

**PHOENIX SILICON INTERNATIONAL
CORPORATION
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REVIEW REPORT
JUNE 30, 2024 AND 2023**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

PHOENIX SILICON INTERNATIONAL CORPORATION
JUNE 30, 2024 AND 2023 FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REVIEW REPORT
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INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR24001267

To the Board of Directors and Shareholders of Phoenix Silicon International Corporation

Introduction

We have reviewed the accompanying balance sheets of Phoenix Silicon International Corporation (the "Company") as at June 30, 2024 and 2023, and the related statements of comprehensive income for the three months and six months then ended, as well as the statements of changes in equity and of cash flows for the six months then ended, and notes to the financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Scope of review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as at June 30, 2024 and 2023, and of its financial performance for the three months and six months then ended and its cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Liu, Chien-Yu

Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

August 9, 2024

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PHOENIX SILICON INTERNATIONAL CORPORATION
BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2024 and 2023 are reviewed, not audited)

Assets	Notes	June 30, 2024		December 31, 2023		June 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,476,120	16	\$ 1,551,126	17	\$ 824,432	9
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	1,321	-	143,314	2
1140	Current contract assets	6(20)	407,066	5	497,682	6	443,471	5
1150	Notes receivable, net	6(4)	-	-	-	-	18	-
1170	Accounts receivable, net	6(4)	460,804	5	379,363	4	456,894	5
1200	Other receivables		7,360	-	3,005	-	2,330	-
130X	Inventories	6(5)	188,548	2	211,588	2	247,232	3
1410	Prepayments		18,343	-	19,259	-	15,614	-
1460	Non-current assets or disposal groups classified as held for sale, net	6(10)	72,000	1	102,822	1	-	-
1470	Other current assets		497	-	2,253	-	1,331	-
11XX	Current Assets		<u>2,630,738</u>	<u>29</u>	<u>2,768,419</u>	<u>30</u>	<u>2,134,636</u>	<u>24</u>
Non-current assets								
1535	Non-current financial assets at amortised cost	6(3) and 8	13,555	-	13,555	-	13,555	-
1600	Property, plant and equipment	6(6) and 9	5,711,665	64	5,849,745	64	5,927,526	68
1755	Right-of-use assets	6(7)	328,434	4	325,694	4	329,270	4
1780	Intangible assets		23,261	-	30,468	-	36,376	1
1840	Deferred income tax assets		28,664	-	27,568	-	23,443	-
1900	Other non-current assets	6(9)	213,993	3	168,553	2	255,051	3
15XX	Non-current assets		<u>6,319,572</u>	<u>71</u>	<u>6,415,583</u>	<u>70</u>	<u>6,585,221</u>	<u>76</u>
1XXX	Total assets		<u>\$ 8,950,310</u>	<u>100</u>	<u>\$ 9,184,002</u>	<u>100</u>	<u>\$ 8,719,857</u>	<u>100</u>

(Continued)

PHOENIX SILICON INTERNATIONAL CORPORATION
BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2024 and 2023 are reviewed, not audited)

Liabilities and Equity	Notes	June 30, 2024		December 31, 2023		June 30, 2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
2120	Financial liabilities at fair value	6(11)					
	through profit or loss - current		\$ -	\$ -		\$ 2,240	-
2130	Current contract liabilities	6(20)	399	79		79	-
2170	Accounts payable		141,011	139,525	2	197,011	3
2200	Other payables	6(12)	643,257	368,542	4	687,597	8
2230	Current income tax liabilities		21,267	25,011		19,631	-
2280	Current lease liabilities		17,930	14,251		14,426	-
2320	Long-term liabilities, current	6(13) and 8					
	portion		739,153	619,925	7	854,574	10
2399	Other current liabilities, others		539	166		286	-
21XX	Current Liabilities		<u>1,563,556</u>	<u>1,167,499</u>	<u>18</u>	<u>1,775,844</u>	<u>21</u>
Non-current liabilities							
2540	Long-term borrowings	6(13) and 8	3,234,895	3,722,784	36	3,669,924	42
2550	Provisions for liabilities - non-current	6(15)	22,332	21,472		17,830	-
2570	Deferred tax liabilities		2,837	1,278		10,665	-
2580	Non-current lease liabilities		309,962	310,883	3	317,921	4
2600	Other non-current liabilities		25,690	24,652		26,269	-
25XX	Non-current liabilities		<u>3,595,716</u>	<u>4,081,069</u>	<u>40</u>	<u>4,042,609</u>	<u>46</u>
2XXX	Total Liabilities		<u>5,159,272</u>	<u>5,248,568</u>	<u>58</u>	<u>5,818,453</u>	<u>67</u>
Equity							
	Share capital	6(17)					
3110	Share capital - common stock		1,726,280	1,726,280	19	1,526,280	18
	Capital surplus	6(18)					
3200	Capital surplus		1,380,185	1,449,236	15	734,756	8
	Retained earnings	6(19)					
3310	Legal reserve		229,140	197,755	3	197,755	2
3350	Unappropriated retained earnings		455,433	562,163	5	442,613	5
3XXX	Total equity		<u>3,791,038</u>	<u>3,935,434</u>	<u>42</u>	<u>2,901,404</u>	<u>33</u>
Significant Contingent Liabilities and 9							
Unrecognised Contract Commitments							
3X2X	Total liabilities and equity		<u>\$ 8,950,310</u>	<u>\$ 9,184,002</u>	<u>100</u>	<u>\$ 8,719,857</u>	<u>100</u>

