (Notes 4 and 24)	146,078	1	136,533	1
Lease liabilities - current (Notes 4 and 14)	31,088	-	44,518	-
Current portion of long-term borrowings (Note 17)	117,417	1	398,592	3
Other current liabilities (Notes 12 and 19)	<u>190,688</u>	<u>1</u>	<u>148,379</u>	<u>1</u>
Total current liabilities	<u>5,191,949</u>	<u>33</u>	<u>6,186,134</u>	<u>42</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 18)	699,092	5	698,688	5
Long-term borrowings (Note 17)	170,967	1	1,333,583	9

Deferred tax liabilities (Notes 4 and 24)	30,265	-	44,649	-
Lease liabilities - non-current (Notes 4 and 15)	23,855	-	51,292	1
Net defined benefit liabilities - non-current (Notes 4 and 20)	32,019	1	49,017	-
Other non-current liabilities	<u>30,163</u>	<u>-</u>	<u>10,697</u>	<u>-</u>
 Total non-current liabilities	 <u>986,361</u>	 <u>7</u>	 <u>2,187,926</u>	 <u>15</u>
 Total liabilities	 <u>6,178,310</u>	 <u>40</u>	 <u>8,374,060</u>	 <u>57</u>
 EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Ordinary shares	<u>4,312,084</u>	<u>28</u>	<u>3,752,084</u>	<u>26</u>
Capital surplus	<u>4,579,383</u>	<u>29</u>	<u>2,179,372</u>	<u>15</u>
Retained earnings				
Legal reserve	305,119	2	295,992	2
Special reserve	313,005	2	230,859	1
Unappropriated earnings	<u>267,846</u>	<u>2</u>	<u>91,273</u>	<u>1</u>
Total retained earnings	<u>885,970</u>	<u>6</u>	<u>618,124</u>	<u>4</u>
Other equity				
Exchange differences on translating of the financial statements of foreign operations	(293,466)	(2)	(244,171)	(2)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	<u>(74,052)</u>	<u>(1)</u>	<u>(80,339)</u>	<u>-</u>
Total other equity	<u>(367,518)</u>	<u>(3)</u>	<u>(324,510)</u>	<u>(2)</u>
 Total equity attributable to owners of the Company	 9,409,919	 60	 6,225,070	 43
 NON-CONTROLLING INTERESTS (Note 21)	 <u>(9,683)</u>	 <u>-</u>	 <u>(9,653)</u>	 <u>-</u>
 Total equity	 <u>9,400,236</u>	 <u>60</u>	 <u>6,215,417</u>	 <u>43</u>
 TOTAL	 <u>\$ 15,578,546</u>	 <u>100</u>	 <u>\$ 14,589,477</u>	 <u>100</u>

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

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

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 22, 30 and 35)	\$ 12,332,397	100	\$ 14,017,575	100
OPERATING COSTS (Notes 4, 10 and 30)	<u>9,119,641</u>	<u>74</u>	<u>11,875,937</u>	<u>85</u>
GROSS PROFIT	<u>3,212,756</u>	<u>26</u>	<u>2,141,638</u>	<u>15</u>
OPERATING EXPENSES				
Selling and marketing expenses	944,647	8	768,098	6
General and administrative expenses	855,240	7	604,148	4
Research and development expenses	1,034,425	8	755,214	5
Expected credit loss	<u>23,701</u>	<u>-</u>	<u>521</u>	<u>-</u>
Total operating expenses	<u>2,858,013</u>	<u>23</u>	<u>2,127,981</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>354,743</u>	<u>3</u>	<u>13,657</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	121,092	1	38,017	-
Other income (Note 23)	156,719	1	165,206	1
Other gains and losses (Note 23)	(32,332)	-	55,720	1
Finance costs (Note 23)	(130,483)	(1)	(77,918)	-
Share of profit or loss of associates (Note 12)	<u>(5,333)</u>	<u>-</u>	<u>(6,542)</u>	<u>-</u>
Total non-operating income and expenses	<u>109,663</u>	<u>1</u>	<u>174,483</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	464,406	4	188,140	2
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(201,892)</u>	<u>(2)</u>	<u>(116,834)</u>	<u>(1)</u>

NET PROFIT FOR THE YEAR	<u>262,514</u>	<u>2</u>	<u>71,306</u>	<u>1</u>
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OTHER COMPREHENSIVE INCOME

Items that will not be reclassified subsequently  
to profit or loss:

Remeasurement of defined benefit plans (Note  
20)

6,619	-	24,932	-
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Unrealized gain (loss) on investments in  
equity instruments at fair value through  
other comprehensive income (Note 21)

6,593	-	(862)	-
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(Continued)

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

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

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

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

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

(Concluded)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company					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 Loss on Financial Assets at Fair Value Through Other Comprehensive Income			
			Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)					
BALANCE AT JANUARY 1, 2022	\$ 3,752,084	\$ 2,179,372	\$ 612,916	\$ 230,859	\$ (316,924)	\$ (523,866)	\$ (88,412)	\$ 5,846,029	\$ (8,671)	\$ 5,837,358
Legal reserve used to offset accumulated losses (Note 21)	-	-	(316,924)	-	316,924	-	-	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	71,327	-	-	71,327	(21)	71,306
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	19,946	279,695	8,073	307,714	(961)	306,753
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	91,273	279,695	8,073	379,041	(982)	378,059
BALANCE AT DECEMBER 31, 2022	3,752,084	2,179,372	295,992	230,859	91,273	(244,171)	(80,339)	6,225,070	(9,653)	6,215,417
Appropriation of 2022 earnings										
Legal reserve (Note 21)	-	-	9,127	-	(9,127)	-	-	-	-	-
Special reserve (Note 21)	-	-	-	82,146	(82,146)	-	-	-	-	-
Adjustments to share of changes in equity of associates	-	61	-	-	-	-	-	61	-	61
Share-based payment arrangements (Note 25)	-	176,400	-	-	-	-	-	176,400	-	176,400

Issuance of ordinary shares for cash (Note 21)	560,000	2,223,550	-	-	-	-	-	2,783,550	-	2,783,550
Net profit for the year ended December 31, 2023	-	-	-	-	262,551	-	-	262,551	(37)	262,514
Other comprehensive income (loss) for the year ended December 31, net of income tax	-	-	-	-	5,295	(49,295)	6,287	(37,713)	7	(37,706)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	267,846	(49,295)	6,287	224,838	(30)	224,808
BALANCE AT DECEMBER 31, 2023	<u>\$ 4,312,084</u>	<u>\$ 4,579,383</u>	<u>\$ 305,119</u>	<u>\$ 313,005</u>	<u>\$ 267,846</u>	<u>\$ (293,466)</u>	<u>\$ (74,052)</u>	<u>\$ 9,409,919</u>	<u>\$ (9,683)</u>	<u>\$ 9,400,236</u>

