

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

**Consolidated Financial Statements for the
Nine Months Ended September 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 September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine 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 12 to the consolidated financial statements, the carrying amount of the Group's investments accounted for using the equity method of NT\$74,584 thousand and NT\$99,434 thousand as of September 30, 2024 and 2023, respectively, and the comprehensive loss from the investments of NT\$5,936 thousand and NT\$5,047 thousand for the three months ended September 30, 2024 and 2023, respectively, and NT\$342 thousand and NT\$12,880 thousand for the nine months ended September 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 September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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 September 30, 2024 and 2023, the total assets of these subsidiaries were NT\$4,138,367 thousand and NT\$4,291,682 thousand, representing 26.80% and 25.60%, respectively, of the consolidated total assets, and for the nine months ended September 30, 2024 and 2023, the total amount of operating revenue of these subsidiaries were NT\$3,171,567 thousand and NT\$3,172,451 thousand, representing 40.12% and 33.69%, respectively, of the consolidated operating revenue.

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

November 6, 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	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 5,294,271	34	\$ 5,851,805	38	\$ 6,067,096	36
Financial assets at amortized cost - current (Notes 8 and 30)	268,037	2	235,014	1	499,764	3
Contract assets - current (Note 22)	7,983	-	-	-	-	-
Notes receivables (Note 9)	-	-	-	-	7,456	-
Trade receivables (Note 9)	1,924,765	12	1,707,187	11	2,027,516	12
Trade receivables from related parties (Notes 9 and 29)	32,239	-	2,186	-	1,036	-
Other receivables	84,097	1	36,210	-	46,280	-
Current tax assets	98,279	1	49,059	-	47,260	1
Inventories (Note 10)	2,178,676	14	2,602,895	17	2,822,222	17
Other current assets	<u>330,830</u>	<u>2</u>	<u>300,270</u>	<u>2</u>	<u>312,797</u>	<u>2</u>
Total current assets	<u>10,219,177</u>	<u>66</u>	<u>10,784,626</u>	<u>69</u>	<u>11,831,427</u>	<u>71</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	136,344	1	122,608	1	120,489	1
Financial assets at amortized cost - non-current (Notes 8 and 30)	-	-	10,500	-	14,500	-
Investments accounted for using the equity method (Note 12)	74,584	1	86,674	1	99,434	1
Property, plant and equipment (Note 13)	4,074,535	26	3,823,140	25	4,191,240	25
Right-of-use assets (Note 14)	337,046	2	308,023	2	330,306	2
Investment properties (Note 15)	362,817	2	271,958	2	-	-
Other intangible assets (Note 16)	59,971	-	46,835	-	42,326	-
Deferred tax assets	74,117	1	54,542	-	48,882	-
Other non-current assets	<u>105,790</u>	<u>1</u>	<u>69,640</u>	<u>-</u>	<u>83,578</u>	<u>-</u>
Total non-current assets	<u>5,225,204</u>	<u>34</u>	<u>4,793,920</u>	<u>31</u>	<u>4,930,755</u>	<u>29</u>
TOTAL	<u>\$ 15,444,381</u>	<u>100</u>	<u>\$ 15,578,546</u>	<u>100</u>	<u>\$ 16,762,182</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 753,212	5	\$ 878,851	6	\$ 2,889,609	17
Contract liabilities - current (Notes 22 and 29)	360,645	2	423,831	3	458,258	3
Trade payables	1,864,447	12	1,933,927	12	2,107,874	13
Trade payables to related parties (Note 29)	-	-	4,788	-	80,188	1
Other payables (Note 19)	1,071,623	7	1,465,281	9	1,376,313	8
Current tax liabilities	63,169	1	146,078	1	183,032	1
Lease liabilities - current (Note 14)	38,367	-	31,088	-	31,529	-
Current portion of long-term borrowings (Note 17)	14,867	-	117,417	1	247,267	1
Other current liabilities (Note 19)	<u>309,580</u>	<u>2</u>	<u>190,688</u>	<u>1</u>	<u>207,051</u>	<u>1</u>
Total current liabilities	<u>4,475,910</u>	<u>29</u>	<u>5,191,949</u>	<u>33</u>	<u>7,581,121</u>	<u>45</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 18)	699,396	5	699,092	5	698,991	4
Long-term borrowings (Note 17)	159,817	1	170,967	1	1,266,921	8
Deferred tax liabilities	34,336	-	30,265	-	34,108	-
Lease liabilities - non-current (Note 14)	66,316	-	23,855	-	32,331	-
Net defined benefit liabilities - non-current	28,609	-	32,019	1	41,274	1
Other non-current liabilities	<u>101,502</u>	<u>1</u>	<u>30,163</u>	<u>-</u>	<u>16,972</u>	<u>-</u>
Total non-current liabilities	<u>1,089,976</u>	<u>7</u>	<u>986,361</u>	<u>7</u>	<u>2,090,597</u>	<u>13</u>
Total liabilities	<u>5,565,886</u>	<u>36</u>	<u>6,178,310</u>	<u>40</u>	<u>9,671,718</u>	<u>58</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)						
Share capital						
Ordinary shares	4,312,084	28	4,312,084	28	3,752,084	22
Capital collected in advance	-	-	-	-	182,084	1
Total share capital	<u>4,312,084</u>	<u>28</u>	<u>4,312,084</u>	<u>28</u>	<u>3,934,168</u>	<u>23</u>
Capital surplus	<u>4,579,383</u>	<u>30</u>	<u>4,579,383</u>	<u>29</u>	<u>2,355,833</u>	<u>14</u>
Retained earnings						
Legal reserve	331,904	2	305,119	2	305,119	2
Special reserve	367,518	2	313,005	2	313,005	2
Unappropriated earnings	<u>403,721</u>	<u>3</u>	<u>267,846</u>	<u>2</u>	<u>263,762</u>	<u>1</u>
Total retained earnings	<u>1,103,143</u>	<u>7</u>	<u>885,970</u>	<u>6</u>	<u>881,886</u>	<u>5</u>
Other equity						
Exchange differences on translating of the financial statements of foreign operations	(36,880)	-	(293,466)	(2)	15,882	-
Unrealized valuation loss on financial assets at fair value through other comprehensive income	<u>(79,235)</u>	<u>(1)</u>	<u>(74,052)</u>	<u>(1)</u>	<u>(87,141)</u>	<u>-</u>
Total other equity	<u>(116,115)</u>	<u>(1)</u>	<u>(367,518)</u>	<u>(3)</u>	<u>(71,259)</u>	<u>-</u>
Total equity attributable to owners of the Company	9,878,495	64	9,409,919	60	7,100,628	42
NON-CONTROLLING INTERESTS (Note 21)	-	-	(9,683)	-	(10,164)	-
Total equity	<u>9,878,495</u>	<u>64</u>	<u>9,400,236</u>	<u>60</u>	<u>7,090,464</u>	<u>42</u>
TOTAL	<u>\$ 15,444,381</u>	<u>100</u>	<u>\$ 15,578,546</u>	<u>100</u>	<u>\$ 16,762,182</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 6, 2024)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 22, 29 and 34)	\$ 2,962,316	100	\$ 3,441,726	100	\$ 7,905,107	100	\$ 9,415,845	100
OPERATING COSTS (Notes 10 and 29)	<u>2,167,495</u>	<u>73</u>	<u>2,472,928</u>	<u>72</u>	<u>5,693,337</u>	<u>72</u>	<u>6,989,962</u>	<u>74</u>
GROSS PROFIT	<u>794,821</u>	<u>27</u>	<u>968,798</u>	<u>28</u>	<u>2,211,770</u>	<u>28</u>	<u>2,425,883</u>	<u>26</u>
OPERATING EXPENSES								
Selling and marketing expenses	296,587	10	276,566	8	857,812	11	694,003	7
General and administrative expenses	253,574	9	245,405	7	725,980	9	627,653	7
Research and development expenses	244,740	8	320,168	9	697,348	9	749,021	8
Expected credit (gain) loss	<u>15,874</u>	<u>1</u>	<u>(65)</u>	<u>-</u>	<u>(597)</u>	<u>-</u>	<u>22,031</u>	<u>-</u>
Total operating expenses	<u>810,775</u>	<u>28</u>	<u>842,074</u>	<u>24</u>	<u>2,280,543</u>	<u>29</u>	<u>2,092,708</u>	<u>22</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(15,954)</u>	<u>(1)</u>	<u>126,724</u>	<u>4</u>	<u>(68,773)</u>	<u>(1)</u>	<u>333,175</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 23)	37,040	1	30,076	1	112,062	1	77,003	1
Other income (Notes 23 and 29)	51,846	2	38,942	1	153,719	2	120,700	1
Other gains and losses (Note 23)	52,939	2	34,298	1	136,895	2	32,003	-
Finance costs (Note 23)	(14,750)	(1)	(44,513)	(2)	(42,315)	-	(102,898)	(1)
Share of profit or loss of associates (Note 12)	<u>(5,936)</u>	<u>-</u>	<u>(3,649)</u>	<u>-</u>	<u>(342)</u>	<u>-</u>	<u>(6,346)</u>	<u>-</u>
Total non-operating income and expenses	<u>121,139</u>	<u>4</u>	<u>55,154</u>	<u>1</u>	<u>360,019</u>	<u>5</u>	<u>120,462</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	105,185	3	181,878	5	291,246	4	453,637	5
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(355)</u>	<u>-</u>	<u>(79,655)</u>	<u>(2)</u>	<u>(74,073)</u>	<u>(1)</u>	<u>(189,907)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>104,830</u>	<u>3</u>	<u>102,223</u>	<u>3</u>	<u>217,173</u>	<u>3</u>	<u>263,730</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 21)	(7,650)	-	(7,756)	-	(5,183)	-	(268)	-
Share of the other comprehensive loss of associates accounted for using the equity method (Notes 12 and 21)	-	-	(1,398)	-	-	-	(6,534)	-

