

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

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

## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

### **Introduction**

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

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

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

## **Qualified Conclusion**

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

## **Other Matter**

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 12, 2024

## **Notice to Readers**

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

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

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

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

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

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

(Concluded)

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

|                                                                                             | Equity Attributable to Owners of the Company |                     |                   |                   |                   |                         | Other Equity                                                                          |                                                                                                       | Total             | Non-controlling Interests | Total Equity |
|---------------------------------------------------------------------------------------------|----------------------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------|---------------------------|--------------|
|                                                                                             | Ordinary Shares                              | Capital Surplus     | Retained Earnings |                   |                   | Unappropriated Earnings | Exchange Differences on Translating of the Financial Statements of Foreign Operations | Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income |                   |                           |              |
|                                                                                             |                                              |                     | Legal Reserve     | Special Reserve   |                   |                         |                                                                                       |                                                                                                       |                   |                           |              |
| BALANCE AT JANUARY 1, 2023                                                                  | \$ 3,752,084                                 | \$ 2,179,372        | \$ 295,992        | \$ 230,859        | \$ 91,273         | \$ (244,171)            | \$ (80,339)                                                                           | \$ 6,225,070                                                                                          | \$ (9,653)        | \$ 6,215,417              |              |
| Appropriation of 2022 earnings                                                              |                                              |                     |                   |                   |                   |                         |                                                                                       |                                                                                                       |                   |                           |              |
| Legal reserve (Note 22)                                                                     | -                                            | -                   | 9,127             | -                 | (9,127)           | -                       | -                                                                                     | -                                                                                                     | -                 | -                         |              |
| Special reserve (Note 22)                                                                   | -                                            | -                   | -                 | 82,146            | (82,146)          | -                       | -                                                                                     | -                                                                                                     | -                 | -                         |              |
| Net profit (loss) for the six months ended June 30, 2023                                    | -                                            | -                   | -                 | -                 | 161,534           | -                       | -                                                                                     | 161,534                                                                                               | (27)              | 161,507                   |              |
| Other comprehensive (loss) income for the six months ended June 30, 2023, net of income tax | -                                            | -                   | -                 | -                 | -                 | (6,146)                 | 2,352                                                                                 | (3,794)                                                                                               | (109)             | (3,903)                   |              |
| Total comprehensive income (loss) for the six months ended June 30, 2023                    | -                                            | -                   | -                 | -                 | 161,534           | (6,146)                 | 2,352                                                                                 | 157,740                                                                                               | (136)             | 157,604                   |              |
| BALANCE AT JUNE 30, 2023                                                                    | <u>\$ 3,752,084</u>                          | <u>\$ 2,179,372</u> | <u>\$ 305,119</u> | <u>\$ 313,005</u> | <u>\$ 161,534</u> | <u>\$ (250,317)</u>     | <u>\$ (77,987)</u>                                                                    | <u>\$ 6,382,810</u>                                                                                   | <u>\$ (9,789)</u> | <u>\$ 6,373,021</u>       |              |
| BALANCE AT JANUARY 1, 2024                                                                  | \$ 4,312,084                                 | \$ 4,579,383        | \$ 305,119        | \$ 313,005        | \$ 267,846        | \$ (293,466)            | \$ (74,052)                                                                           | \$ 9,409,919                                                                                          | \$ (9,683)        | \$ 9,400,236              |              |
| Appropriation of 2023 earnings                                                              |                                              |                     |                   |                   |                   |                         |                                                                                       |                                                                                                       |                   |                           |              |
| Legal reserve (Note 22)                                                                     | -                                            | -                   | 26,785            | -                 | (26,785)          | -                       | -                                                                                     | -                                                                                                     | -                 | -                         |              |
| Special reserve (Note 22)                                                                   | -                                            | -                   | -                 | 54,513            | (54,513)          | -                       | -                                                                                     | -                                                                                                     | -                 | -                         |              |
| Changes in percentage of ownership interests in subsidiaries                                | -                                            | -                   | -                 | -                 | -                 | 6,591                   | -                                                                                     | 6,591                                                                                                 | 10,133            | 16,724                    |              |
| Net profit for the six months ended June 30, 2024                                           | -                                            | -                   | -                 | -                 | 112,343           | -                       | -                                                                                     | 112,343                                                                                               | -                 | 112,343                   |              |
| Other comprehensive income (loss) for the six months ended June 30, 2024, net of income tax | -                                            | -                   | -                 | -                 | -                 | 369,894                 | 2,467                                                                                 | 372,361                                                                                               | (450)             | 371,911                   |              |
| Total comprehensive income (loss) for the six months ended June 30, 2024                    | -                                            | -                   | -                 | -                 | 112,343           | 369,894                 | 2,467                                                                                 | 484,704                                                                                               | (450)             | 484,254                   |              |
| BALANCE AT JUNE 30, 2024                                                                    | <u>\$ 4,312,084</u>                          | <u>\$ 4,579,383</u> | <u>\$ 331,904</u> | <u>\$ 367,518</u> | <u>\$ 298,891</u> | <u>\$ 83,019</u>        | <u>\$ (71,585)</u>                                                                    | <u>\$ 9,901,214</u>                                                                                   | <u>\$ -</u>       | <u>\$ 9,901,214</u>       |              |

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

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

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

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

(Concluded)

# PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 12, 2024.

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

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

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

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

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

| <b>New, Amended and Revised Standards and Interpretations</b>                                                            | <b>Effective Date<br/>Announced by IASB (Note 1)</b> |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| Annual Improvements to IFRS Accounting Standards - Volume 11                                                             | January 1, 2026                                      |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”              | January 1, 2026                                      |
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB                             |
| IFRS 17 “Insurance Contracts”                                                                                            | January 1, 2023                                      |
| Amendments to IFRS 17                                                                                                    | January 1, 2023                                      |
| Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”                              | January 1, 2023                                      |
| IFRS 18 “Presentation and Disclosure in Financial Statements”                                                            | January 1, 2027                                      |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures”                                                        | January 1, 2027                                      |
| Amendments to IAS 21 “Lack of Exchangeability”                                                                           | January 1, 2025 (Note 2)                             |