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

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

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before tax	\$ 464,406	\$ 188,140
Adjustments for:		
Depreciation expense	348,556	315,388
Amortization expense	18,944	15,113
Expected credit loss recognized	23,701	521
Finance costs	130,483	77,918
Interest income	(121,092)	(38,017)
Dividend income	(7,477)	(2,995)
Compensation cost of share-based payments	176,400	-
Share of loss of associates	5,333	6,542
Loss on disposal of property, plant and equipment	2,345	9,063
Loss on disposal of intangible assets	262	44
Proceeds from disposal of non-current assets held for sale	-	(11,765)
Gain on disposal of investments	-	(3,334)
Write-down of inventories	144,057	144,071
Gain on lease modification	(540)	-
Net changes in operating assets and liabilities		
Notes receivables	16,159	727
Trade receivables	932,834	(436,165)
Trade receivables from related parties	(873)	-
Other receivables	9,663	(16,510)
Other receivables from related parties	3,654	(3,654)
Inventories	549,628	(236,219)
Other current assets	(13,019)	(132,121)
Other non-current assets	5,595	242
Contract liabilities	123,284	140,833
Trade payables	(721,564)	(545,189)
Trade payables to related parties	(81,531)	25,197
Other payables	447,038	383,394

Other current liabilities	42,309	(109,775)
Net defined benefit liabilities	<u>(10,379)</u>	<u>(13,143)</u>
Cash generated from (used in) operating activities	2,488,176	(241,694)
Interest received	117,153	34,498
Interest paid	(125,249)	(69,287)
Income tax paid	<u>(254,163)</u>	<u>(22,191)</u>
Net cash generated from (used in) operating activities	<u>2,225,917</u>	<u>(298,674)</u>

#### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income	(21,000)	(16,104)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,742	2,704

(Continued)

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
Purchase of financial assets at amortized cost	(15,215)	(300,634)
Proceeds from sale of financial assets at amortized cost	324,051	949
Purchase of initial recognition of finance assets designated as at fair value through profit or loss	-	(833,529)
Proceeds from disposal of financial assets at fair value through profit or loss	-	836,871
Capital reduction of investments accounted for using equity method.	26,869	-
Acquisition of investment accounted for using equity method.	(6,250)	-
Proceeds from disposal of non-current assets held for sale	-	257,048
Payments for property, plant and equipment	(412,748)	(832,436)
Proceeds from disposal of property, plant and equipment	18,683	3,579
Increase in refundable deposits	-	(4,178)
Decrease in refundable deposits	4,769	-
Payment for intangible assets	(24,086)	(25,167)
Proceeds from disposal of intangible assets	6	-
Increase in prepayments for equipment	(65,031)	(57,815)
Dividends received	7,477	3,843
Receive government grants	-	4,057
	<u>                    </u>	<u>                    </u>
Net cash used in investing activities	<u>(157,733)</u>	<u>(960,812)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(437,135)	352,325
(Decrease) increase in Short-term bills payable	(69,740)	69,740
Proceeds from long-term borrowings	4,197,188	3,365,461
Repayments of long-term borrowings	(5,640,979)	(3,232,887)
Proceeds from issuance of ordinary shares	2,783,550	-
Increase in guarantee deposits received	19,466	1,392
Repayment of the principal portion of lease liabilities	(41,136)	(27,604)
	<u>                    </u>	<u>                    </u>

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

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

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

(Concluded)

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

### **INDEPENDENT AUDITORS' REPORT**

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

#### **Opinion**

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

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

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31,

2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's parent company only financial statements for the year ended December 31, 2023 are stated as follows.

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

Description of the key audit matter:

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

Corresponding audit procedures:

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

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations, or has no realistic

alternative but to do so.

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

### **Other Matter**

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

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

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 7, 2024

Notice to Readers

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

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

**PHIHONG TECHNOLOGY CO., LTD.**

**PARENT COMPANY ONLY BALANCE SHEETS**

**DECEMBER 31, 2023 AND 2022**

**(In New Taiwan Dollars)**

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

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

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

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

# PHIHONG TECHNOLOGY CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 6,098,143	100	\$ 11,202,956	100
OPERATING COST (Notes 4, 10 and 28)	<u>5,519,084</u>	<u>91</u>	<u>9,885,426</u>	<u>88</u>
OPERATING GROSS PROFIT	579,059	9	1,317,530	12
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES (Note 4)	<u>3,021</u>	<u>-</u>	<u>40,158</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>582,080</u>	<u>9</u>	<u>1,357,688</u>	<u>12</u>
OPERATING EXPENSES				
Sales and marketing expenses	243,211	4	356,737	3
General and administration expenses	228,840	4	207,023	2
Research and development expenses	388,333	6	462,133	4
Expected credit loss (gain) recognized (Note 9)	<u>6,834</u>	<u>-</u>	<u>(742)</u>	<u>-</u>
Total operating expenses	<u>867,218</u>	<u>14</u>	<u>1,025,151</u>	<u>9</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(285,138)</u>	<u>(5)</u>	<u>332,537</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 22 and 28)	45,051	1	12,271	-
Other income (Notes 22 and 28)	164,654	3	197,157	2
Other gains and losses (Note 22)	(13,622)	-	121,767	1
Finance costs (Note 22)	(79,336)	(2)	(57,547)	(1)
Share of profit or loss of subsidiaries associates and joint ventures (Notes 4 and 11)	<u>420,972</u>	<u>7</u>	<u>(471,561)</u>	<u>(4)</u>

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

OTHER COMPREHENSIVE (LOSS) INCOME

Items that may not reclassified subsequently to profit or loss:

(Continued)

## PHIHONG TECHNOLOGY CO., LTD.

### PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Remeasurement of defined benefit plans (Note 19)	6,619	-	24,932	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 20)	7,604	-	743	-
Share of other comprehensive (loss) income of associates accounted for using the equity method (Note 20)	(1,317)	-	7,330	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	(1,324)	-	(4,986)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating of the financial statements of foreign operations (Note 20)	<u>(49,295)</u>	<u>-</u>	<u>279,695</u>	<u>3</u>
Total other comprehensive (loss) income for the period	<u>(37,713)</u>	<u>-</u>	<u>307,714</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 224,838</u>	<u>4</u>	<u>\$ 379,041</u>	<u>3</u>
EARNINGS PER SHARE (Note 25)				
Basic earnings per share	<u>\$ 0.68</u>		<u>\$ 0.19</u>	
Diluted earnings per share	<u>\$ 0.68</u>		<u>\$ 0.19</u>	

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

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

(Concluded)