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PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating of the financial statements of foreign operations (Note 23)	\$ (119,899)	(4)	\$ 265,829	7	\$ 249,545	3	\$ 259,574	2
Other comprehensive income (loss) for the period	(127,549)	(4)	256,675	7	244,362	3	252,772	2
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (22,719)</u>	<u>(1)</u>	<u>\$ 358,898</u>	<u>10</u>	<u>\$ 461,535</u>	<u>6</u>	<u>\$ 516,502</u>	<u>5</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 104,830	3	\$ 102,228	3	\$ 217,173	3	\$ 263,762	3
Non-controlling interests	-	-	(5)	-	-	-	(32)	-
	<u>\$ 104,830</u>	<u>3</u>	<u>\$ 102,223</u>	<u>3</u>	<u>\$ 217,173</u>	<u>3</u>	<u>\$ 263,730</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ (22,719)	(1)	\$ 359,273	10	\$ 461,985	6	\$ 517,013	5
Non-controlling interests	-	-	(375)	-	(450)	-	(511)	-
	<u>\$ (22,719)</u>	<u>(1)</u>	<u>\$ 358,898</u>	<u>10</u>	<u>\$ 461,535</u>	<u>6</u>	<u>\$ 516,502</u>	<u>5</u>
EARNINGS PER SHARE (Note 25)								
Basic earnings per share	<u>\$ 0.24</u>		<u>\$ 0.27</u>		<u>\$ 0.50</u>		<u>\$ 0.70</u>	
Diluted earnings per share	<u>\$ 0.24</u>		<u>\$ 0.27</u>		<u>\$ 0.50</u>		<u>\$ 0.70</u>	

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

(With Deloitte & Touche review report dated November 6, 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
							Exchange Differences on Translating of the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income			
	Share Capital		Capital Surplus	Retained Earnings			Unappropriated Earnings				
Ordinary Shares	Capital Collected in Advance	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 21)	-	-	-	9,127	-	(9,127)	-	-	-	-	-
Special reserve (Note 21)	-	-	-	-	82,146	(82,146)	-	-	-	-	-
Adjustments to share of changes in equity of associates	-	-	61	-	-	-	-	-	61	-	61
Share-based payment arrangements	-	-	176,400	-	-	-	-	-	176,400	-	176,400
Issuance of ordinary shares for cash (Note 21)	-	182,084	-	-	-	-	-	-	182,084	-	182,084
Net profit (loss) for the nine months ended September 30, 2023	-	-	-	-	-	263,762	-	-	263,762	(32)	263,730
Other comprehensive income (loss) for the nine months ended September 30, net of income tax	-	-	-	-	-	-	260,053	(6,802)	253,251	(479)	252,772
Total comprehensive (loss) income for the nine months ended September 30, 2023	-	-	-	-	-	263,762	260,053	(6,802)	517,013	(511)	516,502
BALANCE AT SEPTEMBER 30, 2023	<u>\$ 3,752,084</u>	<u>\$ 182,084</u>	<u>\$ 2,355,833</u>	<u>\$ 305,119</u>	<u>\$ 313,005</u>	<u>\$ 263,762</u>	<u>\$ 15,882</u>	<u>\$ (87,141)</u>	<u>\$ 7,100,628</u>	<u>\$ (10,164)</u>	<u>\$ 7,090,464</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 21)	-	-	-	26,785	-	(26,785)	-	-	-	-	-
Special reserve (Note 21)	-	-	-	-	54,513	(54,513)	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	6,591	-	6,591	10,133	16,724
Net profit for the nine months ended September 30, 2024	-	-	-	-	-	217,173	-	-	217,173	-	217,173
Other comprehensive income (loss) for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	-	249,995	(5,183)	244,812	(450)	244,362
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	217,173	249,995	(5,183)	461,985	(450)	461,535
BALANCE AT SEPTEMBER 30, 2024	<u>\$ 4,312,084</u>	<u>\$ -</u>	<u>\$ 4,579,383</u>	<u>\$ 331,904</u>	<u>\$ 367,518</u>	<u>\$ 403,721</u>	<u>\$ (36,880)</u>	<u>\$ (79,235)</u>	<u>\$ 9,878,495</u>	<u>\$ -</u>	<u>\$ 9,878,495</u>

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

(With Deloitte & Touche review report dated November 6, 2024)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	\$ 291,246	\$ 453,637
Adjustments for:		
Depreciation expense	281,688	260,184
Amortization expense	16,824	13,403
Expected credit (reversed) loss recognized on trade receivables	(597)	22,031
Finance costs	42,315	102,898
Interest income	(112,062)	(77,003)
Dividend income	(13,332)	(7,477)
Compensation cost of share-based payments	-	176,400
Share of loss of associates	342	6,346
(Gain) loss on disposal of property, plant and equipment	(1,142)	2,445
Loss on disposal of intangible assets	74	134
Gain on disposal of associates	(77,905)	-
Gain on lease modification	(266)	(540)
Net changes in operating assets and liabilities		
Contract assets	(7,983)	-
Notes receivables	-	8,703
Trade receivables	(216,967)	614,305
Trade receivables from related parties	(30,053)	(1,036)
Other receivables	(58,772)	11,068
Other receivables from related parties	-	3,654
Inventories	424,219	474,358
Other current assets	(24,543)	(26,446)
Other non-current assets	(269)	4,852
Contract liabilities	(63,186)	38,233
Trade payables	(69,480)	(547,617)
Trade payables to related parties	(4,788)	(6,131)
Other payables	(357,066)	466,870
Other current liabilities	118,892	58,672
Net defined benefit liabilities	(3,410)	(7,743)
Other non-current liabilities	47,960	-
Cash generated from operating activities	181,739	2,044,200
Interest received	122,947	61,589
Interest paid	(54,833)	(109,207)
Income tax paid	(221,706)	(192,598)
Net cash generated from operating activities	28,147	1,803,984
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(21,000)	(21,000)

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PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
Capital reduction and refund from Investments accounted for using the fair value through other comprehensive income	\$ 2,083	\$ -
Purchase of financial assets at amortized cost	(57,141)	(15,247)
Proceeds from sale of financial assets at amortized cost	42,600	79,100
Capital reduction and refund from Investments accounted for using the equity method	-	6,869
Acquisition of investment accounted for using equity method	-	(6,250)
Proceeds from disposal for using equity method	89,653	-
Payments for property, plant and equipment	(456,172)	(308,943)
Proceeds from disposal of property, plant and equipment	12,736	18,049
(Increase) decrease in refundable deposits	(17,195)	119
Payments for intangible assets	(26,365)	(14,400)
Proceeds from disposal of intangible assets	-	2
Increase in prepayments for equipment	(41,499)	(56,018)
Dividends received	<u>13,332</u>	<u>7,477</u>
Net cash used in investing activities	<u>(458,968)</u>	<u>(310,242)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,332,094	1,539,128
Repayments of short-term borrowings	(2,488,838)	-
Decrease in short-term bills payable	-	(69,740)
Proceeds from long-term borrowings	250,000	3,912,793
Repayments of long-term borrowings	(363,700)	(4,062,260)
Increase in guarantee deposits received	6,950	6,275
Repayment of the principal portion of lease liabilities	(30,773)	(29,591)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>182,084</u>
Net cash (used in) generated from financing activities	<u>(294,267)</u>	<u>1,478,689</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>167,554</u>	<u>103,782</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(557,534)</u>	<u>3,076,213</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>5,851,805</u>	<u>2,990,883</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 5,294,271</u>	<u>\$ 6,067,096</u>

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

(With Deloitte & Touche review report dated November 6, 2024)

(Concluded)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Phihong Technology Co., Ltd. (“Phihong” or “the Company”), which was formerly known as Phihong Enterprise Co., Ltd. was incorporated on December 12, 1972 under the laws of the Republic of China (ROC). Under a resolution approved in the stockholders’ meeting in June 2003, Phihong changed its name to Phihong Technology Co., Ltd. Phihong primarily manufactures and sells AC/DC power adapters, charger bases, power supply modules, UPS (uninterruptible power supply) for computers, 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 of the Company and its subsidiaries (collectively, the “Group”) 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 November 6, 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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
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

