

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

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

PHIHONG TECHNOLOGY CO., LTD.

By

March 11, 2025

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Phihong Technology Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2024 is stated as follows.

The Accuracy of Sales Revenue from Terminal and Enterprise Application Power Supply

Description of the key audit matter:

The sales of terminal and enterprise application power supplies within the Group's have experienced significant changes due to the impact of China's economic slowdown on the revenue performance in 2024. Therefore, the accuracy of the sales revenue from terminal and enterprise application power supply is considered as the key audit matter for the year ended December 31, 2024. Refer to Note 4 to the consolidated financial statements for the related sales revenue disclosures.

Audit procedures performed in response to the key audit matter:

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

Other Matter

In the consolidated financial statements of the Group, the financial statements of Zerova Group were audited by other auditors. Our opinion, insofar as it relates to the amounts included for Zerova Group, is based solely on the report of other auditors. The total assets of Zerova Group constituted 28.82% and 24.72%, respectively, of consolidated total assets as of December 31, 2024 and 2023; and total revenue constituted 41.41% and 35.41%, respectively, of consolidated total revenue for the year then ended.

We have also audited the parent company only financial statements of Phihong Technology Co., Ltd as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2025

Notice to Readers

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

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,302,601	29	\$ 5,851,805	38
Financial assets at amortized cost - current (Notes 4, 8 and 32)	525,917	3	235,014	1
Contract assets - current (Note 23)	5,349	-	-	-
Trade receivables (Notes 4 and 9)	2,131,918	14	1,707,187	11
Trade receivables from related parties (Notes 9 and 31)	14,247	-	2,186	-
Other receivables	116,752	1	36,210	-
Current tax assets	84,340	1	49,059	-
Inventories (Notes 4 and 10)	2,043,603	14	2,602,895	17
Non-current assets held for sale	24,850	-	-	-
Other current assets	<u>299,539</u>	<u>2</u>	<u>300,270</u>	<u>2</u>
Total current assets	<u>9,549,116</u>	<u>64</u>	<u>10,784,626</u>	<u>69</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	134,368	1	122,608	1
Financial assets at amortized cost - non-current (Notes 4, 8 and 32)	-	-	10,500	-
Investments accounted for using the equity method (Notes 4 and 12)	71,381	1	86,674	1
Property, plant and equipment (Notes 4 and 13)	4,322,817	29	3,823,140	25
Right-of-use assets (Notes 4 and 14)	355,381	2	308,023	2
Investment properties (Note 15)	361,320	2	271,958	2
Other intangible assets (Notes 4 and 16)	63,233	-	46,835	-
Deferred tax assets (Notes 4 and 25)	83,395	1	54,542	-
Other non-current assets	<u>62,139</u>	<u>-</u>	<u>69,640</u>	<u>-</u>
Total non-current assets	<u>5,454,034</u>	<u>36</u>	<u>4,793,920</u>	<u>31</u>
TOTAL	<u>\$ 15,003,150</u>	<u>100</u>	<u>\$ 15,578,546</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 182,654	1	\$ 878,851	6
Contract liabilities - current (Notes 23 and 31)	202,188	2	423,831	3
Trade payables	1,995,831	13	1,933,927	12
Trade payables to related parties (Note 31)	-	-	4,788	-
Other payables (Note 19)	1,024,829	7	1,465,281	9
Current tax liabilities (Notes 4 and 25)	60,092	1	146,078	1
Provisions - current (Note 20)	191,498	1	73,210	-
Lease liabilities - current (Notes 4 and 14)	44,852	-	31,088	-
Current portion of long-term borrowings (Note 17)	14,867	-	117,417	1
Other current liabilities (Note 19)	<u>159,723</u>	<u>1</u>	<u>117,478</u>	<u>1</u>
Total current liabilities	<u>3,876,534</u>	<u>26</u>	<u>5,191,949</u>	<u>33</u>
NON-CURRENT LIABILITIES				
Contract liabilities - non-current (Note 23)	87,549	1	-	-
Bonds payable (Notes 4 and 18)	699,499	5	699,092	5
Long-term borrowings (Note 17)	156,100	1	170,967	1
Provisions - non-current (Note 20)	16,599	-	-	-
Deferred tax liabilities (Notes 4 and 25)	33,226	-	30,265	-
Lease liabilities - non-current (Notes 4 and 14)	75,965	-	23,855	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	19,971	-	32,019	1
Other non-current liabilities	<u>22,076</u>	<u>-</u>	<u>30,163</u>	<u>-</u>
Total non-current liabilities	<u>1,110,985</u>	<u>7</u>	<u>986,361</u>	<u>7</u>
Total liabilities	<u>4,987,519</u>	<u>33</u>	<u>6,178,310</u>	<u>40</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)				
Ordinary shares	<u>4,312,084</u>	<u>29</u>	<u>4,312,084</u>	<u>28</u>
Capital surplus	<u>4,579,383</u>	<u>31</u>	<u>4,579,383</u>	<u>29</u>
Retained earnings				
Legal reserve	331,904	2	305,119	2
Special reserve	367,518	2	313,005	2
Unappropriated earnings	<u>399,371</u>	<u>3</u>	<u>267,846</u>	<u>2</u>
Total retained earnings	<u>1,098,793</u>	<u>7</u>	<u>885,970</u>	<u>6</u>
Other equity				
Exchange differences on translating of the financial statements of foreign operations	106,577	1	(293,466)	(2)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	<u>(81,206)</u>	<u>(1)</u>	<u>(74,052)</u>	<u>(1)</u>
Total other equity	<u>25,371</u>	<u>-</u>	<u>(367,518)</u>	<u>(3)</u>
Total equity attributable to owners of the Company	10,015,631	67	9,409,919	60
NON-CONTROLLING INTERESTS (Note 22)	<u>-</u>	<u>-</u>	<u>(9,683)</u>	<u>-</u>
Total equity	<u>10,015,631</u>	<u>67</u>	<u>9,400,236</u>	<u>60</u>
TOTAL	<u>\$ 15,003,150</u>	<u>100</u>	<u>\$ 15,578,546</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2025)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 23, 31 and 36)	\$ 10,897,729	100	\$ 12,332,397	100
OPERATING COSTS (Notes 4, 10 and 31)	<u>7,956,668</u>	<u>73</u>	<u>9,119,641</u>	<u>74</u>
GROSS PROFIT	<u>2,941,061</u>	<u>27</u>	<u>3,212,756</u>	<u>26</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,152,091	10	944,647	8
General and administrative expenses	988,061	9	855,240	7
Research and development expenses	966,376	9	1,034,425	8
Expected credit (gain) loss	<u>(12,635)</u>	<u>-</u>	<u>23,701</u>	<u>-</u>
Total operating expenses	<u>3,093,893</u>	<u>28</u>	<u>2,858,013</u>	<u>23</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(152,832)</u>	<u>(1)</u>	<u>354,743</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	155,131	1	121,092	1
Other income (Note 24)	195,935	2	156,719	1
Other gains and losses (Note 24)	156,801	1	(32,332)	-
Finance costs (Note 24)	(52,489)	-	(130,483)	(1)
Share of profit or loss of associates (Note 12)	<u>(3,545)</u>	<u>-</u>	<u>(5,333)</u>	<u>-</u>
Total non-operating income and expenses	<u>451,833</u>	<u>4</u>	<u>109,663</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	299,001	3	464,406	4
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(92,676)</u>	<u>(1)</u>	<u>(201,892)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>206,325</u>	<u>2</u>	<u>262,514</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	8,122	-	6,619	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income (Note 22)	(7,154)	-	6,593	-
Share of other comprehensive loss of associates accounted for using the equity method (Note 22)	-	-	(306)	-

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PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	\$ (1,624)	-	\$ (1,324)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating of the financial statements of foreign operations (Note 22)	<u>393,002</u>	<u>3</u>	<u>(49,288)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>392,346</u>	<u>3</u>	<u>(37,706)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 598,671</u>	<u>5</u>	<u>\$ 224,808</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 206,325	2	\$ 262,551	2
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(37)</u>	<u>-</u>
	<u>\$ 206,325</u>	<u>2</u>	<u>\$ 262,514</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 599,121	5	\$ 224,838	2
Non-controlling interests	<u>(450)</u>	<u>-</u>	<u>(30)</u>	<u>-</u>
	<u>\$ 598,671</u>	<u>5</u>	<u>\$ 224,808</u>	<u>2</u>
EARNINGS PER SHARE (Note 27)				
Basic earnings per share	<u>\$ 0.48</u>		<u>\$ 0.68</u>	<u>-</u>
Diluted earnings per share	<u>\$ 0.48</u>		<u>\$ 0.68</u>	<u>-</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2025)