**PHIHONG TECHNOLOGY CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**(In Thousands of New Taiwan Dollars)**

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

Issuance of ordinary share for cash	560,000	2,223,550	-	-	-	-	-	2,783,550
Net profit for the year ended December 31, 2023	-	-	-	-	262,551	-	-	262,551
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,295</u>	<u>(49,295)</u>	<u>6,287</u>	<u>(37,713)</u>
Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,846</u>	<u>(49,295)</u>	<u>6,287</u>	<u>224,838</u>
BALANCE AT DECEMBER 31, 2023	<u>\$ 4,312,084</u>	<u>\$ 4,579,383</u>	<u>\$ 305,119</u>	<u>\$ 313,005</u>	<u>\$ 267,846</u>	<u>\$ (293,466)</u>	<u>\$ (74,052)</u>	<u>\$ 9,409,919</u>

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

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

# PHIHONG TECHNOLOGY CO., LTD.

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

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	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	\$ 252,581	\$ 134,624
Adjustments for:		
Depreciation expense	29,905	58,536
Amortization expense	11,020	9,109
Expected credit loss recognized (reversed)	6,834	(742)
Finance costs	79,336	57,547
Interest income	(45,051)	(12,271)
Dividend income	(7,477)	(2,995)
Gain on lease modification	(287)	-
Compensation cost of share-based payments	106,995	-
Share of loss of associates	(420,972)	471,561
Loss (gain) on disposal of property, plant and equipment	(841)	2,706
Write-down of inventories (reversed)	(1,036)	36,943
Realized gain on transactions with subsidiaries	(3,021)	(40,158)
Net changes in operating assets and liabilities		
Notes receivables	-	3,056
Trade receivables	612,621	(51,577)
Trade receivables from related parties	241,445	(4,341)
Other receivables	13,152	(10,923)
Other receivables from related parties	836,136	(293,865)
Inventories	1,443	(73,149)
Other current assets	(7,039)	830
Contract liabilities	(118,546)	61,713
Trade payables	950	(31,130)
Trade payables to related parties	(31,763)	93,852
Other payables	(135,152)	35,096
Other current liabilities	(69,438)	67,843
Net defined benefit liability	(10,379)	(13,143)
Cash generated from operations	1,341,416	499,122
Interest received	44,954	12,200

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

#### CASH FLOWS FROM INVESTING ACTIVITIES

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

(Continued)

# PHIHONG TECHNOLOGY CO., LTD.

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

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

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

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

(Concluded)

**【Attachment 6】 2023 Earning Distribution Statement**

**Phihong Technology Co., Ltd.  
2023 Earning Distribution Statement**

Unit: NT\$

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

Note:

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

Chairman: Lin, Chung-Min

President: Lin, Yang-Hong

Head of accounting: Chen, Kuei-Chih

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

**Phihong Technology Co., Ltd.**

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

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

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

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

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

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

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

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

Unit: share

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

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

**Phihong Technology Co., Ltd.**

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

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

## **Four. Appendix**

## **【Appendix 1】 Articles of Incorporation**

# **Phihong Technology Co., Ltd. Articles of Incorporation**

### **Chapter 1 General Provisions**

Article 1 The Company is organized according to the Company Act and named “飛宏科技股份有限公司” in Chinese and “PHIHONG TECHNOLOGY CO., LTD.” in English.

Article 2 The scope of business is as follows:

1. CC01010 Power Generation, Transmission and Distribution Machinery Manufacturing.
2. CC01020 Electric Wires and Cables Manufacturing.
3. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
4. CC01060 Wired Communication Equipment and Apparatus Manufacturing.
5. CC01080 Electronics Components Manufacturing.
6. CC01110 Computer and Peripheral Equipment Manufacturing.
7. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
8. CD01030 Motor Vehicles and Parts Manufacturing.
9. CD01040 Motorcycles and Parts Manufacturing.
10. F113020 Wholesale of Household Appliance.
11. F113070 Wholesale of Telecom Instruments.
12. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
13. Wholesale of Electronic Materials.
14. International Trade.
15. Retail Sale of Telecommunication Apparatus.
16. IG03010 Energy Technical Services.
17. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company may provide guarantees to external parties for business requirements.

Article 4 The announcement method of the Company shall be subject to Article 28 of the Company.

Article 5 The headquarters of the Company is located in Taoyuan City, and the Company may establish branches, offices, and operating joints at appropriate domestic or overseas locations.

Article 5-1 (Deleted)

Article 5-2 The Company may invest in other businesses for its business requirements and may become a shareholder with limited responsibility of another company, and the Company shall not be subject to the restrictions relating to the total investment not exceeding 40% of the Company's share capital under Article 13 of the Company Act.

### **Chapter II Shares**

Article 6 The Company's total capital is NT\$6,000,000,000, divided into 600,000,000 shares, with a par value of NT\$10 per share, and the Board is authorized to issue in batches according to the actual requirements.

Within the scope of the total capital above, 80,000,000 shares shall be preserved for the Company to issue the employee stock options, corporate bonds with warrants, and preferential shares with options.

The payment targets for the treasury shares, employee stock options, employees' subscription of new shares, restricted stock awards, and remunerations of employees of the Company include employees of companies controlled by the Company or subordinates who fulfill certain conditions.

Article 6-1 For the issuance of employee stock options with a subscription price lower than the closing price of the ordinary shares of the Company on the issue date, the Company shall obtain consent from more than two-thirds of the votes from the shareholders attended at a shareholders' meeting attended by shareholders representing more than half of the total issued shares.

When the Company transfers shares to employees at a price lower than the actual average price for repurchases of such shares, the Company shall submit the proposal to and obtain consent from the shareholders attended at the upcoming shareholders' meeting attended by shareholders representing more than half of the total issued shares before the transfer.

Article 7 The share certificates of the Company are registered, signed or affixed with a seal by the director representing the Company, and issued after being certified by a bank eligible for being the certifying institution for the share certificate issuance. The issued shares of the Company are exempted from the printing of share certificates; however, the Company shall register with a securities centralized depository institution.

Article 8 The transfer of shares shall be suspended 60 days prior to the annual shareholders' meeting, 30 days prior to the extraordinary shareholders' meeting, or 5 days prior to the base date on which the Company determines the distribution of share dividends and bonuses, or other interests. Stock affairs are subject to requirements of relevant laws and regulations and the competent authority.

### **Chapter III Shareholders' Meeting**

Article 9 The shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year by the Board within six months from the end of a fiscal year according to the law. Extraordinary meetings shall be convened according to the law when necessary.

The shareholders' meetings of the Company may be conducted by way of video conferences or other methods announced by the competent central authority.

Article 10 When a shareholder is unable to attend the shareholders' meeting, it may issue a proxy

printed by the Company that is signed and affixed with the seal to set the scope of authorization for appointing a proxy to attend the shareholders' meeting according to the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority. The abovementioned proxy shall be delivered to the Company five days prior to the shareholders' meeting.