The accompanying notes are an integral part of these financial statements.

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)
(UNAUDITED)

Items	Notes	Three months ended June 30				Six months ended June 30				
		2024		2023		2024		2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(20)	\$ 828,058	100	\$ 934,082	100	\$ 1,563,503	100	\$ 1,786,333	100
5000	Operating costs	6(5)(25)(26)	(606,803)	(73)	(679,989)	(73)	(1,201,645)	(77)	(1,328,115)	(74)
5950	Gross profit from operations		221,255	27	254,093	27	361,858	23	458,218	26
	Operating expenses	6(25)(26)								
6100	Selling expenses		(9,507)	(1)	(11,860)	(1)	(18,944)	(1)	(22,624)	(1)
6200	Administrative expenses		(84,986)	(10)	(104,760)	(11)	(165,006)	(10)	(193,603)	(11)
6300	Research and development expenses		(14,407)	(2)	(37,343)	(4)	(26,967)	(2)	(71,903)	(4)
6000	Total operating expenses		(108,900)	(13)	(153,963)	(16)	(210,917)	(13)	(288,130)	(16)
6900	Operating profit		112,355	14	100,130	11	150,941	10	170,088	10
	Non-operating income and expenses									
7100	Interest income	6(21)	7,525	1	2,753	-	11,459	1	3,488	-
7010	Other income	6(22) and 7	1,480	-	2,923	-	3,282	-	3,932	-
7020	Other gains and losses	6(23)	9,559	1	70,864	8	55,277	3	82,978	5
7050	Finance costs	6(24)	(15,719)	(2)	(14,697)	(2)	(31,816)	(2)	(24,816)	(2)
7060	Share of loss of associates and joint ventures accounted for using equity method		-	-	-	-	-	-	(3,415)	-
7000	Total non-operating income and expenses		2,845	-	61,843	6	38,202	2	62,167	3
7900	Profit before income tax		115,200	14	161,973	17	189,143	12	232,255	13
7950	Income tax expense	6(27)	(11,866)	(2)	(29,267)	(3)	(22,809)	(1)	(37,960)	(2)
8200	Profit for the period		\$ 103,334	12	\$ 132,706	14	\$ 166,334	11	\$ 194,295	11
8300	Total other comprehensive income for the period		\$ -	-	\$ -	-	\$ -	-	\$ -	-
8500	Total comprehensive income for the period		\$ 103,334	12	\$ 132,706	14	\$ 166,334	11	\$ 194,295	11
	Basic earnings per share	6(28)								
9750	Total basic earnings per share		\$ 0.60		\$ 0.87		\$ 0.96		\$ 1.27	
	Diluted earnings per share	6(28)								
9850	Total diluted earnings per share		\$ 0.60		\$ 0.87		\$ 0.96		\$ 1.26	

The accompanying notes are an integral part of these financial statements.