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

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 11, Table 7 and Table 8 to the consolidated financial statements 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.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 3,525	\$ 2,436	\$ 2,903
Checking accounts and demand deposits	4,644,693	5,529,245	6,064,193
Cash equivalent (investments with original maturities of 3 months or less)			
Repurchase agreements collateralized by bonds	110,147	300,124	-
Time deposits	<u>535,906</u>	<u>20,000</u>	<u>-</u>
	<u>\$ 5,294,271</u>	<u>\$ 5,851,805</u>	<u>\$ 6,067,096</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Demand deposits and time deposits	0.001%-5.300%	0.001%-5.400%	0.001%-5.25%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Non-current</u>			
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)			
Domestic non-publicly trade equity investments	<u>\$ 136,344</u>	<u>\$ 122,608</u>	<u>\$ 120,489</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 259,766	\$ 232,314	\$ 496,476
Restricted bank deposits	<u>8,271</u>	<u>2,700</u>	<u>3,288</u>
	<u>\$ 268,037</u>	<u>\$ 235,014</u>	<u>\$ 499,764</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 \$8,271 thousand, \$13,200 thousand and \$17,788 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively as performance bonds for specific business projects, bank borrowings, domestic guaranteed corporate bonds and adoption of customs clearance, and release before duty. Refer to Note 30 to the consolidated financial statements.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ -	\$ -	\$ 7,456
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>7,456</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount from unrelated parties	1,469,305	1,364,167	1,368,629
Gross carrying amount from related parties	32,239	2,186	1,036
Less: Allowance for impairment loss	<u>(25,749)</u>	<u>(26,360)</u>	<u>(26,112)</u>
	<u>1,475,795</u>	<u>1,339,993</u>	<u>1,343,553</u>
At FVTOCI	<u>481,209</u>	<u>369,380</u>	<u>684,999</u>
	<u>\$ 1,957,004</u>	<u>\$ 1,709,373</u>	<u>\$ 2,036,008</u>

a. Notes receivable

The Group has no overdue notes receivables as of September 30, 2024.

b. Trade receivable

1) Trade receivables at amortized cost

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

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

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

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

September 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%	0.00-9.33%	0.00-15.86%	0.00-15.95%	0.00-100%	
Gross carrying amount	\$ 1,105,273	\$ 347,121	\$ 30,375	\$ 6,862	\$ 11,913	\$ 1,501,544
Loss allowance (Lifetime ECL)	(2,756)	(12,533)	(3,439)	(35)	(6,986)	(25,749)
Amortized cost	<u>\$ 1,102,517</u>	<u>\$ 334,588</u>	<u>\$ 26,936</u>	<u>\$ 6,827</u>	<u>\$ 4,927</u>	<u>\$ 1,475,795</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>

September 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%-1.55%	0.00%-7.31%	4.50%-21.69%	6.25%-18.7%	12.26%-100%	
Gross carrying amount	\$ 1,123,139	\$ 202,503	\$ -	\$ 3,360	\$ 40,663	\$ 1,369,665
Loss allowance (Lifetime ECL)	(1,703)	(1,449)	-	(319)	(22,641)	(26,112)
Amortized cost	<u>\$ 1,121,436</u>	<u>\$ 201,054</u>	<u>\$ -</u>	<u>\$ 3,041</u>	<u>\$ 18,022</u>	<u>\$ 1,343,553</u>

The above aging schedule was based on overdue days.

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

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of period	\$ 26,360	\$ 3,672
Add: Net remeasurement (reversed) of loss allowance	(597)	22,031
Less: Amounts written off	(861)	(470)
Foreign exchange gains and losses	<u>847</u>	<u>879</u>
Balance, end of period	<u>\$ 25,749</u>	<u>\$ 26,112</u>

2) 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:

September 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%	0%	0%	0%	0%	
Gross carrying amount	\$ 446,309	\$ 34,776	\$ -	\$ 124	\$ -	\$ 481,209
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 446,309</u>	<u>\$ 34,776</u>	<u>\$ -</u>	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ 481,209</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%	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>

September 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%	0%	0%	0%	0%	
Gross carrying amount	\$ 625,990	\$ 58,977	\$ 32	\$ -	\$ -	\$ 684,999
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 625,990</u>	<u>\$ 58,977</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684,999</u>

10. INVENTORIES

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 600,949	\$ 1,065,466	\$ 1,097,875
Work-in-process	391,017	275,093	345,942
Finished goods	<u>1,186,710</u>	<u>1,262,336</u>	<u>1,378,405</u>
	<u>\$ 2,178,676</u>	<u>\$ 2,602,895</u>	<u>\$ 2,822,222</u>

For the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the cost of inventories recognized as cost of goods sold was \$2,167,354 thousand, \$2,472,928 thousand, \$5,693,337 thousand and \$6,989,962 thousand, respectively. (Reversal) write-down of inventories to net realizable value of \$1,523 thousand, \$(19,607) thousand, \$(48,265) thousand and \$55,360 thousand, respectively, were respectively included in the cost of goods sold during the reporting period in 2024 and 2023.

11. SUBSIDIARIES

Investor	Investee	Main Business	Percentage of Ownership			Note
			September 30, 2024	December 31, 2023	September 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	Zeroval 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 1
PHI	Yanghong Trade (Shanghai) Co., Ltd. ("Yanghong")	Sells various lighting and power supplies	-	100.00	100.00	Note 2
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 1
ZKH	Zeroval Technologies SG Pte. Ltd. ("ZSH")	Makes investments and sells of electrical equipment	100.00	100.00	100.00	
ZSH	Zeroval Technologies Europe B.V. ("ZNS")	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	
ZSH	Zeroval Technologies (Dongguan) Co., Ltd. ("ZCM")	Manufactures and sells of electrical equipment	100.00	100.00	100.00	
ZSH	Zeroval Trading Services (Dongguan) Co., Ltd. ("ZCS")	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	
ZSH	Zeroval Technologies Japan Co., Ltd. ("ZJS")	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	
ZSH	Zeroval Technologies Taiwan Limited ("ZTM")	Manufacture, sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	
ZSH	Zeroval Technologies America Corporation ("ZAH")	Makes investments	100.00	100.00	100.00	
ZAH	Zeroval Technologies USA LLC ("ZAS")	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	
ZCM	Zeroval Trading Services (Shanghai) Co., Ltd. ("ZCT")	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	-	-	Note 2

Note 1: N-Lighten has been approved for dissolution on January 16, 2024 and the legal process of liquidation has been completed on May 15, 2024.

Note 2: 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.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates:

	September 30, 2024	December 31, 2023	September 30, 2023
Associates that are not individually material	<u>\$ 74,584</u>	<u>\$ 86,674</u>	<u>\$ 99,434</u>

Aggregate information of associates that are not individually material:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
The Group's share of:				
Net loss for the reporting period	\$ (5,936)	\$ (3,649)	\$ (342)	\$ (6,346)
Other comprehensive loss	<u>-</u>	<u>(1,398)</u>	<u>-</u>	<u>(6,534)</u>
Total comprehensive loss for the year	<u>\$ (5,936)</u>	<u>\$ (5,047)</u>	<u>\$ (342)</u>	<u>\$ (12,880)</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.

On May 8, 2024, the board of directors of the Company resolved to dispose of its equity interest in Spring City Resort Co., Ltd. ("Spring City Resort"), which was accounted for using the equity method, to the Company's Chairman, Mr. Lin Zhongmin. The Company completed the transaction in the third quarter of 2024, with a consideration of \$88,000 thousand, resulting in a gain on the disposal of the investment of \$78,423 thousand.