Article 11 Except as otherwise stated by laws and regulations, shareholders of the Company are entitled to one voting right for each share possessed.

Article 12 Except for otherwise stated by the Company Act and the Securities Exchange Act, the resolutions made at the shareholders' meeting shall obtain consent from more than half of the votes from the shareholders attended at a shareholders' meeting attended by shareholders representing more than half of the total issued shares. According to the requirements of the competent authority, shareholders of the Company may exercise their voting rights by adopting an electronic method; shareholders who exercised their voting rights by adopting an electronic method shall be deemed as attending the meeting in person; relevant matters shall be subject to laws and regulations.

#### **Chapter IV Board of Directors**

Article 13 The Company has 9 to 11 directors with a term of office of three years, and they may be re-elected and re-appointed.

Article 13-1 Within the quota of the directors in the preceding Article, the Company shall have at least three independent directors.

The election of the Company's directors adopts the candidate nomination system stated in Article 192-1 under the Company Act. The acceptance method for the nomination of director candidates and matters related to the announcement shall be subject to requirements under the Company Act, Securities Exchange Act, and relevant laws and regulations.

Article 13-2 The Company established the Audit Committee according to Article 14-4 of the Securities Exchange Act, and the Audit Committee is responsible for exercising the functions of supervisors under the Company Act, Securities Exchange Act, and other laws and regulations.

Article 14 The directors shall form the Board and elect a Chairman according to Article 208 of the Company Act; the Chairman shall represent the Company to external parties.

Article 14-1 A notice, which shall set out the reason for convening the Board meeting, shall be provided to directors three days in advance. However, when there is any emergency, the board meeting may be convened at any time.

The notice to convene the Board meeting in the preceding paragraph may be made in writing or through e-mail or facsimile.

Article 15 (Deleted)

Article 16 (Deleted)

Article 17 When the Chairman takes leave or fails to exercise his/her authority for any reason,

his/her proxy shall act pursuant to Article 208 of the Company Act.

Article 17-1 In case a director is unable to attend a board meeting, he/she may appoint another director to attend the meeting on his/her behalf, where he/she shall issue a written proxy each time and state therein the scope of authority for the subjects to be discussed at the meeting.

The proxy referred to in the preceding paragraph shall be limited to be entrusted by one director only.

Article 18 The remuneration of all directors is subject to be authorized by the Board of Directors, which shall be determined based on the degree of participation and contributions of the directors to the Company's operations as well as the level of remuneration normally paid among the industry.

Article 18-1 (Deleted)

### **Chapter V Managerial officers**

Article 19 The Company has established managerial officers, who shall be appointed according to the provisions of Article 29 of the Company Act.

### **Chapter VI Accounting**

Article 20 At the close of each fiscal year, the Company's board of directors shall prepare the following statements and records and submit them to the shareholders' meeting for recognition pursuant to the regulatory procedures.

I. Business Report.

II. Financial Statements.

III. Proposals for the distribution of profits or deficit compensation.

Article 21 The Company shall distribute no less than 10% of its profit for the year as employee compensation, which may be distributed by stock or cash upon resolution adopted by the board of directors. The target of distribution includes employees of the companies controlled by the Company who meet certain conditions; the Company may, upon resolution adopted by the board of directors, distribute no more than 2% of its profit for the year as the directors' remuneration. The distribution of employee compensation and the directors' remuneration shall be reported in the shareholders' meeting.

However, if the Company has accumulated losses, it shall reserve the amount for compensation, and distribute the employee compensation and the directors' remuneration according to the aforesaid ratio.

Article 21-1 If the Company makes a profit in a year, it shall pay taxes in accordance with the laws and regulations and make up for any accumulated losses first, and set aside 10% of the remaining amount as legal reserve, unless the legal reserve has already reached the total

capital; then, the Company may set aside or reverse special reserves according to the statutory requirements. After the dividends are distributed, the shareholders' meeting shall decide whether to distribute bonuses to shareholders using the surplus, if any, and submit the proposal to the board of directors to make resolutions for distributing bonuses to shareholders.

The dividend policy of the Company considers future capital requirements and long-term financial planning. If the earnings available for distribution during the year are less than 15% of the paid-in capital, no distribution shall be made. If the earnings available for distribution of the year exceed 15% of the paid-in capital, no less than 10% of the earnings available for distribution of the year shall be distributed as shareholders' bonuses, and the cash dividends shall not be lower than 10% of the total dividends distributed each year.

## **Chapter VII Supplementary Provisions**

Article 22 The matters that are not covered in the Articles of Incorporation shall be subject to the provisions of the Company Act and the Securities and Exchange Act.

Article 23 The Articles of Incorporation was stipulated on December 7, 1972.

The 1st amendment was made on May 1, 1973.

The 2nd amendment was made on March 29, 1974.

The 3rd amendment was made on November 17, 1977.

The 4th amendment was made on November 17, 1977.

The 5th amendment was made on September 18, 1979.

The 6th amendment was made on December 15, 1980.

The 7th amendment was made on June 15, 1981.

The 8th amendment was made on June 15, 1981.

The 9th amendment was made on October 29 1983.

The 10th amendment was made on September 25, 1985.

The 11th amendment was made on November 10, 1987.

The 12th amendment was made on November 14, 1989.

The 13th amendment was made on June 17, 1990.

The 14th amendment was made on May 26, 1991.

The 15th amendment was made on January 31, 1994.

The 16th amendment was made on June 18, 1998.

The 17th amendment was made on April 26, 2000.

The 18th amendment was made on April 27, 2001.

The 19th amendment was made on June 10, 2002.

The 20th amendment was made on June 10, 2002.

The 21st amendment was made on June 9, 2003.

The 22nd amendment was made on June 9, 2003.

The 23rd amendment was made on June 14, 2005.

The 24th amendment was made on June 13, 2008.

The 25th amendment was made on June 10, 2009.

The 26th amendment was made on June 15, 2010.  
The 27th amendment was made on June 15, 2011.  
The 28th amendment was made on June 19, 2012.  
The 29th amendment was made on June 14, 2013.  
The 30th amendment was made on June 11, 2015.  
The 31st amendment was made on June 8, 2016.  
The 32nd amendment was made on June 13, 2018.  
The 33rd amendment was made on July 30, 2021.  
The 34th amendment was made on December 16, 2021.  
The 35th amendment was made on June 8, 2022.  
The 36th amendment was made on June 9, 2023.

## **【Appendix 2】 Rules of Procedure for Shareholders' Meetings**

### **Phihong Technology Co., Ltd.**

#### **Rules of Procedure for Shareholders' Meetings**

1. Unless otherwise provided by law, the Company's Shareholders' Meeting (hereinafter referred to as the "Meeting") shall be conducted in accordance with the Rules of Procedure for Shareholders' Meetings.
2. The Company shall keep a sign-in book for attendance by the members present in person or by the presentation of a sign-in card by the members present to sign in for them.