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

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

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

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

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

c. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 12, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

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

1) Retirement benefit

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

2) Other long-term employee benefits

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

3) Income tax expense

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

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

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

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

### 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

### 6. CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

## 8. FINANCIAL ASSETS AT AMORTIZED COST

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

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

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES

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

### a. Notes receivable

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

### b. Trade receivable

Trade receivables at amortized cost

The Group evaluates the average credit period of sales of goods based on the experience of trade receivable collection from the non-related parties in the past five years. No interest is charged on trade receivables. The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management specialists annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer and the customer's current financial position, and other related information. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

June 30, 2024

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

December 31, 2023

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

June 30, 2023

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

The above aging schedule was based on overdue days.

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

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

c. Trade receivables at FVTOCI

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

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

June 30, 2024

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

December 31, 2023

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

June 30, 2023

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

## 10. INVENTORIES

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

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

## 11. NON-CURRENT ASSETS HELD FOR SALE

June 30, 2024

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

\$ 9,313

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

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

## 12. SUBSIDIARIES

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

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

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

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

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

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

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates:

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

Aggregate information of associates that are not individually material:

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

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

The associate Hongxuan Venture Capital Co., Ltd. invested by the Company was dissolved and liquidated in 2023 in accordance with the resolution made at the shareholders' meeting, and the dissolution was completed on September 11, 2023. The liquidation was dissolved on April 9, 2024.

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

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

## 14. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

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

### b. Lease liabilities

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

Range of discount rate for lease liabilities was as follows:

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

c. Material lease-in activities and terms

The Group leases certain machinery, transportation, and other equipment for the use of manufacturing and R&D with lease terms of 2 to 5 years. Except the EV transportation equipment, there agreement do not contain renewal or purchase options at the end of these lease period.

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

d. Other lease information

|                                                                                                   | For the Three Months Ended<br>June 30 |                 | For the Six Months Ended<br>June 30 |                    |
|---------------------------------------------------------------------------------------------------|---------------------------------------|-----------------|-------------------------------------|--------------------|
|                                                                                                   | 2024                                  | 2023            | 2024                                | 2023               |
| Expenses relating to short-term leases                                                            | <u>\$ 4,043</u>                       | <u>\$ 2,457</u> | <u>\$ 7,933</u>                     | <u>\$ 4,679</u>    |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | <u>\$ 312</u>                         | <u>\$ 251</u>   | <u>\$ 609</u>                       | <u>\$ 511</u>      |
| Total cash outflow for leases                                                                     |                                       |                 | <u>\$ (29,846)</u>                  | <u>\$ (27,922)</u> |

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

## 16. INVESTMENT PROPERTIES

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

PHC leased its self-owned factory located in Dongguan City to unrelated parties in 2023. The lease term of this investment property is 12 years. When the lessee exercises the renewal option, it is agreed to adjust the rent according to the market rent. The lessee does not have the preferential purchase right of the investment property at the end of the lease term. Since the factory is located in China, alternative reliable measurements of fair value are not available; therefore, the Company determined the fair value of the investment property.

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

|          |          |
|----------|----------|
| Building | 31 years |
|----------|----------|

## 17. OTHER INTANGIBLE ASSETS

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

(Continued)

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

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

## 18. BORROWINGS

### a. Short-term borrowings

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

b. Long-term borrowings

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

- 1) On June 30, 2023, Phihong had short-term bank borrowings with contract terms from May 4, 2023, to December 7, 2023, with monthly interest payments.
- 2) On June 30, 2024, December 31, 2023 and June 30, 2023, PHV Company had short-term bank borrowings with contract terms from December 13, 2023 to January 15, 2025, October 10, 2023 to December 19, 2024 and July 13, 2022 to October 9, 2023, respectively, with monthly interest payments.
- 3) On June 30, 2024, December 31, 2023 and June 30, 2023, PHC Company had short-term bank borrowings with contract terms from March 19, 2024 to December 10, 2024, August 10, 2023 to May 10, 2024 and February 7, 2023 to November 3, 2023, respectively, with monthly interest payments.
- 4) On June 30, 2024, December 31, 2023 and June 30, 2023, Phihong had long-term bank borrowings with contract terms from April 7, 2021 to April 7, 2036, April 7, 2021 to April 7, 2036 and August 17, 2020 to April 7, 2036, respectively, with monthly interest payments.
- 5) On June 30, 2023, ZTM Company had long-term bank borrowings with contract terms from June 7, 2023 to August 25, 2023, with monthly interest payments.
- 6) Phihong signed a joint credit agreement mainly hosted by Taiwan Shin Kong Commercial Bank and co-sponsored by Yuanta Commercial Bank and Hua Nan Commercial Bank, along with 7 other banks in the agreement, on April 30, 2019. The contract period is 3 years with the total credit limit of NT\$1 billion, including NT\$450 million of item A loan limit and NT\$550 million for item B loan limit, which will be used by Phihong to support the factory investment plan of PHV and enrich the group operating turnover fund. According to the loan contract in the joint loan case of Taiwan Shin Kong Commercial Bank, Phihong shall maintain the following financial ratios during the loan period (according to the annual and semi-annual consolidated financial report certified by CPAs. The ratios are reviewed on a semi-annual basis):
  - a) The current ratio (current assets/current liabilities) shall not be less than 100%.
  - b) The net debt ratio (total debt/net tangible value) shall not be higher than 150%.
  - c) The interest protection multiples [(pre-tax profit + depreciation + amortization + interest expense)/interest expense] shall be maintained at more than two times (inclusive).

d) Net tangible value (net value minus intangible assets) shall not be less than NT\$4.5 billion.