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

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold 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	-	55,202	30,189	30,196	372,387	487,974
Disposals	-	(10,963)	(275,289)	(34,730)	-	(320,982)
Transfers to investment properties	-	(150,795)	-	-	(21,649)	(172,444)
Reclassification	-	250,823	1,611	123	(283,313)	(30,756)
Effects of foreign currency exchange differences	2,476	107,750	70,780	12,062	6,635	199,703
Balance at September 30, 2024	<u>\$ 563,332</u>	<u>\$ 3,636,887</u>	<u>\$ 2,361,489</u>	<u>\$ 723,478</u>	<u>\$ 384,524</u>	<u>\$ 7,669,710</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ -	\$ 1,080,484	\$ 1,999,888	\$ 602,703	\$ -	\$ 3,683,075
Disposals	-	(8,405)	(267,468)	(33,515)	-	(309,388)
Transfers to investment properties	-	(111,915)	-	-	-	(111,915)
Depreciation expenses	-	97,063	109,271	32,672	-	239,006
Effects of foreign currency exchange differences	-	33,282	51,862	9,253	-	94,397
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 1,090,509</u>	<u>\$ 1,893,553</u>	<u>\$ 611,113</u>	<u>\$ -</u>	<u>\$ 3,595,175</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 September 30, 2024	<u>\$ 563,332</u>	<u>\$ 2,546,378</u>	<u>\$ 467,936</u>	<u>\$ 112,365</u>	<u>\$ 384,524</u>	<u>\$ 4,074,535</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	35,485	97,250	29,136	143,020	320,925
Disposals	-	(1,464)	(67,779)	(26,334)	-	(95,577)
Reclassification	8	886	23,483	15,815	(3,908)	36,284
Effects of foreign currency exchange differences	400	85,116	49,206	7,577	6,416	148,715
Balance at September 30, 2023	<u>\$ 563,630</u>	<u>\$ 3,486,530</u>	<u>\$ 2,572,350</u>	<u>\$ 718,694</u>	<u>\$ 575,350</u>	<u>\$ 7,916,554</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 990,550	\$ 1,953,366	\$ 576,116	\$ -	\$ 3,520,032
Disposals	-	(1,281)	(63,111)	(10,691)	-	(75,083)
Depreciation expenses	-	78,149	109,409	35,290	-	222,848
Reclassification	-	13	6	(118)	-	(99)
Effects of foreign currency exchange differences	-	18,333	33,600	5,683	-	57,616
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 1,085,764</u>	<u>\$ 2,033,270</u>	<u>\$ 606,280</u>	<u>\$ -</u>	<u>\$ 3,725,314</u>
Carrying amounts at September 30, 2023	<u>\$ 563,630</u>	<u>\$ 2,400,766</u>	<u>\$ 539,080</u>	<u>\$ 112,414</u>	<u>\$ 575,350</u>	<u>\$ 4,191,240</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 30 to the consolidated financial statements.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount</u>			
Land (including land use rights)	\$ 254,005	\$ 277,608	\$ 294,213
Buildings	70,535	19,270	25,963
Machinery	298	1,996	4,580
Transportation equipment	10,529	5,870	5,385
Other equipment	<u>1,679</u>	<u>3,279</u>	<u>165</u>
	<u>\$ 337,046</u>	<u>\$ 308,023</u>	<u>\$ 330,306</u>
	For the Three Months Ended September 30		For the Nine Months Ended September 30
	2024	2023	2024
Additions to right-of-use assets	<u>\$ 28,890</u>	<u>\$ 1,793</u>	<u>\$ 78,700</u>
Depreciation charge for right-of-use assets			
Land (including land use rights)	\$ 2,994	\$ 2,970	\$ 8,922
Buildings	7,086	5,863	20,385
Machinery	594	2,434	1,757
Transportation equipment	1,100	871	3,567
Other equipment	<u>549</u>	<u>49</u>	<u>1,592</u>
	<u>\$ 12,323</u>	<u>\$ 12,187</u>	<u>\$ 36,223</u>

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount</u>			
Current	\$ 38,367	\$ 31,088	\$ 31,529
Non-current	\$ 66,316	\$ 23,855	\$ 32,331

Range of discount rates for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 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%-4.875%
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, office, 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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$ 4,508	\$ 3,950	\$ 12,441	\$ 8,629
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 554	\$ 363	\$ 1,163	\$ 874
Total cash outflow for leases			\$ (44,377)	\$ (39,094)

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

15. INVESTMENT PROPERTIES

	Land	Building	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ -	\$ 271,958	\$ 271,958
Transferred from property, plant and equipment	-	172,444	172,444
Transferred from right-of-use asset	28,349	-	28,349
Effects of foreign currency exchange differences	<u>-</u>	<u>13,010</u>	<u>13,010</u>
Balance at September 30, 2024	<u>\$ 28,349</u>	<u>\$ 457,412</u>	<u>\$ 485,761</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2024	\$ -	\$ -	\$ -
Transferred from property, plant and equipment	-	111,915	111,915
Transferred from right-of-use asset	4,470	-	4,470
Depreciation expense	-	6,459	6,459
Effects of foreign currency exchange differences	<u>-</u>	<u>100</u>	<u>100</u>
Balance at September 30, 2024	<u>\$ 4,470</u>	<u>\$ 118,474</u>	<u>\$ 122,944</u>
Carrying amounts at December 31, 2023	<u>\$ -</u>	<u>\$ 271,958</u>	<u>\$ 271,958</u>
Carrying amounts at September 30, 2024	<u>\$ 23,879</u>	<u>\$ 338,938</u>	<u>\$ 362,817</u>

PHC leased its self-owned factory located in Dongguan City to unrelated parties in 2024 and 2023, respectively. The lease term of this investment property is 12-15 years. When the lessee exercises the renewal option, it is agreed to adjust the rent according to the market rent. The lessee does not have the preferential purchase right of the investment property at the end of the lease term. Since the factory is located in China, alternative reliable measurements of fair value are not available; therefore, the Company determined the fair value of the investment property.

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

Building	31 years
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16. OTHER INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2024	\$ 154,334
Additions	26,365
Disposals	(1,862)
Reclassified	1,926
Effects of foreign currency exchange differences	<u>1,663</u>
Balance at September 30, 2024	<u>\$ 182,426</u>

(Continued)

**Computer
Software**

Accumulated amortization

Balance at January 1, 2024	\$ 107,499
Amortization expense	16,824
Disposals	(1,788)
Reclassified	(1,183)
Effects of foreign currency exchange differences	<u>1,103</u>

Balance at September 30, 2024 \$ 122,455

Carrying amounts at December 31, 2023 \$ 46,835

Carrying amounts at September 30, 2024 \$ 59,971

Cost

Balance at January 1, 2023	\$ 139,513
Additions	14,400
Disposals	(6,977)
Reclassified	121
Effects of foreign currency exchange differences	<u>1,177</u>

Balance at September 30, 2023 \$ 148,234

Accumulated amortization

Balance at January 1, 2023	\$ 98,415
Amortization expense	13,403
Disposals	(6,841)
Reclassified	121
Effects of foreign currency exchange differences	<u>810</u>

Balance at September 30, 2023 \$ 105,908

Carrying amounts at September 30, 2023 \$ 42,326

(Concluded)

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

17. BORROWINGS

a. Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Unsecured borrowings</u>			
Phihong	\$ -	\$ -	\$ 2,012,568
PHV	<u>167,792</u>	<u>255,874</u>	<u>422,931</u>
	<u>167,792</u>	<u>255,874</u>	<u>2,435,499</u>
<u>Secured borrowings</u>			
PHC	<u>585,420</u>	<u>622,977</u>	<u>454,110</u>
	<u>\$ 753,212</u>	<u>\$ 878,851</u>	<u>\$ 2,889,609</u>
The range of interest rates	3.60%-5.52%	3.60%-6.86%	2.05%-7.28%

b. Long-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Unsecured borrowings</u>			
Phihong	\$ -	\$ 102,550	\$ 935,750
<u>Secured borrowings</u>			
Phihong	174,684	185,834	384,039
ZTM	-	-	194,399
Long-term loans payable - current portion	<u>(14,867)</u>	<u>(117,417)</u>	<u>(247,267)</u>
	<u>\$ 159,817</u>	<u>\$ 170,967</u>	<u>\$ 1,266,921</u>
The range of interest rates	2.13%	2.0000%- 2.7950%	1.935%- 2.9533%

- 1) On September 30, 2023, Phihong had short-term bank borrowings with contract terms from June 7, 2023 to December 22, 2023, with monthly interest payments.
- 2) On September 30, 2024, December 31, 2023 and September 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 October 10, 2022 to February 3, 2024, respectively, with monthly interest payments.
- 3) On September 30, 2024, December 31, 2023 and September 30, 2023, PHC Company had short-term bank borrowings with contract terms from April 12, 2024 to January 6, 2025, August 10, 2023 to May 10, 2024 and May 10, 2023 to March 13, 2024, respectively, with interest upon expiry.

- 4) On September 30, 2024, December 31, 2023 and September 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 January 6, 2021 to April 7, 2036, respectively, with monthly interest payments.
- 5) On September 30, 2023, ZTM Company had long-term bank borrowings with contract terms from August 25, 2023 to November 23, 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 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 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.

The above loan was fully repaid in November 2023, along with the related collateral and joint guarantee arrangements, refer to Notes 29 and 30 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 NT\$45 million of item C loan limit, which will be used to repay outstanding financial liabilities and enrich medium-term working capital for Phihong, ZTM and ZSH. As of September 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 29 and 30 to the consolidated financial statements.

18. BONDS PAYABLE

	September 30, 2024	December 31, 2023	September 30, 2023
Secured domestic bonds	<u>\$ 699,396</u>	<u>\$ 699,092</u>	<u>\$ 698,991</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 31 and 32 to the consolidated financial statements.

19. OTHER PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Other payables			
Payables for salaries and bonuses	\$ 320,448	\$ 316,232	\$ 257,728
Payables for annual leave	75,297	72,357	76,178
Payables for purchases of equipment	43,603	28,231	38,664
Employee compensation payable	64,129	77,449	56,387
Director compensation payable	4,754	5,741	6,006
Others	<u>563,392</u>	<u>965,271</u>	<u>941,350</u>
	<u>\$ 1,071,623</u>	<u>\$ 1,465,281</u>	<u>\$ 1,376,313</u>
Other current liabilities			
Temporary receipts	\$ 176,927	\$ 114,701	\$ 144,888
Others	<u>132,653</u>	<u>75,987</u>	<u>62,163</u>
	<u>\$ 309,580</u>	<u>\$ 190,688</u>	<u>\$ 207,051</u>

20. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2024 and 2023 and the nine months ended September 30, 2024 and 2023, the pension expenses of defined benefit plans were \$83 thousand, \$159 thousand, \$250 thousand and \$477 thousand, respectively, and these were calculated based on pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022.