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings		Total equity
			Legal reserve	Unappropriated retained earnings	
<u>Six months ended June 30, 2023</u>					
	\$ 1,526,280	\$ 744,225	\$ 164,774	\$ 556,029	\$ 2,991,308
	-	-	-	194,295	194,295
	-	-	-	194,295	194,295
Distribution of 2022 earnings:					
6(19) Legal reserve	-	-	32,981	(32,981)	-
Cash dividends	-	-	-	(274,730)	(274,730)
Changes in equity of associate	-	102	-	-	102
Loss of significant influence over investments accounted for using equity method	-	(9,571)	-	-	(9,571)
	\$ 1,526,280	\$ 734,756	\$ 197,755	\$ 442,613	\$ 2,901,404
<u>Six months ended June 30, 2024</u>					
	\$ 1,726,280	\$ 1,449,236	\$ 197,755	\$ 562,163	\$ 3,935,434
	-	-	-	166,334	166,334
	-	-	-	166,334	166,334
Distribution of 2023 earnings:					
6(19) Legal reserve	-	-	31,385	(31,385)	-
Cash dividends	-	-	-	(241,679)	(241,679)
6(18) Cash dividends from capital surplus	-	(69,051)	-	-	(69,051)
	\$ 1,726,280	\$ 1,380,185	\$ 229,140	\$ 455,433	\$ 3,791,038

The accompanying notes are an integral part of these financial statements.

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six months ended June 30	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 189,143	\$ 232,255
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	420,655	364,913
Amortization	6(25)	7,686	7,173
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(11)(23)	1,505	(46,178)
Interest expense	6(24)	31,816	24,816
Interest income	6(21)	(11,459)	(3,488)
Share of loss of associates accounted for using equity method		-	3,415
Gain on disposals of property, plant and equipment	6(23)	(19,788)	(229)
Gain on disposals of non-current assets held for sale	6(10)(23)	(25,522)	-
Gain on disposals of investments	6(23)	-	(29,707)
Profit from lease modification	6(23)	-	(5)
Impairment loss recognised in profit or loss, non-current asset or disposal groups held for sale	6(23)	15,851	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		1,213	531
Contract assets		90,616	(177,032)
Notes receivable		-	68
Accounts receivable		(81,441)	(42,803)
Other receivables		(3,370)	21,177
Inventories		23,040	11,567
Prepayments		916	(1,413)
Other current assets		1,240	-
Other non-current assets		24,665	163
Changes in operating liabilities			
Financial liabilities held for trading		(1,396)	(3,343)
Contract liabilities		320	(61)
Accounts payable		1,486	(37,502)
Other payables		(30,052)	(10,233)
Other current liabilities		375	(81)
Net defined benefit liability		(445)	(525)
Long-term payables		1,481	1,140
Cash inflow generated from operations		638,535	314,618
Interest received		10,473	3,434
Interest paid		(28,413)	(21,235)
Income tax paid		(26,090)	(36,656)
Net cash flows from operating activities		<u>594,505</u>	<u>260,161</u>

(Continued)

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six months ended June 30	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value			
through profit or loss		\$ -	\$ 7,080
Acquisition of financial assets at amortized cost		-	(500)
Proceeds from disposal of non-current assets held for sale		40,493	-
Acquisition of property, plant and equipment	6(29)	(343,241)	(532,608)
Capitalisation of interest paid	6(6)	(8,459)	(15,814)
Proceeds from disposal of property, plant and equipment		20,028	14,192
Acquisition of intangible assets	6(29)	(479)	(5,519)
Increase in refundable deposits		(1,171)	(894)
Decrease in refundable deposits		1,355	699
Net cash flows used in investing activities		(291,474)	(533,364)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in long-term borrowings	6(30)	-	100,000
Repayment of long-term borrowings	6(30)	(368,990)	(65,441)
Increase in guarantee deposits received	6(30)	36	56
Decrease in guarantee deposits received	6(30)	(35)	(80)
Repayment of principal portion of lease liabilities	6(30)	(9,048)	(7,240)
Net cash flows (used in) from financing activities		(378,037)	27,295
Net decrease in cash and cash equivalents		(75,006)	(245,908)
Cash and cash equivalents at beginning of period	6(1)	1,551,126	1,070,340
Cash and cash equivalents at end of period	6(1)	\$ 1,476,120	\$ 824,432

The accompanying notes are an integral part of these financial statements.