The number of shares in attendance is counted based on the attendance register or the submitted attendance cards and the shareholding reported on the video conferencing platform, together with the shares with written or electronic voting rights.

The Company shall set out the administration time and venue for shareholders, solicitors, and proxies (the "shareholders") and other matters of notice in the meeting notice.

Admission of meeting participants shall begin at least 30 minutes before the meeting commences. The reception area must be clearly marked and stationed with competent personnel. Check-in to the video conferencing platform of the shareholders' meeting should be completed at least 30 minutes before the meeting starts. Those who complete the check-in are considered to have attended the meeting in person.

Shareholders who would like to attend the video conferencing shareholders' meeting should register with the Company at least two days before the shareholders' meeting.

For shareholders' meetings that are held by video conferencing, the Company shall upload the meeting handbook, annual report, and other relevant information to the video conferencing platform of the shareholders' meeting and keep them disclosed until the end of the meeting.
- 2-1. When the Company convenes a shareholders' meeting through video conferencing, it shall specify the following matters in the shareholders' meeting notice:
  1. The means for shareholders to take part in the video conferencing and exercise their rights.
  2. Measures to be taken if, due to circumstances of a natural disaster, unforeseen event, or other force majeure event, any disruption occurs in the video conferencing platform or in participation by means of video conferencing, including at least the following particulars:
    - (1) To what time will the meeting be postponed or from what time will the meeting resume if the above disruption continues and cannot be eliminated, and the date to which the meeting is postponed or on which the meeting will resume.
    - (2) Shareholders that have not registered to take part by video conference in the originally scheduled shareholders' meeting may not take part by video conference in the postponed or reconvened meeting.

- (3) When the Company convenes a hybrid shareholders meeting, if the virtual meeting cannot be continued, then if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the shareholders meeting by video conferencing, meets the legal quorum for holding a shareholders' meeting, the shareholders meeting shall continue in session. The number of shares represented by the shareholders, proxy solicitors, or proxy agents who were attending the shareholders' meeting by video conferencing shall be counted toward the total number of shares represented by the shareholders attending the meeting, but they shall be deemed to have waived their voting rights on all proposals at that shareholders' meeting.
- (4) Measures to be taken if the outcome of all proposals has been announced but extempore motions have not yet been proceeded with.
3. When the Company convenes a virtual-only shareholders' meeting, it shall furthermore specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.

3. The attendance of the shareholders and voting at a shareholders' meeting shall be based on the number of shares.
4. A general meeting shall be convened at the place where the Company is located or at a place convenient for the shareholders to attend and suitable for the holding of a general meeting, and shall commence no earlier than 9:00 a.m. or later than 3:00 p.m.

If the shareholders' meeting is held by video conferencing, it is not subject to the restriction on the revenue as specified in the preceding paragraph.

5. If a shareholders' meeting is convened by the board of directors, the chairman of the meeting shall be the chairman of the board of directors. In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors.
6. The Company may appoint the lawyers, certified public accountants, or related personnel to attend the shareholders' meeting as observers.
7. The audio or video recordings of all shareholders' meetings shall be kept for at least one year. The recordings in the preceding paragraph shall be retained for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of the Company

Act, the abovementioned documents must be retained until the end of the litigation.

For the shareholders' meetings held by video conferencing, the Company shall retain records of the shareholders' registration, login, check-in, questioning, voting, and vote counting results and make continuous and uninterrupted audio and video recordings of the entire meeting.

The above-mentioned materials and audio and video recordings shall be properly retained by the Company during its period of existence, and they shall be provided to those who are entrusted with handling video conferencing tasks.

8. The chairperson shall call the meeting to order at the appointed meeting time and announce the number of shares with no voting rights and the number of shares in attendance. However, if the shareholders present do not represent a majority of the total amount of issued shares, the chairperson may postpone the meeting, provided, however, that the postponement of the said meeting shall be limited to two times and the total time postponed shall not exceed one hour. If the meeting has been postponed two times, but the shareholders present still do not represent a majority of the total amount of issued shares, the chairperson may announce the meeting adjourned. For the shareholders' meetings held by video conferencing, the Company shall otherwise announce the meeting adjourned on the video conferencing platform.

If the quorum is not met after two postponements, as referred to in the preceding paragraph, a tentative resolution may be adopted in accordance with Paragraph 1 of Article 175 of the Company Act by shareholders representing one-third of the total amount of issued shares. A notice of the tentative resolution shall be made to each shareholder to convene another shareholders' meeting within one month. For the shareholders' meetings held via video conferencing, shareholders who would like to attend the video conferencing shareholders' meeting should register with the Company again according to Article 2.

If, before the conclusion of the meeting, the number of shares represented by the shareholders present reaches more than half of the total number of issued shares, the chairman may submit the bogus resolution to the shareholders' meeting for a new vote in accordance with Article 174 of the Company Act.

9. Where the shareholders' meeting is convened by the Board of Directors, the agenda shall be decided by the Board of Directors. The agenda shall proceed accordingly, and is not allowed to be changed without a resolution rendered by the shareholders' meeting.

The foregoing provisions shall apply if the shareholders' meeting is convened by a person having the right to convene other than the Board.

The alteration of the convening method of the Company's shareholders' meetings shall be resolved by the board and shall be made at the latest before the dispatch of the meeting notice for the shareholders' meetings.

The chairperson may not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda of the preceding three paragraphs (including extraordinary motions) except

by a resolution of the shareholders' meeting.

#### Meeting Adjourned

The shareholders cannot designate any other person as chairman and continue the meeting in the same place or any other place after the meeting is adjourned. In the event that the chairman of the meeting adjourns the meeting in violation of the rules of procedure, the other members of the Board of Directors shall elect a chairman by a majority of the voting rights of the shareholders present and continue the meeting.

10. Before a shareholder attends to speak, he/she shall fill in a speech slip stating summary of the speech, the shareholder's account number (or attendance card number) and his/her name, and the chairman shall determine the order of his/her speech.

A shareholder who submits her/his slip for a speech but does not actually speak shall be considered to not have given a speech. If the contents of her/his speech are different from those specified on the slip, the contents of her/his speech shall prevail.

When a shareholder is present to speak, no other shareholder shall interfere with his/her speech except with the consent of the chairman and the shareholder speaking, and the chairman shall stop any such interruption.

11. Each member shall not speak more than twice on the same motion and each time for not more than five minutes without the consent of the chairman, provided that the chairman may stop any member speaking in contravention of the rules or outside the scope of the question.