(Concluded)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity		Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating of the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income				
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2023	\$ 3,752,084	\$ 2,179,372	\$ 295,992	\$ 230,859	\$ 91,273	\$ (244,171)	\$ (80,339)	\$ 6,225,070	\$ (9,653)	\$ 6,215,417	
Appropriation of 2022 earnings											
Legal reserve (Note 22)	-	-	9,127	-	(9,127)	-	-	-	-	-	
Special reserve (Note 22)	-	-	-	82,146	(82,146)	-	-	-	-	-	
Adjustments to share of changes in equity of associates	-	61	-	-	-	-	-	61	-	61	
Share-based payment arrangements (Note 26)	-	176,400	-	-	-	-	-	176,400	-	176,400	
Issuance of ordinary shares for cash (Note 22)	560,000	2,223,550	-	-	-	-	-	2,783,550	-	2,783,550	
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	262,551	-	-	262,551	(37)	262,514	
Other comprehensive income (loss) for the year ended December 31, net of income tax	-	-	-	-	5,295	(49,295)	6,287	(37,713)	7	(37,706)	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	267,846	(49,295)	6,287	224,838	(30)	224,808	
BALANCE AT DECEMBER 31, 2023	4,312,084	4,579,383	305,119	313,005	267,846	(293,466)	(74,052)	9,409,919	(9,683)	9,400,236	
Appropriation of 2023 earnings											
Legal reserve (Note 22)	-	-	26,785	-	(26,785)	-	-	-	-	-	
Special reserve (Note 22)	-	-	-	54,513	(54,513)	-	-	-	-	-	
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	6,591	-	6,591	10,133	16,724	
Net profit for the year ended December 31, 2024	-	-	-	-	206,325	-	-	206,325	-	206,325	
Other comprehensive income (loss) for the year ended December 31, net of income tax	-	-	-	-	6,498	393,452	(7,154)	392,796	(450)	392,346	
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	212,823	393,452	(7,154)	599,121	(450)	598,671	
BALANCE AT DECEMBER 31, 2024	\$ 4,312,084	\$ 4,579,383	\$ 331,904	\$ 367,518	\$ 399,371	\$ 106,577	\$ (81,206)	\$ 10,015,631	\$ -	\$ 10,015,631	

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

(With Deloitte & Touche auditors' report dated March 11, 2025)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	\$ 299,001	\$ 464,406
Adjustments for:		
Depreciation expense	381,335	348,556
Amortization expense	21,833	18,944
Expected credit (reversed) loss recognized on trade receivables	(12,635)	23,701
Finance costs	52,489	130,483
Interest income	(155,131)	(121,092)
Dividend income	(13,332)	(7,477)
Compensation cost of share-based payments	-	176,400
Share of loss of associates	3,545	5,333
(Gain) loss on disposal of property, plant and equipment	(1,240)	2,345
Loss on disposal of intangible assets	74	262
Gain on disposal of associates	(77,905)	-
Write-down of inventories	17,229	144,057
Gain on lease modification	(266)	(540)
Net changes in operating assets and liabilities		
Contract assets	(5,349)	-
Notes receivables	-	16,159
Trade receivables	(412,642)	934,147
Trade receivables from related parties	(12,061)	(2,186)
Other receivables	(88,125)	9,663
Other receivables from related parties	-	3,654
Inventories	542,063	549,628
Other current assets	11,556	(13,019)
Other non-current assets	(237)	5,595
Contract liabilities	(134,094)	123,284
Trade payables	61,904	(721,564)
Trade payables to related parties	(4,788)	(81,531)
Other payables	(278,609)	447,038
Provisions	118,288	56,406
Other current liabilities	42,245	(14,097)
Net defined benefit liabilities	(3,926)	(10,379)
Cash generated from operating activities	351,222	2,488,176
Interest received	162,714	117,153
Interest paid	(69,036)	(125,249)
Income tax paid	(241,459)	(254,163)
Net cash generated from operating activities	<u>203,441</u>	<u>2,225,917</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(21,000)	(21,000)
Capital reduction and refund from investments accounted for using the fair value through other comprehensive income	2,083	4,742

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PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Purchase of financial assets at amortized cost	\$ (339,731)	\$ (15,215)
Proceeds from sale of financial assets at amortized cost	62,600	324,051
Capital reduction and refund from investments accounted for using equity method	-	26,869
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	(830,244)	(412,748)
Proceeds from disposal of property, plant and equipment	9,749	18,683
Increase in refundable deposits	(16,263)	-
Decrease in refundable deposits	-	4,769
Payment for intangible assets	(28,350)	(24,086)
Proceeds from disposal of intangible assets	-	6
Increase in prepayments for equipment	(62,230)	(65,031)
Dividends received	<u>13,332</u>	<u>7,477</u>
Net cash used in investing activities	<u>(1,120,401)</u>	<u>(157,733)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,626,616	-
Repayments of short-term borrowings	(3,354,337)	(437,135)
Decrease in short-term bills payable	-	(69,740)
Proceeds from long-term borrowings	450,000	4,197,188
Repayments of long-term borrowings	(567,417)	(5,640,979)
Proceeds from issuance of ordinary shares	-	2,783,550
Increase in guarantee deposits received	-	19,466
Decrease in guarantee deposits received	(8,086)	-
Repayment of the principal portion of lease liabilities	<u>(42,742)</u>	<u>(41,136)</u>
Net cash (used in) generated from financing activities	<u>(895,966)</u>	<u>811,214</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>263,722</u>	<u>(18,476)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,549,204)</u>	<u>2,860,922</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,851,805</u>	<u>2,990,883</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,302,601</u>	<u>\$ 5,851,805</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2025)

(Concluded)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 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 March 11, 2025.

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 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: 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.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	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 the other impacts of the above-mentioned 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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

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. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. 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).

e. Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the Group's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, work in progress and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is not a subsidiary. The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes receivables, trade receivables, other receivables, other receivables from related parties, refundable deposit, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

All financial liabilities are measured at amortized cost using the effective interest method. The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provision for the expected cost of warranty obligations is recognized at the date of sale of the relevant products at the best estimate by the management of the Company of the expenditure required to settle the Company's obligations.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of power supply and other relevant products. Sales of products are primarily recognized as revenue when the goods are delivered according to the customer's trading conditions because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

Revenue comes from the sale of EV charger. Sales revenue is recognized when the customer obtains the control of good, i.e. when the good is delivered to the buyer, the Company that may impact the recognition of revenue and accounts receivable at the customer's acceptance. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied. Customers shall pay the contract price according to the agreed payment schedule, and a contract liability is recognized when the amount due from the customers exceeds the amount of services provided by the Consolidated Company.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Service revenue is recognized when the services are provided. Revenue from services provided under a contract is recognized based on the degree of completion in accordance with the contract.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs and in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant assets and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, and net interest on the net defined benefit liabilities (assets)) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Share-based payment arrangements

Employee share options granted to employees and others providing similar services.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the number of shares that the employees purchase is confirmed.

The grant by the Company of its equity instruments to the employees of a subsidiary under employee share options is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences, unused loss carryforwards or research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

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 of 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

	December 31	
	2024	2023
Cash on hand	\$ 2,892	\$ 2,436
Checking accounts and demand deposits	4,181,534	5,529,245
Cash equivalent (investments with original maturities of 3 months or less)		
Repurchase agreements collateralized by bonds	-	300,124
Time deposits	<u>118,175</u>	<u>20,000</u>
	<u>\$ 4,302,601</u>	<u>\$ 5,851,805</u>

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

	December 31	
	2024	2023
Demand deposits and time deposits	0.001%-5.200%	0.001%-5.400%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)		
Domestic non-publicly trade equity investments	\$ 134,368	\$ 122,608

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

	December 31	
	2024	2023
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 517,935	\$ 232,314
Restricted bank deposits	7,982	2,700
	<u>\$ 525,917</u>	<u>\$ 235,014</u>
<u>Non-current</u>		
Restricted bank deposits	\$ -	\$ 10,500

The Group offered the bank deposits of \$7,982 thousand and \$13,200 thousand as of December 31, 2024 and 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 32 to the consolidated financial statements.

9. TRADE RECEIVABLES

	December 31	
	2024	2023
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount from unrelated parties	\$ 1,691,314	\$ 1,364,167
Gross carrying amount from related parties	14,247	2,186
Less: Allowance for impairment loss	(14,271)	(26,360)
	<u>1,691,290</u>	<u>1,339,993</u>
At FVTOCI	<u>454,875</u>	<u>369,380</u>
	<u>\$ 2,146,165</u>	<u>\$ 1,709,373</u>

a. 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.