PHOENIX SILICON INTERNATIONAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Phoenix Silicon International Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C) in March 1997 and has begun operations in June 1998. The Company is primarily engaged in the research, development, manufacture and sale of regenerative wafers, test wafers, product wafers, solar cells, energy storage lithium batteries and the import and export trade related to the Company's business.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on August 9, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRS issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial Instruments’	January 1, 2026
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment 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
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

B. These financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the following items, the financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(4) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and petty cash	\$ 70	\$ 218	\$ 219
Demand deposits	606,330	610,908	584,213
Time deposits	<u>869,720</u>	<u>940,000</u>	<u>240,000</u>
Total	<u>\$ 1,476,120</u>	<u>\$ 1,551,126</u>	<u>\$ 824,432</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Company has no cash and cash equivalents pledged to others. For pledged time deposits that were accounted as financial assets at amortised cost, please refer to Note 8.

(2) Financial assets at fair value through profit or loss

items	June 30, 2024	December 31, 2023	June 30, 2023
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	\$ -	\$ 1,321	\$ -
Unlisted stocks	-	-	95,060
Valuation adjustment	-	-	48,254
Total	<u>\$ -</u>	<u>\$ 1,321</u>	<u>\$ 143,314</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended June 30,	
	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ -	\$ 51,230
Derivative instruments	55	7
Total	<u>\$ 55</u>	<u>\$ 51,237</u>

	Six months ended June 30,	
	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ -	\$ 51,230
Derivative instruments	(109)	531
Total	<u>(\$ 109)</u>	<u>\$ 51,761</u>

B. On February 1, 2023, the convertible bonds which were issued by Phoenix Battery Corporation were all converted into common stocks. As a result, the Company's ownership of Phoenix Battery Corporation dropped from 25.28% to 18.07%. Thus, starting from that date, the Company did not have significant influence on Phoenix Battery Corporation. The Company recognised current financial assets at fair value through profit or loss on the ownership investment of 18.07% according to the fair value at that date in the amount of \$96,072, reclassified all of the amounts previously recognised in capital surplus from equity to profit or loss in the amount of \$9,571 due to changes in ownership interests in the associate, and then recognised gains on disposal of investments in the amount of \$26,615.

C. The Company gradually disposed all the shares of Phoenix Battery Corporation from July 2023 to December 2023, for proceeds of \$241,106, and the gain on disposal amounted to \$142,044.

D. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

June 30, 2024 and 2023: None.

Non-hedging derivative financial assets	<u>December 31, 2023</u>	
	<u>Contract amount (notional principal)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts	<u>USD 2,000</u>	<u>2023.12.13~2024.01.05</u>

The Company entered into forward foreign exchange contracts to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

<u>Items</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Non-current items :			
Pledged time deposits	<u>\$ 13,555</u>	<u>\$ 13,555</u>	<u>\$ 13,555</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>Three months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income	<u>\$ 35</u>	<u>\$ 28</u>
	<u>Six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income	<u>\$ 67</u>	<u>\$ 50</u>

B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>
Accounts receivable	<u>\$ 460,804</u>	<u>\$ 379,363</u>	<u>\$ 456,894</u>
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 460,804</u>	<u>\$ 379,363</u>	<u>\$ 456,894</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	June 30, 2024		December 31, 2023		June 30, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 460,489	\$ -	\$ 378,689	\$ -	\$ 451,383	\$ 18
Up to 30 days	315	-	534	-	5,511	-
31 to 90 days	-	-	140	-	-	-
	<u>\$ 460,804</u>	<u>\$ -</u>	<u>\$ 379,363</u>	<u>\$ -</u>	<u>\$ 456,894</u>	<u>\$ 18</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2024, December 31, 2023 and June 30, 2023, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$414,177.

C. The Company has no notes and accounts receivable pledged to others as collateral.

D. As of June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were \$0, \$0 and \$18; \$460,804, \$379,363 and \$456,894, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	June 30, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 260,930	(\$ 79,940)	\$ 180,990
Work in progress	1,976	(2)	1,974
Finished goods	5,895	(311)	5,584
Total	<u>\$ 268,801</u>	<u>(\$ 80,253)</u>	<u>\$ 188,548</u>
	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 280,837	(\$ 85,143)	\$ 195,694
Work in progress	1,847	(85)	1,762
Finished goods	14,397	(265)	14,132
Total	<u>\$ 297,081</u>	<u>(\$ 85,493)</u>	<u>\$ 211,588</u>
	June 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 302,131	(\$ 69,202)	\$ 232,929
Work in progress	1,575	(32)	1,543
Finished goods	13,263	(503)	12,760
Total	<u>\$ 316,969</u>	<u>(\$ 69,737)</u>	<u>\$ 247,232</u>