On December 15, 2021, Phihong applied to extend the credit line of the loan agreement, which was signed on April 30, 2019, from July 30, 2022 to July 30, 2024. The application has been approved by the participating banks on March 1, 2022. The financial ratios and requirements above are reviewed based on the annual and semi-annual consolidated financial statements audited by the independent auditors, who the loan arranger recognized. The remaining joint credit accounts were paid off in November 2023.

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

7) Phihong signed a joint credit agreement mainly hosted by Taiwan Shin Kong Commercial Bank, Shanghai Commercial and Savings Bank and Hua Nan Commercial Bank, and co-sponsored by Taishin International Bank, Taipei Fubon Bank, Entie Commercial Bank, First Commercial Bank and Chang Hwa Commercial Bank, with a total of 10 banks participating in the loan, on June 28, 2023. The contract period is 3 years with a total credit limit of NT\$3 billion, including NT\$1.5 billion of item A loan limit, NT\$1 billion of item B loan limit and US\$45 million of item C loan limit, which will be used to repay outstanding financial liabilities and enrich medium-term working capital for Phihong, ZTM and ZSH. As of June 30, 2024, have not been used yet. According to the loan contract in the joint loan case, Phihong Technology Co., Ltd shall maintain the following financial ratios during the loan period (according to the annual and semi-annual consolidated financial statements with an accountant's audit or review, which is to be reviewed every half year):

- a) The current ratio (current assets/current liabilities) shall not be less than 100%.
- b) The net debt ratio (total debt/net tangible value) shall not be higher than 200%.
- c) The interest protection multiples [(pre-tax profit + depreciation + amortization + interest expense)/interest expense] shall be maintained at more than two times (inclusive).
- d) Net tangible value (net value minus intangible assets) shall not be less than NT\$4.5 billion.

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

## 19. BONDS PAYABLE

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

### Secured Domestic Bonds

On March 25, 2021, Phihong issued 70 units of \$10,000 thousand, A 5-year New Taiwan dollar-denominated secured general corporate bond with a coupon rate of 0.60% with an aggregate principal of \$700,000 thousand.

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

## 20. OTHER PAYABLES

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

## 21. RETIREMENT BENEFIT PLANS

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

## 22. EQUITY

### a. Share capital

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

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

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

b. Capital surplus

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

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

c. Retained earnings and dividend policy

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

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

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

The appropriations of earnings for 2023 and 2022 that had been resolved by the shareholders in their meeting on June 12, 2024 and June 9, 2023, were as follows:

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

d. Special reserves

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

e. Other equity items

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

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

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

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

f. Non-controlling Interests

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

**23. REVENUE**

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

**Contract Balances**

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

**24. NET PROFIT FROM CONTINUING OPERATIONS**

a. Interest income

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

b. Other income

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

c. Other gains and (losses)

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

d. Depreciation and amortization

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

e. Finance costs

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

f. Employee benefits expense

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

g. Employees' compensation and remuneration to directors

Phihong accrued employees' compensation and remuneration of directors at the rates no less than 10% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The compensation of employees and the remuneration of directors for the six months ended June 30, 2024 and 2023 are as follows:

Accrual rate

|                           | For the Three Months Ended<br>June 30 |      | For the Six Months Ended<br>June 30 |      |
|---------------------------|---------------------------------------|------|-------------------------------------|------|
|                           | 2024                                  | 2023 | 2024                                | 2023 |
| Compensation of employees | 10%                                   | 10%  | 10%                                 | 10%  |
| Remuneration of directors | 2%                                    | 2%   | 2%                                  | 2%   |

Amount

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

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

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

Amount

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

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

h. Gain or loss on foreign currency exchange

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

## 25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Income tax recognized in profit or loss

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

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

### b. Income tax assessments

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

## 26. EARNINGS PER SHARE

Unit: NT\$ Per Share

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

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

### Net Profit for the Period

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

## Ordinary Shares Outstanding

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

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

## 27. GOVERNMENT GRANTS

PHC received government grants for acquiring energy-saving equipment in. Such amounts have been deducted from the carrying amounts of the relevant assets while recognized in profit or loss within the useful lives of the assets by reducing the depreciation expenses. For the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, the depreciation expenses have been decreased by \$623 thousand, \$522 thousand, \$1,413 thousand and \$1,044 thousand, respectively.

## 28. CAPITAL MANAGEMENT

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

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

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

## 29. FINANCIAL INSTRUMENTS

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

#### 1) Fair value hierarchy

June 30, 2024

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

December 31, 2023

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

June 30, 2023

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

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

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

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

b. Categories of financial instruments

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

Financial liabilities

|                                             |           |           |            |
|---------------------------------------------|-----------|-----------|------------|
| Financial liabilities at amortized cost (2) | 4,920,070 | 5,779,260 | 10,647,121 |
|---------------------------------------------|-----------|-----------|------------|

- 1) The balances included cash and cash equivalents, financial assets measured at amortized cost, contract assets, notes receivable, trade receivables, trade receivables from related parties, other receivables and refundable deposits.
- 2) The balances included short-term borrowings, contract liabilities, trade payables, trade payables to related parties, other payables, bonds payable, long-term borrowings, lease liabilities and guarantee deposits received.

c. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

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

b) Interest rate risk

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

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

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

Sensitivity analysis

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

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

2) Credit risk

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

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

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

### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2024 and 2023, the Group had available unutilized bank loan facilities set out in (b) below.