December 31, 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	\$ 1,487,080	\$ 163,714	\$ 12,812	\$ 18,418	\$ 23,537	\$ 1,705,561
Loss allowance (Lifetime ECL)	<u>(4,595)</u>	<u>(4,445)</u>	<u>(2,002)</u>	<u>(734)</u>	<u>(2,495)</u>	<u>(14,271)</u>
Amortized cost	<u>\$ 1,482,485</u>	<u>\$ 159,269</u>	<u>\$ 10,810</u>	<u>\$ 17,684</u>	<u>\$ 21,042</u>	<u>\$ 1,691,290</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%	0.00%-100%	
Gross carrying amount	\$ 1,155,768	\$ 183,893	\$ 7,068	\$ -	\$ 19,624	\$ 1,366,353
Loss allowance (Lifetime ECL)	<u>(2,145)</u>	<u>(4,421)</u>	<u>(170)</u>	<u>-</u>	<u>(19,624)</u>	<u>(26,360)</u>
Amortized cost	<u>\$ 1,153,623</u>	<u>\$ 179,472</u>	<u>\$ 6,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,339,993</u>

The above aging schedule was based on overdue days.

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

	For the Year Ended December 31	
	2024	2023
Balance, beginning of period	\$ 26,360	\$ 3,672
Add: Net remeasurement (reversed) of loss allowance	(12,635)	23,701
Less: Amounts written off	(861)	(711)
Foreign exchange gains and losses	<u>1,407</u>	<u>(302)</u>
Balance, end of period	<u>\$ 14,271</u>	<u>\$ 26,360</u>

b. Trade receivables at FVTOCI

For trade receivables from major customers, the Group will decide whether to sell these trade receivables to banks without rights of recourse or factoring 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:

December 31, 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	\$ 434,420	\$ 20,320	\$ 128	\$ -	\$ 7	\$ 454,875
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 434,420</u>	<u>\$ 20,320</u>	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 454,875</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>

10. INVENTORIES

	December 31	
	2024	2023
Raw materials	\$ 587,217	\$ 1,065,466
Work-in-process	270,412	275,093
Finished goods	<u>1,185,974</u>	<u>1,262,336</u>
	<u>\$ 2,043,603</u>	<u>\$ 2,602,895</u>

For the years ended December 31, 2024 and 2023, the cost of inventories recognized as cost of goods sold was \$7,956,668 thousand and \$9,119,641 thousand, respectively. Write-down of inventories to net realizable value of \$17,229 thousand and \$144,057 thousand were respectively included in the cost of goods sold during reporting period in 2024 and 2023.

11. SUBSIDIARIES

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

Refer to Table 7 to the consolidated financial statements for the information on places of incorporation and principal places of business.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates:

	December 31	
	2024	2023
Associates that are not individually material	<u>\$ 71,381</u>	<u>\$ 86,674</u>
	For the Year Ended December 31	
	2024	2023
The Group's share of:		
Net loss for the reporting period	\$ (3,545)	\$ (5,333)
Other comprehensive loss	<u>-</u>	<u>(306)</u>
Total comprehensive loss for the year	<u>\$ (3,545)</u>	<u>\$ (5,639)</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, recognizing a gain on disposal of 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 the associates' audited financial statements for the same periods.

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	-	68,645	54,139	36,882	586,673	746,339
Disposals	-	(13,948)	(318,213)	(68,357)	(210)	(400,728)
Transfers to investment properties	-	(150,795)	-	-	(21,649)	(172,444)
Transfers to non-current assets held for sale	(11,503)	(21,429)	-	-	-	(32,932)
Reclassification	-	329,531	26,937	8,617	(341,496)	23,589
Effects of foreign currency exchange differences	<u>1,471</u>	<u>151,586</u>	<u>94,813</u>	<u>13,986</u>	<u>270</u>	<u>262,126</u>
Balance at December 31, 2024	<u>\$ 550,824</u>	<u>\$ 3,748,460</u>	<u>\$ 2,391,874</u>	<u>\$ 706,955</u>	<u>\$ 534,052</u>	<u>\$ 7,932,165</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ -	\$ 1,080,484	\$ 1,999,888	\$ 602,703	\$ -	\$ 3,683,075
Depreciation expenses	-	130,463	145,824	42,973	-	319,260
Disposals	-	(11,540)	(314,002)	(66,677)	-	(392,219)
Transfers to investment properties	-	(111,915)	-	-	-	(111,915)
Transfers to non-current assets held for sale	-	(8,082)	-	-	-	(8,082)
Effects of foreign currency exchange differences	-	41,600	66,908	10,721	-	119,229
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 1,121,010</u>	<u>\$ 1,898,618</u>	<u>\$ 589,720</u>	<u>\$ -</u>	<u>\$ 3,609,348</u>
Carrying amounts at December 31, 2024	<u>\$ 550,824</u>	<u>\$ 2,627,450</u>	<u>\$ 493,256</u>	<u>\$ 117,235</u>	<u>\$ 534,052</u>	<u>\$ 4,322,817</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	45,230	146,659	37,691	168,682	414,296
Disposals	-	(1,464)	(86,612)	(32,026)	(512)	(120,614)
Effects of foreign currency exchange differences	(2,374)	(31,899)	(26,851)	(4,695)	(6,486)	(72,305)
Transfers to investment properties	-	-	-	-	(271,958)	(271,958)
Reclassification	8	6,496	30,812	22,357	(9,084)	50,589
Balance at December 31, 2023	<u>\$ 560,856</u>	<u>\$ 3,384,870</u>	<u>\$ 2,534,198</u>	<u>\$ 715,827</u>	<u>\$ 310,464</u>	<u>\$ 7,506,215</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 990,550	\$ 1,953,366	\$ 576,116	\$ -	\$ 3,520,032
Depreciation expenses	-	103,700	148,063	46,725	-	298,488
Disposals	-	(1,281)	(81,922)	(16,383)	-	(99,586)
Effects of foreign currency exchange differences	-	(12,498)	(19,626)	(3,637)	-	(35,761)
Reclassification	-	13	7	(118)	-	(98)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,080,484</u>	<u>\$ 1,999,888</u>	<u>\$ 602,703</u>	<u>\$ -</u>	<u>\$ 3,683,075</u>
Carrying amounts at December 31, 2023	<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>
(Concluded)						

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 32 to the consolidated financial statements.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
<u>Carrying amount</u>		
Land (including land use rights)	\$ 257,264	\$ 277,608
Buildings	82,016	19,270
Machinery	3,924	1,996
Transportation equipment	10,746	5,870
Other equipment	<u>1,431</u>	<u>3,279</u>
	<u>\$ 355,381</u>	<u>\$ 308,023</u>
	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 107,143</u>	<u>\$ 33,128</u>
Depreciation charge for right-of-use assets		
Land (including land use rights)	\$ 11,722	\$ 11,781
Buildings	30,593	22,621
Machinery	2,512	11,106
Transportation equipment	4,972	4,560
Other equipment	<u>1,842</u>	<u>-</u>
	<u>\$ 51,641</u>	<u>\$ 50,068</u>

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	<u>\$ 44,852</u>	<u>\$ 31,088</u>
Non-current	<u>\$ 75,965</u>	<u>\$ 23,855</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2024	2023
Land	0.600%-1.870%	1.200%-1.250%
Buildings	0.206%-4.750%	1.030%-4.875%
Machinery	4.000%	4.000%
Transportation equipment	1.668%-4.000%	1.155%-5.007%
Other equipment	1.030%-2.800%	1.030%-4.000%

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

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	\$ <u>16,355</u>	\$ <u>12,392</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ <u>1,618</u>	\$ <u>1,219</u>
Total cash outflow for leases	\$ <u>(60,715)</u>	\$ <u>(54,747)</u>

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

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>198</u>	<u>16,201</u>	<u>16,399</u>
Balance at December 31, 2024	\$ <u>28,547</u>	\$ <u>460,603</u>	\$ <u>489,150</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	193	10,241	10,434
Effects of foreign currency exchange differences	<u>34</u>	<u>977</u>	<u>1,011</u>
Balance at December 31, 2024	\$ <u>4,697</u>	\$ <u>123,133</u>	\$ <u>127,830</u>
Carrying amounts at December 31, 2024	\$ <u>23,850</u>	\$ <u>337,470</u>	\$ <u>361,320</u>

(Continued)

	Land	Building	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ -	\$ -	\$ -
Transferred from property, plant and equipment	<u>-</u>	<u>271,958</u>	<u>271,958</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 271,958</u>	<u>\$ 271,958</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2023	\$ -	\$ -	\$ -
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrying amounts at December 31, 2023	<u>\$ -</u>	<u>\$ 271,958</u>	<u>\$ 271,958</u>
			(Concluded)

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.