21. EQUITY

a. Share capital

	September 30, 2024	December 31, 2023	September 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>
Advance receipts for share capital	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,084</u>

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

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

On December 22, 2021, the board of directors resolved the specific subscriber for the offering of 37,520 thousand shares and the date, December 24, 2021, as the subscription base date. The share price of the private placement is based on the higher price calculated using two pricing models, (a) one of the simple arithmetical average closing price of the ordinary shares of the Company on any of the 1, 3 or 5 trading day prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of the shares canceled in connection with capital reduction, (b) another simple arithmetical average closing price of the ordinary shares of the Company for 30 trading days prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of shares canceled in connection with capital reduction. Thus, the reference price for the private placement is \$44.73 per share. Then, the subscription price is determined as \$40.26 per share, 90 percent of the reference price. The private placement has been completed on December 24, 2021, and legally registered on March 23, 2022.

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

To 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

	September 30, 2024	December 31, 2023	September 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	61	61	61
<u>May be used to offset a deficit only</u>			
Treasury share transactions	71,365	71,365	71,365
<u>May not be used for any purpose</u>			
Employee share options	-	-	176,400
	<u>\$ 4,579,383</u>	<u>\$ 4,579,383</u>	<u>\$ 2,355,833</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 23-g to the consolidated financial statements.

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

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

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

	Appropriation of Earnings	Deficit Compensation
	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
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

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of period	\$ (293,466)	\$ (244,171)
Exchange differences on the translation of the financial statements of foreign operations	249,995	260,053
Changes in percentage of ownership interests in subsidiaries	<u>6,591</u>	<u>-</u>
Balance, end of period	<u>\$ (36,880)</u>	<u>\$ 15,882</u>

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

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of period	\$ (74,052)	\$ (80,339)
Current generation		
Unrealized loss - equity instruments	(5,183)	(268)
Share from associates accounted for using the equity method	<u>-</u>	<u>(6,534)</u>
Balance, end of period	<u>\$ (79,235)</u>	<u>\$ (87,141)</u>

f. Non-controlling Interests

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of period	\$ (9,683)	\$ (9,653)
Attributable to non-controlling interests:		
Share of loss for the period	-	(32)
Changes in percentage of ownership interests in subsidiaries	10,133	-
Exchange differences on translation the financial statements of foreign entities	<u>(450)</u>	<u>(479)</u>
Balance, end of period	<u>\$ -</u>	<u>\$ (10,164)</u>

22. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 2,884,953	\$ 3,407,356	\$ 7,702,287	\$ 9,330,343
Other operating revenue	<u>77,363</u>	<u>34,370</u>	<u>202,820</u>	<u>85,502</u>
	<u>\$ 2,962,316</u>	<u>\$ 3,441,726</u>	<u>\$ 7,905,107</u>	<u>\$ 9,415,845</u>

Contract Balances

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Contract assets				
Contract assets - current	<u>\$ 7,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contract liabilities				
Contract liabilities - current (Note 30)	<u>\$ 360,645</u>	<u>\$ 423,831</u>	<u>\$ 458,258</u>	<u>\$ 300,547</u>

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Bank deposits	<u>\$ 37,040</u>	<u>\$ 30,076</u>	<u>\$ 112,062</u>	<u>\$ 77,003</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Sample revenue (Note 29)	\$ 59	\$ 7,328	\$ 364	\$ 23,356
Dividend income	8,550	5,934	13,332	7,477
Rent revenue	10,013	-	31,137	-
Others	<u>33,224</u>	<u>25,680</u>	<u>108,886</u>	<u>89,867</u>
	<u>\$ 51,846</u>	<u>\$ 38,942</u>	<u>\$ 153,719</u>	<u>\$ 120,700</u>

c. Other gains and (losses)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Net foreign exchange gains (losses)	\$ (21,131)	\$ 35,113	\$ 64,846	\$ 39,534
Gain (loss) on disposal of property, plant and equipment	(2,869)	840	1,142	(2,445)
Loss on disposal of intangible assets	(12)	(120)	(74)	(134)
Gain on disposal of investment	78,423	-	77,905	-
Gain on lease modification	-	-	266	540
Others	<u>(1,472)</u>	<u>(1,535)</u>	<u>(7,190)</u>	<u>(5,492)</u>
	<u>\$ 52,939</u>	<u>\$ 34,298</u>	<u>\$ 136,895</u>	<u>\$ 32,003</u>

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Property, plant and equipment	\$ 80,408	\$ 73,209	\$ 239,006	\$ 222,848
Right-of-use assets	12,323	12,187	36,223	37,336
Investment properties	2,451	-	6,459	-
Computer software	<u>4,766</u>	<u>5,191</u>	<u>16,824</u>	<u>13,403</u>
	<u>\$ 99,948</u>	<u>\$ 90,587</u>	<u>\$ 298,512</u>	<u>\$ 273,587</u>
An analysis of depreciation by function				
Operating costs	\$ 37,495	\$ 39,110	\$ 113,698	\$ 118,689
Operating expenses	<u>57,687</u>	<u>46,286</u>	<u>167,990</u>	<u>141,495</u>
	<u>\$ 95,182</u>	<u>\$ 85,396</u>	<u>\$ 281,688</u>	<u>\$ 260,184</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
An analysis of amortization by function				
Operating costs	\$ 805	\$ 868	\$ 2,296	\$ 2,956
Operating expenses	<u>3,961</u>	<u>4,323</u>	<u>14,528</u>	<u>10,447</u>
	<u>\$ 4,766</u>	<u>\$ 5,191</u>	<u>\$ 16,824</u>	<u>\$ 13,403</u>
				(Concluded)

e. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Bank loans interest	\$ 9,689	\$ 40,001	\$ 26,184	\$ 87,474
Bonds payable interest	2,648	2,648	7,943	7,942
Lease liabilities interest	1,106	586	2,587	2,131
Other finance costs	<u>1,307</u>	<u>1,278</u>	<u>5,601</u>	<u>5,351</u>
	<u>\$ 14,750</u>	<u>\$ 44,513</u>	<u>\$ 42,315</u>	<u>\$ 102,898</u>

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 771,576	\$ 856,191	\$ 2,162,345	\$ 2,114,778
Post-employment benefits				
Defined contribution plans	11,076	7,233	67,387	22,493
Defined benefit plans (Note 20)	<u>83</u>	<u>159</u>	<u>250</u>	<u>477</u>
Total employee benefits expense	<u>\$ 782,735</u>	<u>\$ 863,583</u>	<u>\$ 2,229,982</u>	<u>\$ 2,137,748</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 314,653	\$ 319,249	\$ 888,423	\$ 900,559
Operating expenses	<u>468,082</u>	<u>544,334</u>	<u>1,341,559</u>	<u>1,237,189</u>
	<u>\$ 782,735</u>	<u>\$ 863,583</u>	<u>\$ 2,229,982</u>	<u>\$ 2,137,748</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 nine months ended September 30, 2024 and 2023 and for the three months ended September 30, 2024 and 2023 are as follows:

Accrual rate

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

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Compensation of employees	\$ 9,931	\$ 11,565	\$ 23,771	\$ 30,031
Remuneration of directors	1,986	2,313	4,754	6,006

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.

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:

	2023	2022
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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Foreign exchange gains	\$ (28,611)	\$ (14,426)	\$ 76,648	\$ 95,061
Foreign exchange losses	<u>7,480</u>	<u>49,539</u>	<u>(11,802)</u>	<u>(55,527)</u>
Net gains (losses)	<u>\$ (21,131)</u>	<u>\$ 35,113</u>	<u>\$ 64,846</u>	<u>\$ 39,534</u>

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ 23,243	\$ 85,964	\$ 77,984	\$ 202,035
Unappropriated earnings	-	-	22,833	-
Adjustments for prior year	<u>(5,542)</u>	<u>(18,623)</u>	<u>(11,240)</u>	<u>(10,198)</u>
	17,701	67,341	89,577	191,837
Deferred tax				
In respect of the current period	<u>(17,346)</u>	<u>12,314</u>	<u>(15,504)</u>	<u>(1,930)</u>
Income tax expense recognized in profit or loss	<u>\$ 355</u>	<u>\$ 79,655</u>	<u>\$ 74,073</u>	<u>\$ 189,907</u>

b. Income tax assessments

The Company's income tax returns through 2022 have been assessed and approved by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ 0.24</u>	<u>\$ 0.27</u>	<u>\$ 0.50</u>	<u>\$ 0.70</u>
Diluted earnings per share	<u>\$ 0.24</u>	<u>\$ 0.27</u>	<u>\$ 0.50</u>	<u>\$ 0.70</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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Profit used in the computation of basic earnings per share	<u>\$ 104,830</u>	<u>\$ 102,228</u>	<u>\$ 217,173</u>	<u>\$ 263,762</u>
Profit used in the computation of diluted earnings per share	<u>\$ 104,830</u>	<u>\$ 102,228</u>	<u>\$ 217,173</u>	<u>\$ 263,762</u>

Ordinary Shares Outstanding

	Unit: In Thousands of Shares			
	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 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				
Employee share options	-	575	-	575
Compensation of employee	<u>203</u>	<u>230</u>	<u>589</u>	<u>523</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>431,411</u>	<u>376,013</u>	<u>431,797</u>	<u>376,306</u>

26. GOVERNMENT GRANTS

PHC received government grants for acquiring energy-saving equipment. 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 September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, the depreciation expenses have been decreased by \$538 thousand, \$506 thousand, \$1,951 thousand and \$1,550 thousand, respectively.