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

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

##### June 30, 2024

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

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

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

December 31, 2023

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

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

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

June 30, 2023

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

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

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

b) Financing facilities

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

(Continued)

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

### 30. RELATED-PARTY TRANSACTIONS

#### a. The Group's related parties and relationship

| Related Party                                                    | Relationship with the Group |
|------------------------------------------------------------------|-----------------------------|
| Everbright Manufacturing Co., Ltd. (Note 1)                      | Other related party         |
| Dongguan Guan Hung Industrial Co., Ltd. (Note 1)                 | Other related party         |
| Hua Jung Components Co., Ltd. (Note 2)                           | Other related party         |
| TCC Energy Storage Technology Corporation ("TCC Energy Storage") | Related party               |
| SG Digital Technology Ltd                                        | Related party               |
| EVSE Solutions ("EVSE")                                          | Related party               |
| FREE2MOVE ESOLUTIONS NORTH AMERICA LLC ("F2M")                   | Related party               |
| Spring City Resort Co., Ltd.                                     | Associate                   |
| Peter Lin                                                        | Phihong's chairman          |
| Kevin Lin                                                        | Related party               |
| Joyce Lin                                                        | Related party               |
| Peggy Wu                                                         | Related party               |

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

Note 2: There are no related parties since the fourth quarter of 2023.

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

#### b. Trading transactions

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

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

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

c. Contract liabilities

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

d. Receivables from related parties

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

e. Payables to related parties

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

f. Operating expenses

| <b>Related Party Category</b> | <b>For the Three Months Ended June 30</b> |                 | <b>For the Six Months Ended June 30</b> |                  |
|-------------------------------|-------------------------------------------|-----------------|-----------------------------------------|------------------|
|                               | <b>2024</b>                               | <b>2023</b>     | <b>2024</b>                             | <b>2023</b>      |
| Related party                 | <u>\$ 5,871</u>                           | <u>\$ 2,702</u> | <u>\$ 17,292</u>                        | <u>\$ 10,596</u> |

g. Remuneration of key management personnel

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

|                          | <b>For the Three Months Ended June 30</b> |                  | <b>For the Six Months Ended June 30</b> |                  |
|--------------------------|-------------------------------------------|------------------|-----------------------------------------|------------------|
|                          | <b>2024</b>                               | <b>2023</b>      | <b>2024</b>                             | <b>2023</b>      |
| Short-term benefits      | \$ 29,366                                 | \$ 22,963        | \$ 60,265                               | \$ 44,332        |
| Post-employment benefits | <u>215</u>                                | <u>133</u>       | <u>390</u>                              | <u>269</u>       |
|                          | <u>\$ 29,581</u>                          | <u>\$ 23,096</u> | <u>\$ 60,655</u>                        | <u>\$ 44,601</u> |

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

h. Other transactions with related parties

Phihong's chairman served as the joint guarantor for Phihong's short-term borrowings, bonds payable and long-term borrowings. As of June 30, 2024, December 31, 2023 and June 30, 2023, the amounts of the guarantees were \$992,550 thousand, \$987,476 thousand and \$4,712,809 thousand, respectively.

i. Others

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

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group have been provided as collateral for the project performance bond, bank loan, domestic secured corporate bonds, and Post-release Duty Payment:

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

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

|                          | June 30, 2024 | December 31,<br>2023 | June 30, 2023 |
|--------------------------|---------------|----------------------|---------------|
| Letter of bank guarantee | \$ 1,000      | \$ 1,000             | \$ 2,500      |

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

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

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

#### June 30, 2024

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

#### Financial liabilities

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

#### December 31, 2023

|                         | Foreign<br>Currency<br>(In Thousands) | Exchange Rate | Carrying<br>Amount |
|-------------------------|---------------------------------------|---------------|--------------------|
| <u>Financial assets</u> |                                       |               |                    |
| Monetary items          |                                       |               |                    |
| USD                     | \$ 82,978                             | 30.70500      | \$ 2,547,844       |
| RMB                     | 18,989                                | 4.32623       | 82,152             |
| VND                     | 203,775,516                           | 0.00126       | 256,757            |

#### Financial liabilities

|                |            |          |         |
|----------------|------------|----------|---------|
| Monetary items |            |          |         |
| USD            | 25,203     | 30.70500 | 773,856 |
| RMB            | 62,641     | 4.32623  | 271,001 |
| VND            | 86,848,120 | 0.00126  | 109,429 |

June 30, 2023

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

### 34. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions and investees

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

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 9)
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

### 35. SEGMENT INFORMATION

a. Basic information of operation segments

1) Classification of operating segments

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

- a) Power Supply Products Segment: Mainly responsible for the R&D, design, manufacturing, sales, and after-sales service of power supply products.
- b) EV Energy Products Segment: Mainly responsible for the R&D, design, manufacturing, sales, and after-sales service of EV Energy products.