The management of the Company used a valuation model that market participants would use in determining the fair value and the fair value, which was measured using Level 3 inputs. The valuation was arrived at by reference to income method. The significant unobservable inputs used include discount rates.

The fair value of the Group as appraised was \$975,076 thousand as of December 31, 2024.

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	28,196
Disposals	(25,811)
Reclassified	7,832
Effects of foreign currency exchange differences	<u>2,602</u>
Balance at December 31, 2024	<u>\$ 167,153</u>
	(Continued)

**Computer
Software**

Accumulated amortization

Balance at January 1, 2024	\$ 107,499
Amortization expense	21,833
Reclassified	(1,183)
Disposals	(25,737)
Effects of foreign currency exchange differences	<u>1,508</u>

Balance at December 31, 2024 \$ 103,920

Carrying amounts at December 31, 2024 \$ 63,233

Cost

Balance at January 1, 2023	\$ 139,513
Additions	24,085
Disposals	(9,863)
Reclassified	1,074
Effects of foreign currency exchange differences	<u>(475)</u>

Balance at December 31, 2023 \$ 154,334

Accumulated amortization

Balance at January 1, 2023	\$ 98,415
Amortization expense	18,944
Reclassified	121
Disposals	(9,595)
Effects of foreign currency exchange differences	<u>(386)</u>

Balance at December 31, 2023 \$ 107,499

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

(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

	December 31	
	2024	2023
<u>Unsecured borrowings</u>		
PHV	\$ 182,654	\$ 255,874
<u>Secured borrowings</u>		
PHC	-	622,977
	<u>\$ 182,654</u>	<u>\$ 878,851</u>
The range of interest rates	5.98%	3.60%-6.86%

b. Long-term borrowings

	December 31	
	2024	2023
<u>Unsecured borrowings</u>		
Phihong	\$ -	\$ 102,550
<u>Secured borrowings</u>		
Phihong	170,967	185,834
Long-term loans payable - current portion	<u>(14,867)</u>	<u>(117,417)</u>
	<u>\$ 156,100</u>	<u>\$ 170,967</u>
The range of interest rates	2.125%	2.0000%- 2.7950%

- 1) On December 31, 2024 and 2023, PHV Company had short-term bank borrowings with contract terms from January 17, 2024 to December 9, 2025 and October 10, 2023 to December 19, 2024, respectively, with monthly interest payments.
- 2) On December 31, 2023, PHC Company had short-term bank borrowings with contract terms from August 10, 2023 to May 10, 2024, with interest upon expiry.
- 3) On December 31, 2023, Phihong had long-term bank borrowings with contract terms from April 7, 2021 to April 7, 2036, with monthly interest payments.

4) 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 December 31, 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 31 and 32 to the consolidated financial statements.

18. BONDS PAYABLE

	December 31	
	2024	2023
Secured domestic bonds	\$ 699,499	\$ 699,092

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

	December 31	
	2024	2023
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 348,751	\$ 316,232
Payables for annual leave	77,381	72,357
Payables for purchases of equipment	19,012	28,231
		(Continued)

	December 31	
	2024	2023
Employee compensation payable	\$ 38,983	\$ 77,449
Director compensation payable	4,568	5,741
Others	<u>536,134</u>	<u>965,271</u>
	<u>\$ 1,024,829</u>	<u>\$ 1,465,281</u>
<u>Other current liabilities</u>		
Temporary receipts	\$ 159,449	\$ 114,701
Others	<u>274</u>	<u>2,777</u>
	<u>\$ 159,723</u>	<u>\$ 117,478</u>
		(Concluded)

20. PROVISIONS

	December 31	
	2024	2023
<u>Current</u>		
Warranties	<u>\$ 191,498</u>	<u>\$ 73,210</u>
<u>Non-current</u>		
Restoration obligation	<u>\$ 16,599</u>	<u>\$ -</u>
	Warranties	Restoration Obligation
		Total
Balance at January 1, 2024	\$ 73,210	\$ -
Additional provisions recognized	112,511	16,599
Reversal of unused balance	(34)	-
Effects of foreign currency exchange differences	<u>5,811</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 191,498</u>	<u>\$ 16,599</u>
Balance at January 1, 2023	\$ 16,645	\$ -
Additional provisions recognized	69,282	-
Reversal of unused balance	(11,570)	-
Effects of foreign currency exchange differences	<u>(1,147)</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 73,210</u>	<u>\$ -</u>

- a. The provision warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under contracts for the sale of goods. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

- b. Pursuant to the lease agreement, the Group shall, at the end of the respective lease terms, restore the leased plant assets to their original condition at the time of the lease. Provisions are recognized based on the present value of the best estimate of future outflow of economic benefits that will be required by the fulfillment of the restoration obligation stated on the lease contract. The estimate will be reviewed regularly and adjusted according to the use of the plant.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2-15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2024	2023
Present value of funded defined benefit obligation	\$ 87,353	\$ 93,833
Fair value of plan assets	<u>(67,382)</u>	<u>(61,814)</u>
Net defined benefit liabilities	<u>\$ 19,971</u>	<u>\$ 32,019</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2024	\$ 93,833	\$ (61,814)	\$ 32,019
Service cost			
Current service cost	-	-	-
Net interest expense (income)	<u>1,173</u>	<u>(839)</u>	<u>334</u>
Recognized in profit or loss	<u>1,173</u>	<u>(839)</u>	<u>334</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (5,063)	\$ (5,063)
Actuarial (gain) loss			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	(2,135)	-	(2,135)
Experience adjustments	(924)	-	(924)
Recognized in other comprehensive income	<u>(3,059)</u>	<u>(5,063)</u>	<u>(8,122)</u>
Contributions from the employer	-	(4,260)	(4,260)
Benefits paid	<u>(4,594)</u>	<u>4,594</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 87,353</u>	<u>\$ (67,382)</u>	<u>\$ 19,971</u>
Balance at January 1, 2023	\$ 101,474	\$ (52,457)	\$ 49,017
Service cost			
Current service cost	-	-	-
Past service cost and loss on settlements	(1,333)	998	(335)
Net interest expense (income)	<u>1,522</u>	<u>(886)</u>	<u>636</u>
Recognized in profit or loss	<u>189</u>	<u>112</u>	<u>301</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(288)	(288)
Actuarial (gain) loss			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	2,437	-	2,437
Experience adjustments	(8,768)	-	(8,768)
Recognized in other comprehensive income	<u>(6,331)</u>	<u>(288)</u>	<u>(6,619)</u>
Contributions from the employer	-	(10,680)	(10,680)
Benefits paid	<u>(1,499)</u>	<u>1,499</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 93,833</u>	<u>\$ (61,814)</u>	<u>\$ 32,019</u>

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2024	2023
Discount rate(s)	1.500%	1.250%
Expected rate(s) of salary increase	3.75%	3.75%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2024	2023
Discount rate(s)		
0.25% increase	<u>\$ (2,063)</u>	<u>\$ (2,391)</u>
0.25% decrease	<u>\$ 2,135</u>	<u>\$ 2,478</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 2,053</u>	<u>\$ 2,378</u>
0.25% decrease	<u>\$ (1,995)</u>	<u>\$ (2,308)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2024	2023
Expected contributions to the plans for the next year	<u>\$ 2,400</u>	<u>\$ 10,680</u>
Average duration of the defined benefit obligation	9.6 years	10.4 years

22. EQUITY

a. Share capital

	December 31	
	2024	2023
Number of shares authorized (in thousands of shares)	<u>600,000</u>	<u>600,000</u>
Shares authorized	<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>
Shares issued and fully paid	<u>\$ 4,312,084</u>	<u>\$ 4,312,084</u>

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

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

b. Capital surplus

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

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

c. Retained earnings and dividend policy

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

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

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

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

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

The appropriation of earnings for 2024, which was proposed by the Company's board of directors on March 11, 2025, was as follows:

	For the Year Ended December 31, 2024
Legal reserve	<u>\$ 21,282</u>
Special reserve	<u>\$ 136,659</u>

The appropriation of earnings for 2024 will be resolved by the shareholders in their meeting to be held on June 10, 2025.