27. 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.

28. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

September 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 136,344	\$ 136,344

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

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 120,489	\$ 120,489

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Balance, beginning of period	\$ 122,608	\$ 99,764	\$ 99,764
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOCI)	(5,183)	6,593	(268)
Additions	21,000	21,000	21,000
Repayment from capital reduction	(2,083)	(4,742)	-
Effect of foreign currency exchange differences	2	(7)	(7)
Balance, end of period	\$ 136,344	\$ 122,608	\$ 120,489

b. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
FVTPL			
Financial assets at amortized cost (1)	\$ 7,651,354	\$ 7,865,670	\$ 8,691,064
Financial assets at FVTOCI			
Equity instruments	136,344	122,608	120,489

Financial liabilities

Financial liabilities at amortized cost (2)	5,113,761	5,779,260	9,206,253
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- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, financial assets measured at amortized cost, contract assets, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties and refundable deposits.
- 2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, contract liabilities, trade payables, trade payables to related parties, other payables, bonds payable, long-term borrowings, lease liabilities, guarantee deposits received and deferred revenue.

c. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32 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.

	For the Nine Months Ended September 30	
	2024	2023
USD	\$ 23,290	\$ 11,915
RMB	(728)	(2,131)
VND	246	4,600

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:

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
Financial liabilities	\$ 1,389,499	\$ 1,377,012	\$ 1,755,941
Cash flow interest rate risk			
Financial liabilities	342,476	544,257	3,410,707

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 September 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.

September 30, 2024

	On Demand or Less than 1 Year	1 to 3 Years	Over 3 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,398,215	\$ -	\$ -	\$ 3,398,215
Lease liabilities	38,367	45,867	20,449	104,683
Variable interest rate instrument	182,659	44,600	115,217	342,476
Fixed interest rate instrument	<u>585,420</u>	<u>-</u>	<u>699,396</u>	<u>1,284,816</u>
	<u>\$ 4,204,661</u>	<u>\$ 90,467</u>	<u>\$ 835,062</u>	<u>\$ 5,130,190</u>

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

	Less than 1 Year	1 to 5 Years	5 to 10 Years
Lease liabilities	<u>\$ 38,367</u>	<u>\$ 60,469</u>	<u>\$ 5,847</u>

December 31, 2023

	On Demand or Less than 1 Year	1 to 3 Years	Over 3 Years	Total
<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:

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

September 30, 2023

	On Demand or Less than 1 Year	1 to 3 Years	Over 3 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 4,039,605	\$ -	\$ -	\$ 4,039,605
Lease liabilities	31,529	17,645	14,686	63,860
Variable interest rate instrument	2,981,786	283,970	144,951	3,410,707
Fixed interest rate instrument	<u>155,090</u>	<u>838,000</u>	<u>698,991</u>	<u>1,692,081</u>
	<u>\$ 7,208,010</u>	<u>\$ 1,139,615</u>	<u>\$ 858,628</u>	<u>\$ 9,206,253</u>

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

	Less than 1 Year	1 to 5 Years	5 to 10 Years
Lease liabilities	<u>\$ 31,529</u>	<u>\$ 32,331</u>	<u>\$ -</u>

b) Financing facilities

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank facilities:			
Amount used	\$ 232,610	\$ 376,870	\$ 3,410,924
Amount unused	<u>6,973,725</u>	<u>5,150,988</u>	<u>4,686,243</u>
	<u>\$ 7,206,335</u>	<u>\$ 5,527,858</u>	<u>\$ 8,097,167</u>
Secured bank facilities:			
Amount used	\$ 808,420	\$ 808,810	\$ 1,043,644
Amount unused	<u>1,698,704</u>	<u>779,436</u>	<u>938,568</u>
	<u>\$ 2,507,124</u>	<u>\$ 1,588,246</u>	<u>\$ 1,982,212</u>

29. RELATED-PARTY TRANSACTIONS

a. The Group's related parties and relationship

Related Party	Relationship with the Group
Hua Jung Components Co., Ltd. (Note)	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: There are no related parties since the fourth quarter of 2023.

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

b. Trading transactions

Item	Related Party Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Operating revenue	F2M	\$ 98,297	\$ 1,027,569	\$ 304,177	\$ 1,027,569
	EVSE	(1,197)	-	26,671	-
	Others	<u>3,751</u>	<u>352</u>	<u>4,657</u>	<u>2,980</u>
		<u>\$ 100,851</u>	<u>\$ 1,027,921</u>	<u>\$ 335,505</u>	<u>\$ 1,030,549</u>
Operating costs	Related party	<u>\$ -</u>	<u>\$ 46,552</u>	<u>\$ -</u>	<u>\$ 120,478</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

Related Party Name	September 30, 2024	December 31, 2023	September 30, 2023
TCC Energy Storage	\$ 10,225	\$ 12,606	\$ 12,606
F2M	-	53,069	76,234
EVSE	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,225</u>	<u>\$ 65,675</u>	<u>\$ 88,840</u>

d. Receivables from related parties

Item	Related Party Category	September 30, 2024	December 31, 2023	September 30, 2023
Trade receivables	TCC Energy Storage	\$ -	\$ 873	\$ 1,036
	F2M	32,202	1,313	-
	Other	<u>37</u>	<u>-</u>	<u>-</u>
		<u>\$ 32,239</u>	<u>\$ 2,186</u>	<u>\$ 1,036</u>

e. Payables to related parties

Item	Related Party Category	September 30, 2024	December 31, 2023	September 30, 2023
Trade payables	Related party	<u>\$ -</u>	<u>\$ 4,788</u>	<u>\$ 80,188</u>

f. Operating expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Related party	<u>\$ 4,298</u>	<u>\$ 8,393</u>	<u>\$ 21,590</u>	<u>\$ 18,989</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:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term benefits	\$ 53,394	\$ 35,929	\$ 113,659	\$ 80,261
Post-employment benefits	<u>198</u>	<u>124</u>	<u>588</u>	<u>393</u>
	<u>\$ 53,592</u>	<u>\$ 36,053</u>	<u>\$ 114,247</u>	<u>\$ 80,654</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, short bills payable, bonds payable and long-term borrowings. As of September 30, 2024, December 31, 2023 and September 30, 2023, the amounts of the guarantees were \$906,683 thousand, \$987,476 thousand and \$4,225,746 thousand, respectively.

Phihong's chairman purchased the equity interest in Spring City Resort Co., Ltd. from Phihong's subsidiary, Guangli Investment Co., Ltd., for a transaction amount of \$88 million. The transaction was completed in September 2024.

i. Others

Item	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Non-operating income	Related party	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group have been provided as collateral for the project performance bond, bank loan, domestic secured corporate bonds, and money lodged at courts:

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at amortized cost - current (Note 9)	\$ 8,271	\$ 2,700	\$ 3,288
Financial assets at amortized cost - non-current (Note 9)	-	10,500	14,500
Land	463,345	463,345	463,345
Right-of-use assets - land use right	67,601	65,693	68,274
Buildings	<u>393,193</u>	<u>418,256</u>	<u>435,227</u>
	<u>\$ 932,410</u>	<u>\$ 960,494</u>	<u>\$ 984,634</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	September 30, 2024	December 31, 2023	September 30, 2023
Letter of bank guarantee	\$ 1,500	\$ 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Acquisition of property, plant and equipment			
The amount of signed contract	\$ 3,061,889	\$ 2,508,983	\$ 1,486,968
Unpaid amount	1,044,783	1,046,943	1,080,136

32. 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:

September 30, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 102,195	31.690000	\$ 3,238,568
RMB	24,705	4.52062	111,683
VND	196,835,385	0.00129	253,918
<u>Financial liabilities</u>			
Monetary items			
USD	28,701	31.690000	909,533
RMB	40,818	4.52062	184,522
VND	177,760,745	0.00129	229,311

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying 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

September 30, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 71,406	32.24500	\$ 2,302,499
RMB	21,339	4.49614	95,942
VND	407,776,303	0.00132	538,265

Financial liabilities

Monetary items			
USD	34,456	32.24500	1,111,047
RMB	68,743	4.49614	309,079
VND	59,313,178	0.00132	78,293

33. 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)