2) Principles for measuring profit and loss of the operating segment

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

b. Segment revenues and results

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

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

TABLE 1

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

| No.<br>(Note 1) | Lender | Borrower | Financial Statement<br>Account            | Related Party | Highest Balance for<br>the Period | Ending Balance                 | Actual Borrowing<br>Amount | Interest Rate | Nature of<br>Financing<br>(Note 2) | Business<br>Transaction<br>Amount | Reasons for<br>Short-term<br>Financing | Allowance for<br>Impairment Loss | Collateral |       | Financing Limit for<br>Each Borrower<br>(Notes 3 and 4) | Aggregate<br>Financing Limit<br>(Notes 3 and 4) | Note |
|-----------------|--------|----------|-------------------------------------------|---------------|-----------------------------------|--------------------------------|----------------------------|---------------|------------------------------------|-----------------------------------|----------------------------------------|----------------------------------|------------|-------|---------------------------------------------------------|-------------------------------------------------|------|
|                 |        |          |                                           |               |                                   |                                |                            |               |                                    |                                   |                                        |                                  | Item       | Value |                                                         |                                                 |      |
| 0               | PHT    | ZSH      | Other receivables from<br>related parties | Yes           | \$ 325,300<br>(US\$ 10,000,000)   | \$ -<br>(US\$ 10,000,000)      | \$ -                       | 6.50%         | b                                  | \$ -                              | Capital movement                       | \$ -                             | -          | \$ -  | \$ 1,980,242                                            | \$ 3,960,485                                    |      |
|                 |        | ZCM      | "                                         | "             | 487,950<br>(US\$ 15,000,000)      | -<br>(US\$ 15,000,000)         | -                          | 6.50%         | "                                  | -                                 | "                                      | -                                | -          | -     | 1,980,242                                               | 3,960,485                                       |      |
|                 |        | ZAS      | "                                         | "             | 97,590<br>(US\$ 3,000,000)        | -<br>(US\$ 3,000,000)          | -                          | 6.50%         | "                                  | -                                 | "                                      | -                                | -          | -     | 1,980,242                                               | 3,960,485                                       |      |
|                 |        | ZNS      | "                                         | "             | 48,795<br>(US\$ 1,500,000)        | -<br>(US\$ 1,500,000)          | -                          | 6.50%         | "                                  | -                                 | "                                      | -                                | -          | -     | 1,980,242                                               | 3,960,485                                       |      |
|                 |        | ZJS      | "                                         | "             | 81,325<br>(US\$ 2,500,000)        | -<br>(US\$ 2,500,000)          | -                          | 6.50%         | "                                  | -                                 | "                                      | -                                | -          | -     | 1,980,242                                               | 3,960,485                                       |      |
|                 |        | PHJ      | "                                         | "             | 487,950<br>(US\$ 15,000,000)      | 487,950<br>(US\$ 15,000,000)   | 97,590                     | 6.30%         | "                                  | -                                 | "                                      | -                                | -          | -     | 1,980,242                                               | 3,960,485                                       |      |
|                 |        |          |                                           |               |                                   |                                |                            |               |                                    |                                   |                                        |                                  |            |       |                                                         |                                                 |      |
| 1               | PHC    | PHE      | "                                         | "             | 45,463<br>(RMB 10,000,000)        | 45,463<br>(RMB 10,000,000)     | 45,463                     | 4.90%         | "                                  | -                                 | "                                      | -                                | -          | -     | 2,256,839                                               | 2,256,839                                       |      |
| 2               | PHZ    | PHP      | "                                         | "             | 1,026,975<br>(RMB 225,000,000)    | 1,026,975<br>(RMB 225,000,000) | 1,026,975                  | 4.75%         | "                                  | -                                 | "                                      | -                                | -          | -     | 2,101,384                                               | 2,101,384                                       |      |
| 3               | PHA    | ZAS      | "                                         | "             | 390,360<br>(US\$ 12,000,000)      | -                              | -                          | 6.50%         | "                                  | -                                 | "                                      | -                                | -          | -     | 1,908,898                                               | 1,908,898                                       |      |
| 4               | ZSH    | ZAS      | "                                         | "             | 325,300<br>(US\$ 10,000,000)      | 325,300<br>(US\$ 10,000,000)   | 162,650                    | 6.55%         | "                                  | -                                 | "                                      | -                                | -          | -     | 3,115,556                                               | 3,115,556                                       |      |
|                 |        | ZNS      | "                                         | "             | 162,650<br>(US\$ 5,000,000)       | 162,650<br>(US\$ 5,000,000)    | -                          | 6.55%         | "                                  | -                                 | "                                      | -                                | -          | -     | 3,115,556                                               | 3,115,556                                       |      |
|                 |        | ZJS      | "                                         | "             | 325,300<br>(US\$ 10,000,000)      | 325,300<br>(US\$ 10,000,000)   | -                          | 6.55%         | "                                  | -                                 | "                                      | -                                | -          | -     | 3,115,556                                               | 3,115,556                                       |      |

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

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

Note 2: Reasons for financing are as follows:

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

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

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

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

TABLE 2

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No.<br>(Note 1) | Endorser/Guarantor | Endorsee/Guarantee |                           | Limit on<br>Endorsement/<br>Guarantee Given<br>on Behalf of<br>Each Party<br>(Notes 2 and 3) | Maximum<br>Amount<br>Endorsed/<br>Guaranteed<br>During the<br>Period | Outstanding<br>Endorsement/<br>Guarantee at the<br>End of the Period | Actual<br>Borrowing<br>Amount | Amount<br>Endorsed/<br>Guaranteed by<br>Collateral | Ratio of<br>Accumulated<br>Endorsement/<br>Guarantee to Net<br>Equity in Latest<br>Financial<br>Statements (%) | Aggregate<br>Endorsement/<br>Guarantee Limit<br>(Notes 2 and 3) | Endorsement/<br>Guarantee Given<br>by Parent on<br>Behalf of<br>Subsidiaries | Endorsement/<br>Guarantee Given<br>by Subsidiaries<br>on Behalf of<br>Parent | Endorsement/<br>Guarantee Given<br>on Behalf of<br>Companies in<br>Mainland China | Note        |
|-----------------|--------------------|--------------------|---------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------|
|                 |                    | Name               | Relationship              |                                                                                              |                                                                      |                                                                      |                               |                                                    |                                                                                                                |                                                                 |                                                                              |                                                                              |                                                                                   |             |
| 0               | Phihong            | PHV                | Subsidiary of the Company | \$ 7,425,910                                                                                 | \$ 292,770<br>(US\$ 9,000,000)                                       | \$ 65,060<br>(US\$ 2,000,000)                                        | \$ 24,664                     | \$ -                                               | 0.66                                                                                                           | \$ 9,901,214                                                    | Y                                                                            | N                                                                            | N                                                                                 | 6 and 9     |
|                 |                    | ZTM                | "                         | 7,425,910                                                                                    | 1,700,000                                                            | 1,700,000                                                            | -                             | -                                                  | 17.17                                                                                                          | 9,901,214                                                       | Y                                                                            | N                                                                            | N                                                                                 | 4, 7 and 10 |
|                 |                    | ZSH                | "                         | 7,425,910                                                                                    | 1,675,295<br>(US\$ 51,500,000)                                       | 1,675,295<br>(US\$ 51,500,000)                                       | -<br>(US\$ -)                 | -                                                  | 16.92                                                                                                          | 9,901,214                                                       | Y                                                                            | N                                                                            | N                                                                                 | 5, 8 and 11 |

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

a. The Company is coded “0”.

b. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: According to the Company’s procedures for the Management of Endorsements and Guarantees, the aggregate amount of endorsements/guarantees provided by the Company shall not exceed 100% of endorser/guarantor’s net worth. Additionally, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 75% of the Company’s net worth. The net worth is based on the Company’s latest parent-company-only financial statements.