If a legal entity is entrusted to attend a shareholders' meeting, it may only appoint one representative to attend. If a corporate shareholder designates two or more representatives to represent it at the shareholders' meeting, only one of the representatives so designated may speak on any one proposal. After a shareholder has given a speech, the chairperson may personally or designate relevant persons to respond.

A shareholder who participates in the meeting by way of a video conference may raise questions through text on the video conference platform of the shareholders' meeting. The number of questions raised for each proposal shall not exceed two times, with the number of words up to 200; requirements in Paragraph 1 and Paragraph 2 shall not apply.

12. For the discussion of motions, when the chairman considers that the motions have reached the level of being ready for voting, he/she may declare that the discussion has ceased and put the motions to vote.

The chairman of the meeting shall appoint a scrutineer and a teller of votes for a motion, but the scrutineer shall be a shareholder. The result of voting shall be immediately announced at the meeting and placed on record.

13. Unless otherwise provided in the Company Act or the Articles of Incorporation, the voting of a motion shall be deemed passed with the consent of a majority of the shareholders present. A motion shall be deemed passed if no objection is voiced by any of the attending shareholders after being proposed by the chairman.

If the Company convenes a virtual meeting, shareholders attending the shareholders' meeting via video conference shall vote on proposals and elections through the video conference platform after the chairperson has called the meeting to order and shall finish voting before the chairperson announces the voting is closed. Overtime votes are deemed waivers of rights.

If a shareholders' meeting is convened by way of a video conference, a one-off vote calculation shall be performed after the chairperson announces the end of the voting process, and the voting and election results shall be announced.

When the Company convenes a video-assisted shareholders' meeting, if shareholders who registered to attend the meeting by way of a video call according to Article 6 wish to attend the physical shareholders' meeting in person, they shall cancel the registration by adopting the same registration means two days before the shareholders' meeting; if the cancellation is made overdue, they may only attend the shareholders' meeting through video conferencing.

For a shareholder who exercised her/his voting rights in writing or through electronic means without canceling her/his intention and participated in the shareholders' meeting through video conferencing, she/he shall not exercise any voting right for the initial proposals, propose amendments to the initial proposals, or exercise any voting rights for the amendments to the initial proposals.

14. During the meeting, the chairman may decide to suspend the meeting for recess.
15. In the event of amendments or substitutions to the same motion, the Chairman shall determine the order of voting thereon together with the original motion. If any one of the above is resolved, the others shall be considered rejected, upon which no further resolution shall be required.

The chairman may direct a marshal (or security officer) to assist in the maintenance of order in the meeting room. When present to assist in the maintenance of order, the marshal (or security officer) shall wear an armband bearing the word "marshal".

16. The resolutions of the shareholders' meeting shall be recorded in the meeting minutes, which shall be signed or sealed by the chairperson, and the minutes shall be distributed to each shareholder within 20 days after the meeting. The preparation and preservation of the minutes may be done by electronic means.

For the distribution of the meeting minutes in the preceding paragraph, the Company may make a public announcement on the MOPS.

The minutes shall be kept permanently throughout the duration of the Company.

The minutes of the shareholders' meeting held by teleconferencing should record the items starting and ending time of the meeting, the convening method of the meeting, the name of the chairperson and the meeting minute taker, and measures taken for those who have difficulties participating in the meeting by teleconferencing or when the teleconferencing platform or the teleconference experiences force majeure.

The meeting minutes should also specify the alternative measures taken for shareholders who may have difficulties joining the meeting by teleconferencing.

17. On the day of the shareholders' meeting, the Company shall prepare a statistical table in the prescribed format for the number of shares solicited by solicitors and the number of shares represented by proxies and disclose it at a significant venue of the shareholders' meeting. For a video conferencing shareholders' meeting, the Company shall upload the abovementioned information to the video conferencing platform of the shareholders' meeting and keep it disclosed until the end of the meeting.

For a video conferencing shareholders' meeting, the Company shall announce the total number of shares of attending shareholders on the video conferencing platform when calling the meeting to order. If the total number of shares and voting rights of attending shareholders are otherwise calculated during the meeting, the same shall apply.

18. For a video conferencing shareholders' meeting, the Company shall immediately disclose the voting results for proposals and the election results on the video conferencing platform of the shareholders' meeting according to the requirements after the end of voting and shall keep disclosing at least until 15 minutes after the chairperson has announced the meeting adjourned.

19. Both the chairperson and the meeting minute taker shall be at the same domestic location when holding teleconferencing shareholders' meetings, and the chair should announce the address of the place at the beginning of the meeting.

20. If a shareholders' meeting is convened by way of video conference, the chairperson shall, when

calling the meeting to order, otherwise announce the date for the postponed or continued meeting within five days due to obstacles related to the video conference platform or participation via a video call due to natural disasters, accidents, or other force majeure that continue for 30 minutes or above, other than circumstances not required for a postponed or continued meeting specified in Paragraph 4, Article 44 of the Regulations Governing the Administration of Shareholder Services of Public Companies before the chairperson announces the meeting adjourned. Requirements under Article 182 shall not apply.

When the postponed or continued meeting in the preceding paragraph occurs, shareholders who did not register for participation in the initial shareholders' meeting via a video call cannot participate in the postponed or continued meeting.

For the postponed or continued meeting in Paragraph 1, if a shareholder who registered to participate in the initial shareholders' meeting via a video call and signed in fails to participate in the postponed or continued meeting, the number of attending shares and the exercised voting rights and election rights for the initial shareholders' meeting shall be included in the total number of shares, voting rights, and election rights of attending shareholders for the postponed or continued meeting.

When a shareholders' meeting is adjourned or resumed in accordance with the provisions of Paragraph 1, it is not necessary to re-discuss or resolve a proposal for which the voting has been completed and votes counted, and the voting results have been announced or for a proposal on a list of elected directors or supervisors.

If a video conference is convened by the Company, and the video conference cannot be held under the circumstances specified in Paragraph 1, the shareholders' meeting shall continue if the total number of shares represented by the shareholders still reaches the legal limit after deducting the number of shares attending the video conference without the need for the postponement or continuation of the meeting in accordance with Paragraph 1.

If a continued meeting in the preceding paragraph occurs, the number of attending shares of shareholders who participated via a video call shall be included in the total number of shares of the attending shareholders; however, such shareholders shall be deemed to abstain from all proposals of the shareholders' meeting.

When the Company holds the postponed or continued meeting according to Paragraph 1, it shall prepare relevant preparatory works based on the date of the initial shareholder's meeting according to the requirements under Paragraph 7, Article 44-20 of the Regulations Governing the

Administration of Shareholder Services of Public Companies and the requirements of the Article.

21. When the Company convenes a shareholders' meeting by way of video conference, it shall provide appropriate alternatives for shareholders who have difficulty participating in the shareholders' meeting via a video call.
22. The Rules were amended after being approved by the shareholders' meeting; the same shall apply for any amendment.