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 Year Ended December 31	For the Year Ended December 31
	2024	2023
Balance, beginning of period	\$ (293,466)	\$ (244,171)
Exchange differences on the translation of the financial statements of foreign operations	393,452	(49,295)
Changes in percentage of ownership interests in subsidiaries	<u>6,591</u>	<u>-</u>
Balance, end of period	<u>\$ 106,577</u>	<u>\$ (293,466)</u>

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

	For the Year Ended December 31	
	2024	2023
Balance, beginning of period	\$ (74,052)	\$ (80,339)
Current generation		
Unrealized loss - equity instruments	(7,154)	6,593
Share from associates accounted for using the equity method	<u>-</u>	<u>(306)</u>
Balance, end of period	<u>\$ (81,206)</u>	<u>\$ (74,052)</u>

f. Non-controlling Interests

	For the Year Ended December 31	
	2024	2023
Balance, beginning of period	\$ (9,683)	\$ (9,653)
Attributable to non-controlling interests:		
Share of loss for the period	-	(37)
Changes in percentage of ownership interests in subsidiaries	10,133	-
Exchange differences on translation the financial statements of foreign entities	<u>(450)</u>	<u>7</u>
Balance, end of period	<u>\$ -</u>	<u>\$ (9,683)</u>

23. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 10,894,851	\$ 12,332,180
Revenue from the rendering of services	<u>2,878</u>	<u>217</u>
	<u>\$ 10,897,729</u>	<u>\$ 12,332,397</u>

Contract balances

	December 31	
	2024	2023
Contract asset		
Contract asset - current	<u>\$ 5,349</u>	<u>\$ -</u>
Contract liabilities		
Contract liabilities - current		
Sale of goods (Note 31)	<u>\$ 202,188</u>	<u>\$ 423,831</u>
Contract liabilities - non-current		
Extended warranty services	<u>\$ 87,549</u>	<u>\$ -</u>

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	\$ 155,093	\$ 121,092
Others	<u>38</u>	<u>-</u>
	<u>\$ 155,131</u>	<u>\$ 121,092</u>

b. Other income

	For the Year Ended December 31	
	2024	2023
Sample revenue	\$ 1,282	\$ 26,001
Dividend income	13,332	7,477
Rent revenue	50,190	-
Others	<u>131,131</u>	<u>123,241</u>
	<u>\$ 195,935</u>	<u>\$ 156,719</u>

c. Other gains and (losses)

	For the Year Ended December 31	
	2024	2023
Net foreign exchange gains (losses)	\$ 99,028	\$ (26,359)
Gain (loss) on disposal of property, plant and equipment	1,240	(2,345)
Loss on disposal of intangible assets	(74)	(262)
Gain on disposal of investment	77,905	-
Gain on lease modification	266	540
Losses from disasters (Note 33 c)	(12,265)	-
Others	<u>(9,299)</u>	<u>(3,906)</u>
	<u>\$ 156,801</u>	<u>\$ (32,332)</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
Property, plant and equipment	\$ 319,260	\$ 298,488
Right-of-use assets	51,641	50,068
Investment properties	10,434	-
Computer software	<u>21,833</u>	<u>18,944</u>
	<u>\$ 403,168</u>	<u>\$ 367,500</u>

(Continued)

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 152,230	\$ 159,969
Operating expenses	<u>229,105</u>	<u>188,587</u>
	<u>\$ 381,335</u>	<u>\$ 348,556</u>
An analysis of amortization by function		
Operating costs	\$ 3,143	\$ 3,781
Operating expenses	<u>18,690</u>	<u>15,163</u>
	<u>\$ 21,833</u>	<u>\$ 18,944</u>
		(Concluded)

e. Finance costs

	For the Year Ended December 31	
	2024	2023
Bank loans interest	\$ 33,347	\$ 112,178
Bonds payable interest	10,592	10,590
Lease liabilities interest	3,609	2,757
Other finance costs	<u>4,941</u>	<u>4,958</u>
	<u>\$ 52,489</u>	<u>\$ 130,483</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 2,857,139	\$ 2,800,725
Post-employment benefits (Note 21)		
Defined contribution plans	122,988	108,521
Defined benefit plans	<u>334</u>	<u>301</u>
Total employee benefits expense	<u>\$ 2,980,461</u>	<u>\$ 2,909,547</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,219,475	\$ 1,217,394
Operating expenses	<u>1,760,986</u>	<u>1,692,153</u>
	<u>\$ 2,980,461</u>	<u>\$ 2,909,547</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 years ended December 31, 2024 and 2023 are as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Compensation of employees	10%	10%
Remuneration of directors	2%	2%

Amount

	For the Year Ended December 31	
	2024	2023
Compensation of employees	\$ 22,840	\$ 77,449
Remuneration of directors	4,568	5,741

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.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2024	2023
Foreign exchange gains	\$ 123,670	\$ 44,255
Foreign exchange losses	<u>(24,642)</u>	<u>(70,614)</u>
Net gains (losses)	<u>\$ 99,028</u>	<u>\$ (26,359)</u>

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current period	\$ 106,806	\$ 224,835
Unappropriated earnings	22,503	-
Adjustments for prior year	(9,117)	(10,186)
Deferred tax		
In respect of the current period	<u>(27,516)</u>	<u>(12,757)</u>
Income tax expense recognized in profit or loss	<u>\$ 92,676</u>	<u>\$ 201,892</u>

A reconciliation of accounting profit and income tax expense is as follows

	For the Year Ended December 31	
	2024	2023
Profit before tax from continuing operations	\$ 299,001	\$ 464,406
Income tax expense calculated at the statutory rate	\$ 106,806	\$ 216,016
Unappropriated earnings	22,503	-
Adjustments for prior years' tax	(9,117)	(10,186)
Land value increment tax	-	8,819
Deductible temporary differences	<u>(27,516)</u>	<u>(12,757)</u>
Income tax expense recognized in profit or loss	\$ 92,676	\$ 201,892

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ 1,624	\$ 1,324
Total income tax recognized in other comprehensive income	<u>\$ 1,624</u>	<u>\$ 1,324</u>

c. Current tax liabilities

	December 31	
	2024	2023
Current tax liabilities		
Income tax payable	\$ 60,092	\$ 146,078

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized allowance for inventory valuation	\$ 2,365	\$ 15,734	\$ -	\$ 18,099
Unrealized gross profit	7,230	(4,557)	-	2,673
Unrealized pension expense	21,171	785	-	21,956
Unrealized warranty provision	6,801	9,166	-	15,967
Others	<u>16,975</u>	<u>9,349</u>	<u>(1,624)</u>	<u>24,700</u>
	<u>\$ 54,542</u>	<u>\$ 30,477</u>	<u>\$ (1,624)</u>	<u>\$ 83,395</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized investment gains	\$ 30,265	\$ (12,902)	\$ -	\$ 17,363
Others	<u>-</u>	<u>15,863</u>	<u>-</u>	<u>15,863</u>
	<u>\$ 30,265</u>	<u>\$ 2,961</u>	<u>\$ -</u>	<u>\$ 33,226</u>
				(Concluded)

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized allowance for inventory valuation	\$ 946	\$ 1,419	\$ -	\$ 2,365
Unrealized gross profit	7,834	(604)	-	7,230
Unrealized pension expense	19,162	2,009	-	21,171
Unrealized loss carryforwards	18,624	(18,624)	-	-
Others	<u>10,927</u>	<u>14,173</u>	<u>(1,324)</u>	<u>23,776</u>
	<u>\$ 57,493</u>	<u>\$ (1,627)</u>	<u>\$ (1,324)</u>	<u>\$ 54,542</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized investment gains	<u>\$ 44,649</u>	<u>\$ (14,384)</u>	<u>\$ -</u>	<u>\$ 30,265</u>

e. Income tax assessments

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

26. SHARE-BASED PAYMENT

On August 25, 2023, the Company obtained approval from the Financial Supervisory Commission to issue 56,000 thousand shares for capital increase by cash. As per decision of the board of director's, 15% of the new shares were reserved for employee subscription. On September 5, 2023, the Company confirmed the number of shares subscribed by employees. The date is seemed as the grant date for recognizing the fair value of share-based compensation expense by the Black-Scholes option pricing model, and accordingly, increased the capital surplus by NT\$176,400 thousand.

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2024	2023
Basic earnings per share	\$ 0.48	\$ 0.68
Diluted earnings per share	\$ 0.48	\$ 0.68

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 Year Ended December 31	
	2024	2023
Profit used in the computation of basic earnings per share	\$ 206,325	\$ 262,551
Profit used in the computation of diluted earnings per share	\$ 206,325	\$ 262,551

Ordinary Shares Outstanding

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in computation of basic earnings per share	431,208	384,567
Effect of potentially dilutive ordinary shares		
Compensation of employee	701	477
Weighted average number of ordinary shares used in the computation of diluted earnings per share	431,909	385,044

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

28. GOVERNMENT GRANTS

PHC received in 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 years ended December 31, 2024 and 2023, the depreciation expenses have been decreased by \$2,487 thousand and \$3,199 thousand, respectively.