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

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

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

Note 6: On May 11, 2023, the board of directors approved that the Company’s endorsements/guarantees amount to PHV is US\$7 million. (Expired in May 2024.)

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

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

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

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

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

TABLE 3

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

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

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

**TABLE 4**

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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

TABLE 5

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Company Name | Related Party | Relationship              | Financial Statement Account and Ending Balance |            | Turnover Rate | Overdue |               | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|--------------|---------------|---------------------------|------------------------------------------------|------------|---------------|---------|---------------|--------------------------------------|-------------------------------|
|              |               |                           |                                                |            |               | Amount  | Actions Taken |                                      |                               |
| PHT          | PHC           | Subsidiary of the Company | Other receivables                              | \$ 510,012 | -             | \$ -    | -             | \$ 105,591                           | \$ -                          |
|              | PHV           | "                         | Other receivables                              | 730,543    | -             | -       | -             | 165,559                              | -                             |
|              | PHA           | "                         | Trade receivables                              | 162,779    | 15.44         | -       | -             | 146,146                              | -                             |
| PHZ          | PHP           | Sister company            | Other receivables                              | 1,051,365  | -             | -       | -             | -                                    | -                             |
| PHC          | PHT           | Subsidiary of PHT         | Trade receivables                              | 236,626    | 11.08         | -       | -             | 236,620                              | -                             |
| PHV          | PHT           | Subsidiary of PHT         | Trade receivables                              | 188,950    | 8.96          | -       | -             | 168,606                              | -                             |
| ZSH          | ZAS           | Subsidiary of ZSH         | Other receivables                              | 164,312    | -             | -       | -             | 302                                  | -                             |
|              | "             | "                         | Trade receivables                              | 347,453    | 7.15          | -       | -             | 139,046                              | -                             |

**TABLE 6**

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

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(In Thousands of New Taiwan Dollars)**

| No.<br>(Note 1) | Investee Company | Counterparty | Relationship<br>(Note 2) | Transaction Details          |              |                              |                                           |
|-----------------|------------------|--------------|--------------------------|------------------------------|--------------|------------------------------|-------------------------------------------|
|                 |                  |              |                          | Financial Statement Accounts | Amount       | Payment Terms                | % to Total<br>Sales or Assets<br>(Note 3) |
| 0               | PHT              | PHA          | a                        | Sales revenue                | \$ 1,024,875 | To be agreed by both parties | 21.00                                     |
|                 |                  | PHJ          | "                        | "                            | 106,262      | "                            | 2.00                                      |
|                 |                  | PHV          | "                        | "                            | 34,421       | "                            | 1.00                                      |
|                 |                  | PHC          | "                        | Purchase                     | 1,249,477    | No significant difference    | 25.00                                     |
|                 |                  | PHP          | "                        | "                            | 382,901      | "                            | 8.00                                      |
|                 |                  | PHV          | "                        | "                            | 870,029      | "                            | 18.00                                     |
|                 |                  | PHA          | "                        | Trade receivables            | 162,779      | To be agreed by both parties | 1.00                                      |
|                 |                  | PHC          | "                        | Other receivables            | 510,012      | -                            | 3.00                                      |
|                 |                  | PHJ          | "                        | "                            | 97,994       | -                            | 1.00                                      |
|                 |                  | PHV          | "                        | "                            | 730,543      | -                            | 5.00                                      |
| 1               | PHZ              | PHP          | c                        | Other receivables            | 1,051,365    | -                            | 7.00                                      |
| 2               | PHC              | PHT          | b                        | Trade receivables            | 236,626      | To be agreed by both parties | 2.00                                      |
| 3               | PHP              | PHT          | b                        | Trade receivables            | 99,163       | To be agreed by both parties | 1.00                                      |
| 4               | PHV              | PHT          | b                        | Trade receivables            | 188,950      | To be agreed by both parties | 1.00                                      |
|                 |                  | ZSH          | c                        | Sales revenue                | 290,091      | "                            | 6.00                                      |
| 5               | ZTM              | ZAS          | c                        | Service income               | 116,913      | To be agreed by both parties | 2.00                                      |
|                 |                  | ZSH          | "                        | Service income               | 291,278      | "                            | 6.00                                      |
|                 |                  | "            | "                        | Sales revenue                | 128,734      | "                            | 3.00                                      |
|                 |                  | ZAS          | "                        | Trade receivables            | 89,559       | "                            | 1.00                                      |
| 6               | ZSH              | ZTM          | c                        | Sales revenue                | 97,868       | To be agreed by both parties | 2.00                                      |
|                 |                  | ZAS          | "                        | "                            | 744,329      | "                            | 15.00                                     |
|                 |                  | ZNS          | "                        | "                            | 117,992      | "                            | 2.00                                      |
|                 |                  | ZJS          | "                        | "                            | 75,182       | "                            | 2.00                                      |
|                 |                  | ZAS          | "                        | Trade receivables            | 347,453      | "                            | 2.00                                      |
|                 |                  | "            | "                        | Other receivables            | 164,312      | "                            | 1.00                                      |
|                 |                  |              |                          |                              |              |                              |                                           |

(Continued)

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

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

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

Note 2: Nature of relationship is as follows:

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

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item’s period-end balance is shown as a percentage to consolidated total assets as of June 30, 2024. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended June 30, 2024.