## **【Appendix 3】 Procedures for the Loaning of Funds to Others**

### **Phihong Technology Co., Ltd.**

#### **Procedures for the Loaning of Funds to Others**

Article 1: The procedures for the loaning of funds to others of the Company shall be subject to the Procedures.

Article 2: The Company's loans to others shall comply with one of the following conditions; however, external investment requirements for business shall be subject to Paragraph 2, Article 3, of the "Regulations for External Investments and Technical Cooperation of the Ministry of Economic Affairs; this shall not apply to capital contributions by way of loans.

(1) Companies that have business dealings with the Company.

(2) Companies that have short-term financing requirements.

The term "short-term" as used in the preceding paragraph means one year or one business cycle, whichever is longer.

Article 3: Total loans to others and the limit for individual borrowers

The total loans to others by the Company shall not exceed 40% of its net worth in the latest financial statements certified or reviewed by CPAs. The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:

(1) For companies with business dealings with the Company, the individual loan amount shall not exceed the purchases or sales, whichever is higher, with the Company at the time of loaning in the most recent year or the current year.

(2) For companies that have short-term financing requirements, the individual loan amount shall not exceed 40% of the Company's net worth in the latest financial statements certified or reviewed by CPAs.

If inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or loans of funds to the Company by any overseas subsidiary in which the Company holds, directly or indirectly, 100% of the voting shares are for short-term financing requirements, the amount shall not be restricted to the limit of 40% of the Company's net worth in the latest financial statements certified or reviewed by CPAs, and shall not be restricted by Article 5. However, the limit and period of total loans and individual targets shall be established.

If the responsible person of the Company violates Paragraph 1, arrangements shall be made according to Article 15 of the Company Act.

Article 4: Loaning of funds

(1) Procedures

1. Loans and short-term financing are reviewed by the responsible department of the Company and implemented after being submitted to and approved by the chairman and reported to the board for resolution.

Loans of funds between the Company and its subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board pursuant to the preceding paragraph, and the chairman may be authorized, for a specific borrowing counterparty, within

10% of the Company's net worth in its latest financial statements, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

The Company has appointed independent directors; during the discussion at the board meetings, it shall take into full consideration each independent director's opinions; independent directors' opposing opinions or qualified opinions shall be included in the minutes of the board meeting.

2. The accounting department shall prepare a memorandum book for fund-lending activities. After the loans have been resolved by the board, the borrower, amount, date of approval by the board, lending/borrowing date, and matters to be carefully evaluated under the review procedures shall be truthfully recorded.
3. The internal auditors shall audit the Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the independent directors in writing of any material violation found.
4. The accounting department shall perform evaluations, provide adequate allowances for bad debt on a quarterly basis, and disclose information on loans and CPAs in the financial statements.
5. If, as a result of a change in circumstances, the loan balance exceeds the limit, the Company shall adopt rectification plans, submit the rectification plans to all the independent directors, and complete the rectification according to the timeframe set out in the plan.

#### (2) Review procedures

1. For loans provided by the Company, the borrower applying for the loans shall submit relevant financial statements and describe the purposes of such borrowings in advance; the application shall be made in writing.
2. After the Company has accepted the application, the responsible department shall investigate and evaluate whether the borrower has any direct (indirect) business dealings with the Company, the financial position of its scope of business, repayment ability, credit rating, profitability, and purposes of borrowing, formulate relevant written reports by taking into account the operating risks of the Company's total loans on its operations, financial position, and the level of impact on shareholders' rights and interests, and submit them to the board for review.
3. When engaging in loans or short-term financing, the Company may obtain guarantee notes with an equivalent amount. When necessary, the Company shall create the mortgage on chattels or real estate, and it shall assess whether the value of the collateral is equivalent to the balance of the loans on a quarterly basis. It will request more collateral when necessary. For the guarantee for the creditor's rights in the preceding paragraph, if the debtor provides individual or corporate guarantees with equivalent credit standing and credit to replace the provision of collateral, the board may make arrangements with reference to the review report of the responsible department. For corporate guarantees, the Company shall be aware of whether the articles of incorporation of the corporation have the terms that it may provide guarantees.

#### Article 5: Loan period and interest calculation method

If a borrower borrows funds from the Company, the period shall be limited to one year.

The interest calculation for loans provided by the Company shall be limited to the average interest rate of short-term borrowings provided by financial institutions to the Company

plus/less 10% and shall accrue on a monthly basis. In special circumstances, adjustments may be made according to the actual circumstances after obtaining the approval of the board.

Article 6: Subsequent control measures of loans and procedures for overdue creditor's rights

After the distribution of each entry of loans, the Finance Department shall keep abreast of the changes in the finance, business, and relevant credit ratings of the borrower and its guarantor and the changes in the value of the collateral and prepare written records. If there are any material changes, they shall be immediately reported to the president and relevant responsible departments for handling as soon as practicable.

Upon the expiry of loans or the early repayment of borrowings before the expiry, the borrower shall settle the principal plus the interest payable, and then the Company will return the guarantee notes to the borrower or cancel the mortgage.

If the borrower is unable to make repayments upon the expiry, the Company may make disposals regarding the collateral or guarantor it provided and request claims according to the law.

Article 7: Announcement and reporting procedures

When announcing and reporting loans to others to the competent authority according to the requirements, the Company makes arrangements according to the relevant requirements.

If subsidiaries of the Company that are not domestic public companies have matters for announcement and reporting according to the requirements, the Company shall make announcements and reporting on behalf of them.

Article 8: Control procedures for loans to others by subsidiaries.

(1) The Company's subsidiaries shall formulate their "procedures for the loaning of funds to others" according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the Financial Supervisory Commission, and such procedures shall be approved by the audit committee and the board; the same shall apply for any amendment.

(2) When a subsidiary of the Company provides loans to others, it shall formulate relevant written reports according to its "internal control system" and "procedures for the loaning of funds to others" and submit them to the Company for approval before implementation. It shall also compile a written summary of the loan balance, borrowers, and periods in the preceding month and report to the Company before the 5<sup>th</sup> of each month. The accounting department of the Company will prepare a memorandum book for the loans of the subsidiaries. The audit department shall include the subsidiaries' loans to others in the quarterly audit, and the audit status shall be included in the necessary item for reporting to the audit committee and the board regarding auditing operations.

(3) If a subsidiary of the Company is not a public company and its loan balance has reached the standards for announcement and reporting in Paragraph 2, Article 7, it shall notify the Company on the occurrence date, and the Company shall make announcements and reporting on the designated website according to the requirements.

Article 9: Punishment provisions

If the handling personnel of the Company's loans to others violate the "Regulations

Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission or the Procedures, the Company may make arrangements based on the violation circumstances according to the following requirements:

The violation will be recorded and used as a reference for the annual personal performance evaluation.