34. 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 revenue and results

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

	Power Supply	EV Energy	Others	Total
For the nine months ended <u>September 30, 2024</u>				
Revenues from external customers	<u>\$ 4,660,100</u>	<u>\$ 3,232,718</u>	<u>\$ 12,289</u>	<u>\$ 7,905,107</u>
Segment (losses) income	<u>\$ (247,607)</u>	<u>\$ 180,028</u>	<u>\$ (1,194)</u>	\$ (68,773)
Interest income				112,062
Other income				153,719
Other gains and losses				136,895
Finance costs				(42,315)
Share of profit of associates				<u>(342)</u>
Gain before income tax				<u>\$ 291,246</u>
For the nine months ended <u>September 30, 2023</u>				
Revenues from external customers	<u>\$ 5,982,263</u>	<u>\$ 3,418,251</u>	<u>\$ 15,331</u>	<u>\$ 9,415,845</u>
Segment (losses) income	<u>\$ (244,276)</u>	<u>\$ 562,120</u>	<u>\$ 15,331</u>	\$ 333,175
Interest income				77,003
Other income				120,700
Other gains and losses				32,003
Finance costs				(102,898)
Share of profit of associates				<u>(6,346)</u>
Gain before income tax				<u>\$ 453,637</u>

TABLE 1

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
0	PHT	ZSH	Other receivables from related parties	Yes	\$ 316,900 (US\$ 10,000,000)	\$ - (US\$ -)	\$ -	6.50%	b	\$ -	Capital movement	\$ -	-	\$ -	\$ 1,975,698	\$ 3,951,397	
		ZCM	"	"	475,350 (US\$ 15,000,000)	- (US\$ -)	-	6.50%	"	-	"	-	-	-	1,975,698	3,951,397	
		ZAS	"	"	95,070 (US\$ 3,000,000)	- (US\$ -)	-	6.50%	"	-	"	-	-	-	1,975,698	3,951,397	
		ZNS	"	"	47,535 (US\$ 1,500,000)	- (US\$ -)	-	6.50%	"	-	"	-	-	-	1,975,698	3,951,397	
		ZJS	"	"	79,225 (US\$ 2,500,000)	- (US\$ -)	-	6.50%	"	-	"	-	-	-	1,975,698	3,951,397	
		PHJ	"	"	475,350 (US\$ 15,000,000)	475,350 (US\$ 15,000,000)	95,070	6.30%	"	-	"	-	-	-	1,975,698	3,951,397	
1	PHC	PHE	"	"	45,206 (RMB 10,000,000)	45,206 (RMB 10,000,000)	45,206	4.90%	"	-	"	-	-	-	2,255,307	2,255,307	
2	PHZ	PHP	"	"	1,017,140 (RMB 225,000,000)	1,017,140 (RMB 225,000,000)	1,017,140	4.75%	"	-	"	-	-	-	1,859,215	1,859,215	
4	PHA	ZAS	"	"	380,280 (US\$ 12,000,000)	- (US\$ -)	-	6.50%	"	-	"	-	-	-	1,875,634	1,875,634	
4	ZSH	ZAS	"	"	316,900 (US\$ 10,000,000)	316,900 (US\$ 10,000,000)	158,450	6.55%	"	-	"	-	-	-	4,437,240	4,437,240	
		ZNS	"	"	158,450 (US\$ 5,000,000)	158,450 (US\$ 5,000,000)	-	6.55%	"	-	"	-	-	-	4,437,240	4,437,240	
		ZJS	"	"	316,900 (US\$ 10,000,000)	316,900 (US\$ 10,000,000)	-	6.55%	"	-	"	-	-	-	4,437,240	4,437,240	

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 subsidiaries of the Group, the aggregate amount of loans between subsidiaries shall not exceed 150% of the net worth of the lending subsidiary based on the latest financial statements.

TABLE 2

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 and 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Phihong	PHV	Subsidiary of the Company	\$ 7,408,872	\$ 760,560 (US\$ 24,000,000)	\$ 538,730 (US\$ 17,000,000)	\$ - (US\$ -)	\$ -	5.45	\$ 9,878,495	Y	N	N	6, 9 and 12
		ZTM	"	7,408,872	1,700,000	1,600,000	-	-	16.20	9,878,495	Y	N	N	4, 7 and 10
		ZSH	"	7,408,872	1,632,035 (US\$ 51,500,000)	1,426,050 (US\$ 45,000,000)	- (US\$ -)	-	14.44	9,878,495	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. (Expired in July 2024.)

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. (Expired in July 2024.)

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. (Expired in August 2024.)

Note 12: On August 12, 2024 the board of directors approved that the Company’s endorsements/guarantees amount to PHV is US\$15 million.

TABLE 3

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 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	September 30, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Phihong	<u>Ordinary shares</u>							
	Pao-Dian Venture Capital Co., Ltd.	None	Financial assets at FVTOCI - non-current	229,980	\$ 3,032	10.49	\$ 3,032	
	Zhong-Xuan Venture Capital Co., Ltd.	"	"	2,105,828	14,385	8.62	14,385	
	BMC Venture Capital Investment Corporation	"	"	5,700,000	72,961	9.84	72,961	
	RFIC Technology Corporation	"	"	1,000,000	3,180	3.50	3,180	
	BMD Venture Capital Investment Corporation	"	"	4,200,000	40,551	9.31	40,551	
Guang-Lai	<u>Ordinary shares</u>							
	Taiwan Cultural & Creativity No. 1 Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,000,000	2,136	10.83	2,136	
PHJ	<u>Ordinary shares</u>							
	ENECHANGE EV Labs Ltd.	None	Financial assets at FVTOCI - non-current	45	99	5.00	99	

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 NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Phihong	PHA	Subsidiary of the Company	Sale	\$ (1,592,502)	(40.68)	To be agreed by both parties			\$ 133,146	15.54	
	PHJ	"	"	(165,892)	(4.24)	"	-	-	58,648	6.85	
	PHC	"	Purchase	2,015,916	48.06	"	-	-	(242,470)	(13.29)	
	PHP	"	"	600,029	14.31	"	-	-	(144,354)	(7.91)	
	PHV	"	"	1,551,067	36.98	"	-	-	(305,445)	(16.74)	
PHC	PHT	Subsidiary of PHT	Sale	(2,015,916)	(100.00)	To be agreed by both parties	-	-	239,959	100.00	
PHP	PHT	Subsidiary of PHT	Sale	(600,029)	(55.34)	To be agreed by both parties	-	-	144,354	60.67	
PHV	PHT	Subsidiary of PHT	Sale	(1,551,067)	(75.67)	To be agreed by both parties	-	-	286,765	83.14	
PHA	PHT	Subsidiary of PHT	Purchase	1,592,502	94.99	To be agreed by both parties	-	-	(152,335)	(97.46)	
PHJ	PHT	Subsidiary of PHT	Purchase	165,892	90.37	To be agreed by both parties	-	-	(58,743)	(100.00)	
ZTM	ZSH	Between subsidiaries	Sale	(676,844)	(55.23)	To be agreed by both parties	-	-	54,916	30.04	
	ZAS	"	"	(124,035)	(10.12)	"	-	-	-	-	
	ZSH	"	Purchase	165,387	22.53	"	-	-	(65,982)	(27.83)	
ZAS	ZSH	Between subsidiaries	Purchase	1,085,509	97.15	To be agreed by both parties	-	-	(332,487)	(97.61)	
ZCM	ZSH	Between subsidiaries	Sale	(935,818)	(81.99)	To be agreed by both parties	-	-	207,063	65.28	
	ZCT	"	"	(144,665)	(12.68)	"	-	-	101,621	32.04	
ZSH	ZTM	Between subsidiaries	Sale	(165,387)	(6.68)	To be agreed by both parties	-	-	65,982	8.32	
	ZAS	"	"	(1,085,509)	(43.84)	"	-	-	332,487	41.93	
	ZNS	"	"	(216,928)	(8.76)	"	-	-	96,694	12.19	
	ZJS	"	"	(129,343)	(5.22)	"	-	-	48,720	6.14	
	ZTM	"	Purchase	225,482	12.89	"	-	-	(94,405)	(25.14)	
	ZCM	"	"	935,818	53.49	"	-	-	(207,311)	(55.21)	
	PHV	"	"	477,794	27.31	"	-	-	(29,672)	(7.90)	
PHV	ZSH	Between subsidiaries	Sale	(477,794)	(23.31)	To be agreed by both parties	-	-	29,672	8.60	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ZCT	ZCM	Between subsidiaries	Purchase	\$ 144,665	99.98	To be agreed by both parties	-	-	\$ (101,621)	(99.97)	
ZJS	ZSH	Between subsidiaries	Purchase	129,343	86.97	To be agreed by both parties	-	-	(48,741)	(91.38)	
ZNS	ZSH	Between subsidiaries	Purchase	216,928	92.13	To be agreed by both parties	-	-	(96,694)	(99.10)	
ZAS	F2M	Substantial related party	Sale	(304,177)	(20.30)	To be agreed by both parties	-	-	32,202	23.19	

(Concluded)