29. 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.

30. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 134,368	\$ 134,368

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

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

	<u>December 31</u>	
	2024	2023
<u>Financial assets</u>		
Balance, beginning of period	\$ 122,608	\$ 99,764
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOCI)	(7,154)	6,593
Additions	21,000	21,000
Repayment from capital reduction	(2,083)	(4,742)
Effect of foreign currency exchange differences	(3)	(7)
Balance, end of period	\$ 134,368	\$ 122,608

b. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 7,135,813	\$ 7,865,670
Financial assets at FVTOCI		
Equity instruments	134,368	122,608
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	4,506,410	5,779,260

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

c. Financial risk management objectives and policies

The Group's major financial instruments included cash and cash equivalents, financial assets measured at amortized cost, equity instruments, contract assets, trade receivables, 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 34 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 Year Ended December 31	
	2024	2023
USD	\$ 13,280	\$ 17,740
RMB	(997)	(1,888)
VND	280	1,473

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, short-term bills payable, 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:

	December 31	
	2024	2023
Fair value interest rate risk		
Financial liabilities	\$ 820,316	\$ 1,377,012
Cash flow interest rate risk		
Financial liabilities	353,621	544,257

The sensitivity analysis on interest rate risk assumes that interest rates had been 1% higher/lower. The Group's cash outflows/inflows in 2024 and 2023 will be \$3,536 thousand and \$5,443 Thousand, respectively.

2) Credit risk

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 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.

December 31, 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	\$ 3,332,473	\$ -	\$ -	\$ 3,332,473
Lease liabilities	44,852	58,198	17,767	120,817
Variable interest rate instrument	197,521	40,883	115,217	353,621
Fixed interest rate instrument	-	-	699,499	699,499
	<u>\$ 3,574,846</u>	<u>\$ 99,081</u>	<u>\$ 832,483</u>	<u>\$ 4,506,410</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>\$ 44,852</u>	<u>\$ 70,677</u>	<u>\$ 5,288</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>

b) Financing facilities

	<u>December 31</u>	
	2024	2023
Unsecured bank facilities:		
Amount used	\$ 183,154	\$ 376,870
Amount unused	<u>7,005,923</u>	<u>5,150,988</u>
	<u>\$ 7,189,077</u>	<u>\$ 5,527,858</u>
Secured bank facilities:		
Amount used	\$ 902,467	\$ 808,810
Amount unused	<u>1,558,932</u>	<u>779,436</u>
	<u>\$ 2,461,399</u>	<u>\$ 1,588,246</u>

31. RELATED-PARTY TRANSACTIONS

a. The Group's related parties and relationship

<u>Related Party</u>	<u>Relationship with the Group</u>
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

(Continued)

Related Party	Relationship with the Group
FREE2MOVE ESOLUTIONS NORTH AMERICA LCC (“F2M”)	Related party
TCC Energy Storage (Dutch) Holdings B.V. (“TCCE”)	Related party
Atlante Italia SRL	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

(Concluded)

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 Year Ended December 31	
		2024	2023
Operating revenue	F2M	\$ 380,157	\$ 1,315,094
	EVSE	34,368	-
	Others	<u>14,767</u>	<u>3,760</u>
		<u>\$ 429,292</u>	<u>\$ 1,318,854</u>
Operating costs	Related party	<u>\$ -</u>	<u>\$ 123,149</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	December 31	
	2024	2023
TCC Energy Storage	\$ 41	\$ 12,606
F2M	<u>-</u>	<u>53,069</u>
	<u>\$ 41</u>	<u>\$ 65,675</u>

d. Receivables from related parties

Item	Related Party Name	December 31	
		2024	2023
Trade receivables	F2M	\$ 2,082	\$ 1,313
	TCC Energy Storage	8,333	873
	TCCE	3,653	-
	Others	<u>179</u>	<u>-</u>
		<u>\$ 14,247</u>	<u>\$ 2,186</u>

e. Payables to related parties

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

f. Operating expenses

Item	Related Party Category	For the Year Ended December 31	
		2024	2023
Operating expense	Related party	<u>\$ 165,780</u>	<u>\$ 113,133</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 Year Ended December 31	
	2024	2023
Short-term benefits	\$ 87,095	\$ 52,094
Post-employment benefits	<u>617</u>	<u>324</u>
	<u>\$ 87,712</u>	<u>\$ 52,418</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 December 31, 2024 and 2023, the amounts of the guarantees were \$902,967 thousand and \$987,476 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.

32. 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:

	December 31	
	2024	2023
Financial assets at amortized cost - current (Note 8)	\$ 7,982	\$ 2,700
Financial assets at amortized cost - non-current (Note 8)	-	10,500
Land	463,345	463,345
Right-of-use assets - land use right	35,732	65,693
Buildings	<u>412,890</u>	<u>418,256</u>
	<u>\$ 919,949</u>	<u>\$ 960,494</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

- 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:

	December 31	
	2024	2023
Acquisition of property, plant and equipment		
The amount of signed contract	\$ 3,054,085	\$ 2,508,983
Unpaid amount	773,356	1,046,943

- c. PHV Company encountered a storm disaster in November 2024, resulting in losses of inventory, real estate, plant, and equipment, amounting to \$12,265 thousand. As of December 31, 2024, the Group has been negotiating the compensation with the insurance company.

34. 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:

December 31, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 68,667	32.72500	\$ 2,247,135
RMB	17,830	4.55216	81,166
VND	205,108,494	0.00129	264,590

Financial liabilities

Monetary items			
USD	28,086	32.72500	919,108
RMB	39,742	4.55216	180,913
VND	183,375,630	0.00129	236,555

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	0.0126	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

35. 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)

36. 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 to the consolidated financial statements. The profit and loss of the operating segment of the Group are measured by the operating profit and loss that can be controlled by the segment manager and are used as the basis for management performance evaluations.

b. Segment revenues and results

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

	Power Supply	EV Energy	Other	Total
For the year ended <u>December 31, 2024</u>				
Revenues from external customers	<u>\$ 6,296,245</u>	<u>\$ 4,589,151</u>	<u>\$ 12,333</u>	<u>\$ 10,897,729</u>
Segment (losses) incomes	<u>\$ (375,144)</u>	<u>\$ 225,915</u>	<u>\$ (3,603)</u>	\$ (152,832)
Interest incomes				155,131
Other incomes				195,935
Other gains and losses				156,801
Finance costs				(52,489)
Share of loss of associates				<u>(3,545)</u>
Gain before income tax				<u>\$ 299,001</u>
For the year ended <u>December 31, 2023</u>				
Revenues from external customers	<u>\$ 7,572,407</u>	<u>\$ 4,740,789</u>	<u>\$ 19,201</u>	<u>\$ 12,332,397</u>
Segment (losses) incomes	<u>\$ (283,264)</u>	<u>\$ 634,825</u>	<u>\$ 3,182</u>	\$ 354,743
Interest incomes				121,092
Other incomes				156,719
Other gains and losses				(32,332)
Finance costs				(130,483)
Share of loss of associates				<u>(5,333)</u>
Gain before income tax				<u>\$ 464,406</u>

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2024	2023
Power supply products	\$ 6,296,245	\$ 7,572,407
EV energy products	4,589,151	4,740,789
Others	<u>12,333</u>	<u>19,201</u>
	<u>\$ 10,897,729</u>	<u>\$ 12,332,397</u>

d. Geographical information

The Group operates in three principal geographical areas - Asia, Americas and Europe.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2024	2023	2024	2023
Asia	\$ 4,304,208	\$ 5,175,057	\$ 5,250,947	\$ 4,626,829
Americas	4,135,648	5,367,868	170,780	158,660
Europe	2,284,466	1,666,411	32,307	8,431
Others	<u>173,407</u>	<u>123,061</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,897,729</u>	<u>\$ 12,332,397</u>	<u>\$ 5,454,034</u>	<u>\$ 4,793,920</u>

e. Information on major customers

The revenue for 2024 and 2023 amounted to \$10,897,729 thousand and \$12,332,397 thousand, respectively. Except as detailed in the following table, no other single customer contributed 10% or more to the Group's revenue in both 2024 and 2023.

	For the Year Ended December 31	
	2024	2023
Customer A	\$ 1,547,975	\$ 1,607,820
Customer B	NA (Note)	1,624,039
Customer C	<u>NA (Note)</u>	<u>1,308,381</u>
	<u>\$ 1,547,975</u>	<u>\$ 4,540,240</u>

Note: Revenue less than 10% of the Group's revenue.