- (1) Violation of the decision-making authority: The first-time violator shall be given a verbal warning, the personnel who violate the regulations again shall be given a written warning and participate mandatorily in the internal control system training classes. Repeat violators or those with serious circumstances shall be transferred from the original job.
- (2) Violation of the review procedures: The first-time violator shall be given a verbal warning, and the personnel who violate the regulations again shall be given a written warning and participate mandatorily in the internal control system training classes. Repeat violators or those with serious circumstances shall be transferred from the original job.
- (3) Violation of the public announcement and report: The first-time violator shall be given a verbal warning, the personnel who violate the regulations again shall be given a written warning. Repeat violators or those with serious circumstances shall be transferred from the original job.
- (4) The superior of the violator shall also be punished; however, if a reasonable description can be provided regarding the failure to prevent in advance, this shall not apply.
- (5) Where the Board of Directors or directors violate relevant regulations and the resolutions of the shareholders’ meeting when performing duties, the Audit Committee shall notify the Board of Directors or directors to stop the violation in accordance with Article 218-2 of the Company Act.

Article 10: The establishment of the Procedures was resolved and approved by the audit committee and the board, and the Procedures were implemented after being reported to and approved by the shareholders’ meeting. If a director expresses an opposing opinion with a record or written statement in place, the Company shall submit its opposing opinion to the supervisors and report it to the shareholders’ meeting for discussion; the same shall apply to any amendment. The Company has appointed independent directors; during the discussion at the board meetings, it shall take into full consideration each independent director's opinions; independent directors' opposing opinions or qualified opinions shall be included in the minutes of the board meeting.

Article 11: The Procedures were established on May 11, 1990.

The 1st amendment was made on June 16, 1997.

The 2nd amendment was made on June 18, 1998.

The 3rd amendment was made on May 20, 1999.

The 4th amendment was made on June 9, 2003.

The 5th amendment was made on June 9, 2006.

The 6th amendment was made on June 13, 2008.

The 7th amendment was made on June 10, 2009.

The 8th amendment was made on June 15, 2010.

The 9th amendment was made on June 11, 2015.

The 10th amendment was made on June 8, 2016.

The 11th amendment was made on June 19, 2019

**【Appendix 4】 Regulations for the Election of Directors**  
**Phihong Technology Co., Ltd.**  
**Regulations for the Election of Directors**

- Article 1 The election of the Company’s directors shall be subject to the Regulations, except for otherwise stated in the Company Act and the Articles of Incorporation.
- Article 2 Directors of the Company shall be elected by the shareholders’ meeting from persons of competent capacity. According to the number of seats stated in the Articles of Association, those who received the votes representing more suffrage shall be elected as directors based on the sequence. When there are two persons receiving the same votes, but the number of directors elected has exceeded the quota, a random draw shall be adopted to determine the elected one among those receiving the same votes; the chairman shall draw the lot on behalf of persons who are absent.  
The election of the Company’s directors adopts the candidate nomination system stated in Article 192-1 under the Company Act. The acceptance method for the nomination of director candidates and matters related to the announcement shall be subject to requirements under the Company Act, Securities and Exchange Act, and relevant laws and regulations.
- Article 3 For the election of the Company’s directors, each share shall be entitled to suffrage equivalent to the number of persons to be elected; the votes may be concentrated to elect one person or distributed to elect several persons.
- Article 4 The Board shall prepare the voting papers equivalent to the number of directors to be elected with weights added and distribute them to shareholders who attend the shareholders’ meeting.
- Article 5 The chairman shall appoint scrutineers and counting agents before the commencement of the election to execute relevant functions.
- Article 6 For the election of directors, the Board shall set up the voting boxes, and the scrutineers shall open and check the boxes in front of the public before voting.
- Article 7 When the candidate is a shareholder, the voters shall fill out the “candidate” column with the account name and shareholder’s account number of the candidate on the voting papers; when the candidate is not a shareholder, voters shall fill out the name and ID number of the candidate. However, when the government or a corporate shareholder is the candidate, the account name column of the candidate on the voting paper shall be the title of the government of the corporate; the voter may also fill in the title of the government of the corporate, or the name of its representative; when there are multiple representatives, the name of the representative shall be additionally added.
- Article 8 Voting papers with any of the following circumstances shall be deemed invalid:  
I. Voting papers not put into the voting box.  
II. Voting papers not subject to the Regulations.

- III. Blank voting papers not completed by voters.
- IV. When the identity and the shareholder's account number of the candidate, who is a shareholder, are not consistent with the register of members; when the name and ID number of the candidate, who is not a shareholder, are inconsistent upon verification.
- V. When other alphabets and characters are written on the voting papers apart from the name and shareholder's account number or ID number of the candidate.
- VI. Voting papers with unidentifiable writing.
- VII. Voting papers with any of the altered or erased names, account numbers, and election weights regarding the candidate.
- VIII. When the name of the candidate is the same as another shareholder and the shareholder's account number or ID number is not specified for identification.

Article 9 After the completion of the vote, the box shall be opened on-site, and the results shall be announced by the chairman on-site.

Article 10 The Regulations are implemented after being passed by the shareholders' meeting; the same shall apply upon any amendment.  
The 1st amendment was made on June 8, 2016.  
The 2nd amendment was made on June 19, 2019.

## 【Appendix 5】 Shareholding of Directors

### Phihong Technology Co., Ltd. Shareholding of Directors

As of the book closure date of the shareholders' meeting (April 14, 2024, the Company has issued a total of 431,208,416 shares. The number of shares held by individual and all directors is listed in the table below:

Title	Name	Number of Shares	Percentage of the total number of shares at present (%)
Chairman	Lin, Chung-Min	54,541,837	12.65%
Director	Kuan Feng Investment Ltd. Representative: Lin, Yang-Hong	3,374,625	0.78%
Director	Kuan Feng Investment Ltd. Representative: Chiang, Wei-Feng	3,374,625	0.78%
Director	Taiwan Cement Corporation Representative: Yu, Ming-Jen	41,719,905	9.68%
Director	Lin, Fei-Hong	4,044,122	0.94%
Independent Director	Hong, Yu-Yuan	0	0.00%
Independent Director	Lin, Kuei-Hong	20,578	0.00%
Independent Director	Wu, Chung-Shu	0	0.00%
<b>Total</b>		<b>103,701,067</b>	<b>24.05%</b>

Note 1: The number of authorized shares held by all directors is 16,000,000 shares. The number of shares held as of the book closure date of the shareholders' meeting was 103,680,489 shares (excluding the shares held by independent directors), at a ratio which has already met the standard as stipulated in Article 26 of the Securities and Exchange Act.

Note 2: The Company has set up an Audit Committee, so the number of shares that shall be held by supervisors does not apply.