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
SEPTEMBER 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		
Phihong	PHA	Subsidiary of the Company	Trade receivables	\$ 133,146	18.00	\$ -	-	\$ 104,402	\$ -
	PHC	"	Other receivables	501,645	-	-	-	111,505	-
	PHV	"	Other receivables	694,942	-	-	-	155,582	-
PHZ	PHP	Sister company	Other receivables	1,053,375	-	-	-	-	-
ZCM	ZSH	Between subsidiaries	Trade receivables	207,063	7.43	-	-	32,293	-
	ZCT	"	Trade receivables	101,621	2.79	-	-	14,070	-
PHV	PHT	Subsidiary of PHT	Trade receivables	286,765	8.42	-	-	209,315	-
ZSH	ZAS	Subsidiary of ZSH	Trade receivables	332,487	7.21	-	-	228,734	-
	"	"	Other receivables	162,428	-	-	-	-	-
PHC	PHT	Final parent company	Trade receivables	239,959	11.91	-	-	239,959	-
PHP	PHT	Final parent company	Trade receivables	144,354	6.21	-	-	79,141	-

TABLE 6

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Phihong	PHA	a	Sales revenue	\$ 1,592,502	To be agreed by both parties	20.00
		PHJ	"	"	165,892	"	2.00
		PHV	"	"	50,972	"	1.00
		PHC	"	Purchase	2,015,916	No significant difference	26.00
		PHP	"	"	600,029	"	8.00
		PHV	"	"	1,551,067	"	20.00
		PHA	"	Trade receivables	133,146	To be agreed by both parties	1.00
		PHC	"	Other receivables	501,645	"	3.00
		PHJ	"	"	97,083	"	1.00
		PHV	"	"	694,942	"	4.00
		PHC	"	Accounts payable	242,470	"	2.00
		PHP	"	"	144,354	"	1.00
		PHV	"	"	305,445	"	2.00
1	PHC	Phihong	b	Sales revenue	2,015,916	To be agreed by both parties	26.00
		"	"	Trade receivables	239,959		2.00
2	PHP	Phihong	b	Sales revenue	600,029	To be agreed by both parties	8.00
		"	"	Trade receivables	144,354	"	1.00
3	PHV	Phihong	b	Trade receivables	286,765	To be agreed by both parties	2.00
		"	"	Sale revenue	1,551,067	"	20.00
		ZSH	c	"	477,794	"	6.00
4	PHZ	PHP	c	Other receivables	1,053,375	To be agreed by both parties	7.00
5	ZTM	ZAS	c	Service income	116,913	To be agreed by both parties	1.00
		ZSH	"	"	451,362	"	6.00
		"	"	Sale revenue	225,482	"	3.00

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
6	ZSH	ZTM	c	Sales revenue	\$ 165,387	To be agreed by both parties	2.00
		ZAS	"	"	1,085,509	"	14.00
		ZNS	"	"	216,928	"	3.00
		ZJS	"	"	129,343	"	2.00
		ZAS	"	Trade receivables	332,487	"	2.00
		ZNS	"	"	96,694	"	1.00
		ZAS	"	Other receivables	162,428	"	1.00
7	ZCM	ZCT	c	Sales revenue	144,665	To be agreed by both parties	2.00
		ZSH	"	"	935,818	"	12.00
		ZCT	"	Trade receivables	101,621	"	1.00
		ZSH	"	"	207,063	"	1.00
8	ZCT	ZSH	c	Sales revenue	92,569	To be agreed by both parties	1.00
9	ZNS	ZSH	c	Service income	68,955	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 revenue or total assets. For balance sheet items, each item’s period-end balance is shown as a percentage to consolidated total assets as of September 30, 2024. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenue for the year ended September 30, 2024.

(Concluded)

TABLE 7

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2024	December 31, 2023	Shares	%	Carrying Amount			
Phihong	PHI	British Virgin Islands	Makes investments	\$ 3,067,556	\$ 3,209,288	98,059,683	100.00	\$ 2,748,356	\$ 109,627	\$ 112,410	Dissolved in April 2024.
	PHA	The United States	Sells various power supplies	207,203	207,203	3,100,000	100.00	1,231,434	(4,313)	(4,313)	
	PHK	British Virgin Islands	Makes investments	554,154	554,154	18,840,000	100.00	(472,422)	(79,420)	(76,895)	
	PHQ	British Virgin Islands	Makes investments	352,043	352,043	12,012,600	100.00	42,952	(16,019)	(16,263)	
	Guang-Lai	Taiwan	Makes investments	139,758	139,758	13,975,828	100.00	194,704	86,320	86,320	
	H&P Venture Capital Co., Ltd.	Taiwan	Makes investments	-	6,869	-	-	-	-	-	
	PHJ	Japan	Sells power components	295,181	295,181	25,000	100.00	221,930	(8,315)	(8,315)	
				(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	1,693,671	76,090	76,017	
				(US\$ 65,000,000)	(US\$ 65,000,000)						
ZKH		Cayman Islands	Makes investments	2,083,650	2,083,650	699,272,603	100.00	2,820,652	168,736	170,314	
				(US\$ 69,927,260)	(US\$ 69,927,260)						
	PHI	The United States	Makes investments	-	409,851	-	-	-	-	-	
	Guang-Lai	Taiwan	Hotel and attached restaurant and the general bathroom industry	-	196,250	-	-	-	-	1,461	
										Sold to Chairman in September 2024.	
		Taiwan	Makes investments	100,000	100,000	8,000,000	22.22	74,584	(8,114)	(1,803)	
		The United States	Makes investments	-	206,084	-	-	-	-	-	
										Dissolved in June 2024.	
	ZSH	Singapore	Makes investments and sells of electrical equipment	2,175,576	2,175,576	67,649,888	100.00	2,810,090	205,319	170,312	
				(US\$ 67,649,888)	(US\$ 67,649,888)						
ZSH	ZJS	Japan	Provides electric vehicle charging solutions	16,848	16,848	8,000	100.00	47,902	23,352	23,352	
				(JPY 80,000,000)	(JPY 80,000,000)						
	ZAH	The United States	Makes investments	95,482	95,482	3,050,000	100.00	296,225	34,596	34,596	
				(US\$ 3,050,000)	(US\$ 3,050,000)						
	ZTM	Taiwan	Manufactures and sells of electrical equipment	624,343	624,343	60,000,000	100.00	1,079,026	28,858	28,858	
ZAH										The ZTM organization structure was transferred to ZSH ownership on April 17, 2023.	
	ZNS	Netherlands	Provides electric vehicle charging solutions	104,056	104,056	100	100.00	115,748	5,003	5,003	
				(EUR 3,000,000)	(EUR 3,000,000)						
	ZAS	The United States	Provides electric vehicle charging solutions	95,150	95,150	100	100.00	294,962	34,772	34,772	
				(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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024	Note
					Outward	Inward							
PHC	Manufactures and sells various power supplies	\$ 1,988,018 (HK\$ 495,450,000)	Indirect investment in mainland China through PHI	\$ 1,677,679 (HK\$ 419,000,000)	\$ -	\$ -	\$ 1,677,679 (HK\$ 419,000,000)	\$ 77,430	100	\$ 77,430	\$ 1,503,538	\$ -	
PHZ	Manufactures and sells various power supplies	1,097,139 (US\$ 31,960,000)	"	1,097,139 (US\$ 31,960,000)	-	141,732 (US\$ 4,361,668)	955,407 (US\$ 7,598,332)	23,143	100	23,143	1,239,477	-	
PHP	Manufactures and sells various power supplies	604,135 (US\$ 20,140,000)	Indirect investment in mainland China through PHK	554,456 (US\$ 18,640,000)	-	-	554,456 (US\$ 18,640,000)	(79,562)	100	(79,562)	(462,172)	-	
PHSY	Manufactures and sells electronic materials	39,678 (HK\$ 9,000,500)	Indirect investment in mainland China through PHQ	39,678 (HK\$ 9,000,000)	-	-	39,678 (HK\$ 9,000,000)	(1,122)	100	(1,122)	75,076	-	
PHE	Manufactures and sells electronic materials	360,124 (US\$ 11,500,000)	"	360,124 (US\$ 11,500,000)	-	-	360,124 (US\$ 11,500,000)	(14,770)	100	(14,770)	(32,840)	-	
ZCM	Provides electric vehicle charging solutions	28,942 (US\$ 950,000)	Indirect investment in mainland China through ZSH	28,942 (US\$ 950,000)	-	-	28,942 (US\$ 950,000)	30,048	100	30,048	26,954	-	
ZCS	Provides electric vehicle charging solutions	21,588 (US\$ 670,000)	"	6,430 (US\$ 200,000)	15,158 (US\$ 470,000)	-	21,588 (US\$ 670,000)	(4,239)	100	(4,239)	1,936	-	
ZCT	Provides electric vehicle charging solutions	49,027 (US\$ 1,605,000)	Indirect investment in mainland China through ZCM	-	-	-	-	7,370	100	7,370	15,980	-	Note 3

Note 1: The amount was recognized based on audited 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 September 30, 2024	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$4,099,382	\$4,958,760	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 NINE MONTHS ENDED SEPTEMBER 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	\$ 2,015,916	48.06	To be agreed by both parties	To be agreed by both parties	-	\$ (242,470)	(13.29)	\$ -	
PHP	"	600,029	14.31	"	"	-	(144,354)	(7.91)	-	
ZCM	"	144,665	99.98	"	"	-	(101,621)	(99.97)	-	
	"	935,818	53.49	"	"	-	(207,311)	(55.21)	-	

TABLE 10**PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 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.