(Concluded)

TABLE 7

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

| Investor Company | Investee Company                 | Location                                                                                     | Main Businesses and Products                                                   | Original Investment Amount |                      | As of June 30, 2024 |           |                 | Net Income (Loss)<br>of the Investee | Share of Profit<br>(Loss) | Note                                                                               |
|------------------|----------------------------------|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------------|----------------------|---------------------|-----------|-----------------|--------------------------------------|---------------------------|------------------------------------------------------------------------------------|
|                  |                                  |                                                                                              |                                                                                | June 30, 2024              | December 31,<br>2023 | Shares              | %         | Carrying Amount |                                      |                           |                                                                                    |
| PHT              | PHI                              | British Virgin Islands                                                                       | Makes investments                                                              | \$ 3,209,288               | \$ 3,209,288         | 102,421,351         | 100.00    | \$ 2,894,980    | \$ 89,242                            | \$ 96,862                 | Dissolved in April 2024.                                                           |
|                  | PHA                              | The United States                                                                            | Sells various power supplies                                                   | 207,203                    | 207,203              | 3,100,000           | 100.00    | 1,254,401       | (10,939)                             | (10,939)                  |                                                                                    |
|                  | PHK                              | British Virgin Islands                                                                       | Makes investments                                                              | 554,154                    | 554,154              | 18,840,000          | 100.00    | (448,821)       | (50,722)                             | (49,196)                  |                                                                                    |
|                  | PHQ                              | British Virgin Islands                                                                       | Makes investments                                                              | 352,043                    | 352,043              | 12,012,600          | 100.00    | 49,537          | (10,041)                             | (10,164)                  |                                                                                    |
|                  | Guang-Lai                        | Taiwan                                                                                       | Makes investments                                                              | 139,758                    | 139,758              | 13,975,828          | 100.00    | 122,231         | 13,784                               | 13,784                    |                                                                                    |
|                  | H&P Venture Capital Co., Ltd.    | Taiwan                                                                                       | Makes investments                                                              | -                          | 6,869                | -                   | -         | -               | -                                    | -                         |                                                                                    |
|                  | PHJ                              | Japan                                                                                        | Sells power components                                                         | 295,181                    | 295,181              | 25,000              | 100.00    | 212,264         | (2,672)                              | (2,672)                   |                                                                                    |
|                  |                                  |                                                                                              |                                                                                | (JPY 500,000,000)          | (JPY 500,000,000)    |                     |           |                 |                                      |                           |                                                                                    |
|                  | PHV                              | Vietnam                                                                                      | Manufactures and sells various power supplies                                  | 1,906,713                  | 1,906,713            | 65,000,000          | 100.00    | 1,681,976       | 19,728                               | 19,746                    |                                                                                    |
|                  |                                  |                                                                                              |                                                                                | (US\$ 65,000,000)          | (US\$ 65,000,000)    |                     |           |                 |                                      |                           |                                                                                    |
|                  | ZKH                              | Cayman Islands                                                                               | Makes investments                                                              | 2,083,650                  | 2,083,650            | 699,272,603         | 100.00    | 2,771,159       | 102,670                              | 85,416                    |                                                                                    |
|                  |                                  |                                                                                              |                                                                                | (US\$ 69,927,620)          | (US\$ 69,927,620)    |                     |           |                 |                                      |                           |                                                                                    |
| PHI              | N-Lighten                        | The United States                                                                            | Makes investments                                                              | -                          | 409,851              | -                   | -         | -               | -                                    | -                         | Dissolved in June 2024.                                                            |
| Guang-Lai        | Spring City Resort Co., Ltd.     | Taiwan                                                                                       | Hotel and attached restaurant and the general bathroom industry                | 196,250                    | 196,250              | 3,462,343           | 25.27     | 9,313           | 5,782                                | 1,461                     | Converted to non-current assets held for sale in June 2024.                        |
|                  |                                  |                                                                                              |                                                                                |                            |                      |                     |           |                 |                                      |                           |                                                                                    |
|                  | Han-Yu Venture Capital Co., Ltd. | Taiwan                                                                                       | Makes investments                                                              | 100,000                    | 100,000              | 8,000,000           | 22.22     | 80,519          | 18,595                               | 4,133                     | Dissolved in June 2024.                                                            |
| N-Lighten        | The United States                | Makes investments                                                                            | -                                                                              | 206,084                    | -                    | -                   | -         | -               | -                                    |                           |                                                                                    |
| ZKH              | ZSH                              | Singapore                                                                                    | Makes investments and sells of electrical equipment                            | 2,117,995                  | 2,175,576            | 67,649,888          | 100.00    | 2,778,767       | 145,287                              | 104,264                   | The ZTM organization structure was transferred to ZSH ownership on April 17, 2023. |
|                  |                                  |                                                                                              |                                                                                | (US\$ 65,872,408)          | (US\$ 67,649,888)    |                     |           |                 |                                      |                           |                                                                                    |
| ZSH              | ZJS                              | Japan                                                                                        | Sells of electrical equipment and provides electric vehicle charging solutions | 16,848                     | 16,848               | 8,000               | 100.00    | 42,585          | 21,683                               | 21,683                    |                                                                                    |
|                  |                                  |                                                                                              |                                                                                | (JPY 80,000,000)           | (JPY 80,000,000)     |                     |           |                 |                                      |                           |                                                                                    |
|                  | ZAH                              | The United States                                                                            | Makes investments                                                              | 95,482                     | 95,482               | 3,050,000           | 100.00    | 257,247         | (11,473)                             | (11,473)                  |                                                                                    |
|                  |                                  |                                                                                              |                                                                                | (US\$ 3,050,000)           | (US\$ 3,050,000)     |                     |           |                 |                                      |                           |                                                                                    |
| ZTM              | Taiwan                           | Manufactures, sells of electrical equipment and provides electric vehicle charging solutions | 624,343                                                                        | 624,343                    | 60,000,000           | 100.00              | 1,091,565 | 41,472          | 41,472                               |                           |                                                                                    |
|                  |                                  |                                                                                              |                                                                                |                            |                      |                     |           |                 |                                      |                           |                                                                                    |
|                  | ZNS                              | Netherlands                                                                                  | Sells of electrical equipment and provides electric vehicle charging solutions | 104,056                    | 104,056              | 100                 | 100.00    | 99,423          | (9,397)                              | (9,397)                   |                                                                                    |
|                  |                                  |                                                                                              |                                                                                | (EUR 3,000,000)            | (EUR 3,000,000)      |                     |           |                 |                                      |                           |                                                                                    |
| ZAH              | ZAS                              | The United States                                                                            | Sells of electrical equipment and provides electric vehicle charging solutions | 95,150                     | 95,150               | 3,000,000           | 100.00    | 255,894         | (11,353)                             | (11,353)                  |                                                                                    |
|                  |                                  |                                                                                              |                                                                                | (US\$ 3,000,000)           | (US\$ 3,000,000)     |                     |           |                 |                                      |                           |                                                                                    |