TABLE 1

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 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	\$ 327,250 (US\$ 10,000,000)	\$ - (US\$ -)	\$ -	6.50%	b.	\$ -	Capital movement	\$ -	-	\$ -	\$ 2,003,126	\$ 4,006,252	
		ZCM	"	"	490,875 (US\$ 15,000,000)	- (US\$ -)	-	6.50%	"	-	"	-	-	-	2,003,126	4,006,252	
		ZAS	"	"	98,175 (US\$ 3,000,000)	- (US\$ -)	-	6.50%	"	-	"	-	-	-	2,003,126	4,006,252	
		ZNS	"	"	49,088 (US\$ 1,500,000)	- (US\$ -)	-	6.50%	"	-	"	-	-	-	2,003,126	4,006,252	
		ZJS	"	"	81,813 (US\$ 2,500,000)	- (US\$ -)	-	6.50%	"	-	"	-	-	-	2,003,126	4,006,252	
		PHJ	"	"	4,908,745 (US\$ 15,000,000)	490,875 (US\$ 15,000,000)	98,175	6.30%	"	-	"	-	-	-	2,003,126	4,006,252	
1	PHC	PHE	"	"	45,522 (RMB 10,000,000)	45,522 (RMB 10,000,000)	45,522	4.90%	"	-	"	-	-	-	2,290,575	2,290,575	
2	PHZ	PHP	"	"	1,024,236 (RMB 225,000,000)	1,024,236 (RMB 225,000,000)	1,024,236	4.75%	"	-	"	-	-	-	1,884,972	1,884,972	
3	ZSH	ZAS	"	"	327,250 (US\$ 10,000,000)	327,250 (US\$ 10,000,000)	196,350	6.55%	"	-	"	-	-	-	4,492,010	4,492,010	
		ZNS	"	"	163,625 (US\$ 500,000)	163,625 (US\$ 500,000)	-	6.55%	"	-	"	-	-	-	4,492,010	4,492,010	
		ZJS	"	"	327,250 (US\$ 10,000,000)	327,250 (US\$ 10,000,000)	-	6.55%	"	-	"	-	-	-	4,492,010	4,492,010	
4	PHA	ZAS	"	"	392,700 (US\$ 12,000,000)	- (US\$ -)	-	6.50%	"	-	"	-	-	-	1,929,395	1,929,395	

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 loans between foreign subsidiaries in which the Company holds 100% of direct or indirect 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.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 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	\$ 7,511,723	\$ 785,400 (US\$ 24,000,000)	\$ 490,875 (US\$ 15,000,000)	\$ 49,020 (US\$ 1,500,000)	\$ -	4.90	\$ 10,015,631	Y	N	N	6, 9 and 12
		ZTM	"	7,511,723	1,700,000	1,700,000	-	-	15.96	10,015,631	Y	N	N	4, 7 and 10
		ZSH	"	7,511,723	1,685,338 (US\$ 51,500,000)	1,472,625 (US\$ 45,000,000)	- (US\$ -)	-	14.69	10,015,631	Y	N	N	5, 8 and 11
		PHJ	"	7,511,723	155,393 (JPY 750,000)	155,393 (JPY 750,000)	- (JPY -)	-	1.55	10,015,631	Y	N	N	13

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. (Expired in October 2024.)

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.

Note 13: On December 24, 2024 the board of directors approved that the Company’s endorsements/guarantees amount to PHJ is JPY750 million.

TABLE 3

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 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	December 31, 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	\$ 2,101	10.49	\$ 2,101	
	Zhong-Xuan Venture Capital Co., Ltd.	"	"	2,105,828	13,482	8.62	13,482	
	BMC Venture Capital Investment Corporation	"	"	5,700,000	74,516	9.84	74,516	
	RFIC Technology Corporation	"	"	1,000,000	2,911	3.50	2,911	
	BMD Venture Capital Investment Corporation	"	"	4,200,000	39,070	9.31	39,070	
Guang-Lai	<u>Ordinary shares</u>							
	Taiwan Cultural & Creativity No. 1 Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,000,000	2,195	10.83	2,195	
PHJ	<u>Ordinary shares</u>							
	ENECHANGE EV Labs Ltd.	None	Financial assets at FVTOCI - non-current	45	93	5.00	93	

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 YEAR ENDED DECEMBER 31, 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	\$ (2,128,060)	(40.24)	To be agreed by both parties	-	-	\$ 142,299	16.03	
	PHJ	"	"	(238,684)	(4.51)	"	-	-	49,389	5.56	
	PHC	"	Purchase	2,696,814	46.52	"	-	-	(210,504)	(11.96)	
	PHP	"	"	836,357	14.13	"	-	-	(150,755)	(8.57)	
	PHV	"	"	2,224,156	38.36	"	-	-	(280,212)	(15.92)	
PHA	PHT	Subsidiary of PHT	Purchase	2,128,060	95.77	To be agreed by both parties	-	-	(162,435)	(98.29)	
PHJ	PHT	Subsidiary of PHT	Purchase	238,684	93.49	To be agreed by both parties	-	-	(49,454)	(100.00)	
PHC	PHT	Subsidiary of PHT	Sale	(2,696,814)	(100.00)	To be agreed by both parties	-	-	209,490	100.00	
PHP	PHT	Subsidiary of PHT	Sale	(836,357)	(54.88)	To be agreed by both parties	-	-	150,755	47.18	
PHV	PHT	Subsidiary of PHT	Sale	(2,224,156)	(80.27)	To be agreed by both parties	-	-	267,828	86.95	
PHSY	PHP	Between subsidiaries	Sale	(142,840)	(56.36)	To be agreed by both parties	-	-	53,357	65.33	
PHV	ZSH	Between subsidiaries	Sale	(511,204)	(18.45)	To be agreed by both parties	-	-	18,185	5.90	
ZTM	ZSH	Between subsidiaries	Sale	(1,044,876)	(60.43)	To be agreed by both parties	-	-	288,764	74.03	
	ZAS	"	"	(123,463)	(7.14)	"	-	-	-	-	
ZCM	ZCT	Between subsidiaries	Sale	(205,173)	(13.89)	To be agreed by both parties	-	-	88,445	94.42	
	ZSH	"	"	(1,204,455)	(81.56)	"	-	-	-	-	
ZCT	ZSH	Between subsidiaries	Sale	(137,633)	(62.79)	To be agreed by both parties	-	-	44,520	71.85	
ZSH	ZTM	Between subsidiaries	Sale	(233,472)	(7.02)	To be agreed by both parties	-	-	66,712	10.05	
	ZAS	"	"	(1,310,675)	(39.43)	"	-	-	220,518	33.23	
	ZNS	"	"	(245,292)	(7.38)	"	-	-	51,822	7.81	
	ZJS	"	"	(234,011)	(7.04)	"	-	-	71,077	10.71	
PHP	PHSY	Between subsidiaries	Purchase	142,840	13.64	To be agreed by both parties	-	-	(53,637)	(12.24)	
ZSH	PHV	Between subsidiaries	Purchase	511,204	21.84	To be agreed by both parties	-	-	(17,610)	(4.95)	
	ZTM	"	"	422,453	18.05	"	-	-	(262,299)	(73.68)	

(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	
ZAS	ZTM	Between subsidiaries	Purchase	\$ 6,550	0.49	To be agreed by both parties	-	-	\$ -	-	
ZCT	ZCM	Between subsidiaries	Purchase	205,173	98.37	To be agreed by both parties	-	-	(88,445)	(96.23)	
ZSH	ZCM	Between subsidiaries	Purchase	1,204,455	51.45	To be agreed by both parties	-	-	-	-	
	ZCT	"	"	137,633	5.88	"	-	-	(44,521)	(12.51)	
ZTM	ZSH	Between subsidiaries	Purchase	233,472	23.47	To be agreed by both parties	-	-	(68,891)	(25.07)	
ZAS	ZSH	Between subsidiaries	Purchase	1,310,675	97.56	To be agreed by both parties	-	-	(220,518)	(98.87)	
ZNS	ZSH	Between subsidiaries	Purchase	245,292	88.70	To be agreed by both parties	-	-	(51,822)	(81.72)	
ZJS	ZSH	Between subsidiaries	Purchase	234,011	89.97	To be agreed by both parties	-	-	(70,970)	(98.30)	
ZAS	F2M	Substantial related party	Sale	380,157	18.89	To be agreed by both parties	-	-	2,082	22.47	