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

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

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2024**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

| Investee Company | Main Businesses and Products                                                   | Paid-in Capital                    | Method of Investment                              | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 | Remittance of Funds |        | Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2024 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of June 30, 2024 | Accumulated Repatriation of Investment Income as of June 30, 2024 | Note   |
|------------------|--------------------------------------------------------------------------------|------------------------------------|---------------------------------------------------|---------------------------------------------------------------------------------|---------------------|--------|-------------------------------------------------------------------------------|-----------------------------------|----------------------------------------------|---------------------------------|-------------------------------------|-------------------------------------------------------------------|--------|
|                  |                                                                                |                                    |                                                   |                                                                                 | Outward             | Inward |                                                                               |                                   |                                              |                                 |                                     |                                                                   |        |
| PHC              | Manufactures and sells various power supplies                                  | \$ 1,988,018<br>(HK\$ 495,450,000) | Indirect investment in mainland China through PHI | \$ 1,677,679<br>(HK\$ 419,000,000)                                              | \$ -                | \$ -   | \$ 1,677,679<br>(HK\$ 419,000,000)                                            | \$ 64,096                         | 100                                          | \$ 64,096                       | \$ 1,504,560                        | \$ -                                                              |        |
| PHZ              | Manufactures and sells various power supplies                                  | 1,097,139<br>(US\$ 31,960,000)     | "                                                 | 1,097,139<br>(US\$ 31,960,000)                                                  | -                   | -      | 1,097,139<br>(US\$ 31,960,000)                                                | 15,026                            | 100                                          | 15,026                          | 1,400,923                           | -                                                                 |        |
| PHP              | Manufactures and sells various power supplies                                  | 604,135<br>(US\$ 20,140,000)       | Indirect investment in mainland China through PHK | 554,456<br>(US\$ 18,640,000)                                                    | -                   | -      | 554,456<br>(US\$ 18,640,000)                                                  | (50,962)                          | 100                                          | (50,962)                        | (437,671)                           | -                                                                 |        |
| PHSY             | Manufactures and sells electronic materials                                    | 39,678<br>(HK\$ 9,000,000)         | Indirect investment in mainland China through PHQ | 39,678<br>(HK\$ 9,000,000)                                                      | -                   | -      | 39,678<br>(HK\$ 9,000,000)                                                    | (1,140)                           | 100                                          | (1,140)                         | 75,785                              | -                                                                 |        |
| PHE              | Manufactures and sells electronic materials                                    | 360,124<br>(US\$ 11,500,000)       | "                                                 | 360,124<br>(US\$ 11,500,000)                                                    | -                   | -      | 360,124<br>(US\$ 11,500,000)                                                  | (8,779)                           | 100                                          | (8,779)                         | (27,090)                            | -                                                                 |        |
| ZCM              | Manufactures and sells of electrical equipment                                 | 28,942<br>(US\$ 950,000)           | Indirect investment in mainland China through ZSH | 28,942<br>(US\$ 950,000)                                                        | -                   | -      | 28,942<br>(US\$ 950,000)                                                      | 27,224                            | 100                                          | 27,224                          | 24,213                              | -                                                                 |        |
| ZCS              | Sells of electrical equipment and provides electric vehicle charging solutions | 21,588<br>(US\$ 670,000)           | "                                                 | 6,430<br>(US\$ 200,000)                                                         | -                   | -      | 6,430<br>(US\$ 200,000)                                                       | (3,853)                           | 100                                          | (3,853)                         | 2,331                               | -                                                                 |        |
| ZCT              | Sells of electrical equipment and provides electric vehicle charging solutions | 49,027<br>(US\$ 1,605,000)         | Indirect investment in mainland China through ZCM | 63,934<br>(US\$ 2,865,000)                                                      | -                   | -      | 63,934<br>(US\$ 2,865,000)                                                    | 5,356                             | 100                                          | 5,356                           | 13,702                              | -                                                                 | Note 3 |

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

Note 2: The foreign currencies in this table are converted into New Taiwan dollars using exchange rates of the investment date, except for income and expense items which are translated at the average exchange rates for the period.

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

2. Limit on investment amount in Mainland China:

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

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

**TABLE 9**

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

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investee Company | Transaction Type | Purchase/Sale |       | Price                        | Transaction Details          |                                    | Notes/Accounts Receivable (Payable) |         | Unrealized (Gain) Loss | Note |
|------------------|------------------|---------------|-------|------------------------------|------------------------------|------------------------------------|-------------------------------------|---------|------------------------|------|
|                  |                  | Amount        | %     |                              | Payment Term                 | Comparison with Normal Transaction | Ending Balance                      | %       |                        |      |
| PHC              | Purchase         | \$ 1,249,477  | 49.55 | To be agreed by both parties | To be agreed by both parties | -                                  | \$ (242,854)                        | (14.52) | \$ -                   |      |
| PHP              | "                | 382,901       | 15.18 | "                            | "                            | -                                  | (99,163)                            | (5.93)  | -                      |      |
| ZCM              | "                | 664,759       | 58.01 | "                            | "                            | -                                  | (63,616)                            | (24.27) | -                      |      |

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

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

Note: The information on major shareholders in this table is based on the last business day at the end of the quarter, including the data of the shareholders holding more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different due to the difference of calculation basis.