(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
DECEMBER 31, 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	\$ 142,299	17.37%	\$ -	-	\$ 140,282	\$ -
	PHC	"	Other receivables	285,974	-	-	-	257,612	-
	PHV	"	Other receivables	397,474	-	-	-	295,572	-
	PHJ	"	Other receivables	101,795	-	-	-	25,007	-
PHZ	PHP	Sister company	Other receivables	1,024,236	-	-	-	-	-
ZTM	ZSH	Between subsidiaries	Trade receivables	288,764	2.05%	-	-	125,862	-
PHC	PHT	Subsidiary of PHT	Trade receivables	209,490	12.89%	-	-	209,490	-
PHP	PHT	Subsidiary of PHT	Trade receivables	150,755	6.34%	-	-	150,755	-
PHV	PHT	Subsidiary of PHT	Trade receivables	267,828	9.47%	-	-	267,828	-
ZSH	ZAS	Subsidiary of ZSH	Trade receivables	220,518	9.05%	-	-	-	-
	ZAS	"	Other receivables	193,801	-	-	-	68,369	-

TABLE 6

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	PHT	PHA	a	Sales revenue	\$ 2,128,060	To be agreed by both parties	20.00
		PHJ	"	"	238,684	"	2.00
		PHV	"	"	79,046	"	1.00
		PHC	"	Purchase	2,696,814	No significant difference	25.00
		PHP	"	"	836,357	"	8.00
		PHV	"	"	2,224,156	"	20.00
		PHA	"	Trade receivables	142,299	To be agreed by both parties	1.00
		PHC	"	Other receivables	285,974	"	3.00
		PHJ	"	"	101,795	"	1.00
		PHV	"	"	397,474	"	4.00
		PHC	"	Accounts payable	210,504	"	1.00
		PHP	"	"	150,755	"	1.00
		PHV	"	"	280,212	"	2.00
1	PHC	PHT	b	Sale revenue	2,696,814	To be agreed by both parties	18.00
		PHT	"	Trade receivables	209,490	"	1.00
2	PHP	PHT	b	Sale revenue	836,357	To be agreed by both parties	6.00
		PHT	"	Trade receivables	150,755	"	1.00
3	PHV	PHT	b	Trade receivables	267,828	To be agreed by both parties	2.00
		PHT	"	Sale revenue	2,224,156	"	20.00
		ZSH	c	"	511,204	"	5.00
4	PHZ	PHP	c	Other receivables	1,024,236	To be agreed by both parties	7.00
5	PHSY	PHC	c	Sale revenue	80,968	To be agreed by both parties	1.00
		PHP	"	"	142,840	"	1.00
6	PHE	PHC	c	Sale revenue	54,950	To be agreed by both parties	1.00
7	ZTM	ZAS	c	Service revenue	116,913	To be agreed by both parties	1.00
		ZSH	"	"	622,423	"	6.00
		ZSH	"	Sale revenue	422,453	"	4.00
		ZSH	"	Trade receivables	288,764	"	2.00

(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)
8	ZSH	ZTM	c	Sales revenue	\$ 233,472	To be agreed by both parties	2.00
		ZAS	"	"	1,310,675	"	12.00
		ZNS	"	"	245,292	"	2.00
		ZJS	"	"	234,011	"	2.00
		ZAS	"	Trade receivables	220,518	"	1.00
		ZAS	"	Other receivables	193,801	"	1.00
9	ZCM	ZCT	c	Sale revenue	205,173	To be agreed by both parties	2.00
		ZSH	"	"	1,204,455	"	11.00
		ZCT	"	Trade receivables	88,445	"	1.00
10	ZCT	ZSH	c	Sale revenue	137,633	To be agreed by both parties	1.00
11	ZNS	ZSH	c	Service revenue	89,913	To be agreed by both parties	1.00

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

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

Note 2: Nature of relationship is as follows:

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

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item’s period-end balance is shown as a percentage to consolidated total assets as of December 31, 2024. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2024.

(Concluded)

TABLE 7

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Shares	%	Carrying Amount			
PHT	PHI	British Virgin Islands	Makes investments	\$ 3,067,556	\$ 3,209,288	98,059,683	100.00	\$ 2,790,418	\$ 130,932	\$ 134,949	Dissolved in April 2024.
	PHA	The United States	Sells various power supplies	207,203	207,203	3,100,000	100.00	1,272,414	(9,328)	(9,328)	
	PHK	British Virgin Islands	Makes investments	554,154	554,154	18,840,000	100.00	(464,052)	(63,886)	(65,449)	
	PHQ	British Virgin Islands	Makes investments	352,043	352,043	12,012,600	100.00	17,692	(41,888)	(41,438)	
	Guang-Lai	Taiwan	Makes investments	139,758	139,758	13,975,828	100.00	192,086	83,643	83,643	
	H&P Venture Capital Co., Ltd.	Taiwan	Makes investments	-	6,869	-	-	-	-	-	
	PHJ	Japan	Sells power components	295,181	295,181	25,000	100.00	208,041	(11,181)	(11,248)	
				(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	1,742,379	69,968	69,558	
				(US\$ 65,000,000)	(US\$ 65,000,000)						
PHI	ZKH	Cayman Islands	Makes investments	2,083,650	2,083,650	699,272,603	100.00	2,889,512	192,075	196,050	Dissolved in June 2024.
				(US\$ 69,927,260)	(US\$ 69,927,260)						
	N-Lighten	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.	
	Han-Yu Venture Capital Co., Ltd.	Taiwan	Makes investments	100,000	100,000	8,000,000	22.22	71,381	(22,527)	(5,006)	
	N-Lighten	The United States	Makes investments	-	206,084	-	-	-	-	-	
										Dissolved in June 2024.	
	ZSH	Singapore	Makes investments and sells of electrical equipment	2,117,995	2,175,576	67,649,888	100.00	2,877,532	194,598	194,291	
				(US\$ 65,872,408)	(US\$ 67,649,888)						
ZSH	ZJS	Japan	Provides electric vehicle charging solutions	16,848	16,848	8,000	100.00	52,401	30,580	30,580	The ZTM organization structure was transferred to ZSH ownership on April 17, 2023.
				(JPY 80,000,000)	(JPY 80,000,000)						
	ZAH	The United States	Makes investments	95,482	95,482	3,050,000	100.00	301,750	30,607	30,607	
				(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	1,120,126	69,318	69,318	
ZAH	ZNS	Netherlands	Provides electric vehicle charging solutions	104,056	104,056	100	100.00	118,005	11,430	11,430	
				(EUR 3,000,000)	(EUR 3,000,000)						
	ZAS	The United States	Provides electric vehicle charging solutions	95,150	95,150	3,000,000	100.00	300,467	30,804	30,804	
				(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 YEAR ENDED DECEMBER 31, 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 December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 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)	\$ 90,182	100.00	\$ 90,182	\$ 1,527,050	\$ -	
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\$ 27,598,332)	31,533	100.00	31,533	1,256,648	-	
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)	(64,045)	100.00	(64,045)	(449,732)	-	
PHSY	Manufactures and sells electronic materials	39,678 (HK\$ 9,000,000)	Indirect investment in mainland China through PHQ	39,678 (HK\$ 9,000,000)	-	-	39,678 (HK\$ 9,000,000)	(7,175)	100.00	(7,175)	69,510	-	
PHE	Manufactures and sells electronic materials	360,124 (US\$ 11,500,000)	"	360,124 (US\$ 11,500,000)	-	-	360,124 (US\$ 11,500,000)	(34,593)	100.00	(34,593)	(53,234)	-	
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)	4,643	100.00	4,643	986	-	
ZCS	Provide electric vehicle charging solutions	21,588 (US\$ 670,000)	"	6,430 (US\$ 200,000)	15,226 (US\$ 470,000)	-	21,656 (US\$ 670,000)	(4,408)	100.00	(4,408)	1,787	-	
ZCT	Provide electric vehicle charging solutions	49,027 (US\$ 1,605,000)	Indirect investment in mainland China through ZCM	- (US\$ -)	-	-	- (US\$ -)	9,139	100.00	9,139	17,883	-	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 December 31, 2024	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$4,114,608	\$4,973,986	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 YEAR ENDED DECEMBER 31, 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	\$ 2,696,814	46.52	To be agreed by both parties	To be agreed by both parties	-	\$ (210,504)	(11.96)	\$ -	
PHP	"	836,357	14.43	"	"	-	(150,755)	(8.57)	-	
ZCM	"	205,173	98.37	"	"	-	(88,445)	(96.23)	-	
	"	1,204,455	51.45	"	"	-	-	-	-	

TABLE 10**PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Peter Lin	54,542	12.64
Taiwan Cement Corporation	41,720	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.