The cost of inventories recognised as expense for the period:

	Three months ended June 30,	
	2024	2023
Cost of goods sold	\$ 607,986	\$ 679,918
Loss on decline in market value	4,127	4,220
Revenue from sales of scraps	(54)	(25)
Others	(5,256)	(4,124)
	<u>\$ 606,803</u>	<u>\$ 679,989</u>
	Six months ended June 30,	
	2024	2023
Cost of goods sold	\$ 1,213,667	\$ 1,323,526
(Gain on reversal of) loss on decline in market value	(5,239)	10,911
Revenue from sales of scraps	(54)	(58)
Others	(6,729)	(6,264)
	<u>\$ 1,201,645</u>	<u>\$ 1,328,115</u>

For the six months ended June 30, 2024, the Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of active inventory closeout.

(6) Property, plant and equipment

	2024						
	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
At January 1							
Cost	\$ 2,519,688	\$ 5,966,522	\$ 6,363	\$ 37,274	\$ 68,523	\$ 766,203	\$ 9,364,573
Accumulated depreciation	(727,730)	(2,730,956)	(4,091)	(11,794)	(40,257)	-	(3,514,828)
	<u>\$ 1,791,958</u>	<u>\$ 3,235,566</u>	<u>\$ 2,272</u>	<u>\$ 25,480</u>	<u>\$ 28,266</u>	<u>\$ 766,203</u>	<u>\$ 5,849,745</u>
At January 1	\$ 1,791,958	\$ 3,235,566	\$ 2,272	\$ 25,480	\$ 28,266	\$ 766,203	\$ 5,849,745
Additions	40,689	10,160	-	955	3,807	242,750	298,361
Disposals	-	(240)	-	-	-	-	(240)
Reclassifications (transfers)	113,175	90,266	-	-	6,800	(234,853)	(24,612)
Depreciation charge	(116,469)	(284,874)	(596)	(3,466)	(6,184)	-	(411,589)
At June 30	<u>\$ 1,829,353</u>	<u>\$ 3,050,878</u>	<u>\$ 1,676</u>	<u>\$ 22,969</u>	<u>\$ 32,689</u>	<u>\$ 774,100</u>	<u>\$ 5,711,665</u>
At June 30							
Cost	\$ 2,673,552	\$ 5,965,594	\$ 6,363	\$ 38,229	\$ 79,130	\$ 774,100	\$ 9,536,968
Accumulated depreciation	(844,199)	(2,914,716)	(4,687)	(15,260)	(46,441)	-	(3,825,303)
	<u>\$ 1,829,353</u>	<u>\$ 3,050,878</u>	<u>\$ 1,676</u>	<u>\$ 22,969</u>	<u>\$ 32,689</u>	<u>\$ 774,100</u>	<u>\$ 5,711,665</u>

		2023						
		Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
At January 1								
Cost	\$	2,292,667	\$ 4,280,007	\$ 11,380	\$ 25,393	\$ 87,149	\$ 2,015,824	\$ 8,712,420
Accumulated depreciation	(	651,328)	(2,370,806)	(7,845)	(18,687)	(52,412)	-	(3,101,078)
	\$	<u>1,641,339</u>	<u>\$ 1,909,201</u>	<u>\$ 3,535</u>	<u>\$ 6,706</u>	<u>\$ 34,737</u>	<u>\$ 2,015,824</u>	<u>\$ 5,611,342</u>
At January 1	\$	1,641,339	\$ 1,909,201	\$ 3,535	\$ 6,706	\$ 34,737	\$ 2,015,824	\$ 5,611,342
Additions		88,043	391,168	-	4,030	670	212,486	696,397
Disposals	- (	13,963)		-	-	-	-	(13,963)
Reclassifications (transfers)(Note)		81,393	1,398,170	-	13,140	-	(1,501,208)	(8,505)
Depreciation charge	(	99,199)	(249,436)	(637)	(2,222)	(6,251)	-	(357,745)
At June 30	\$	<u>1,711,576</u>	<u>\$ 3,435,140</u>	<u>\$ 2,898</u>	<u>\$ 21,654</u>	<u>\$ 29,156</u>	<u>\$ 727,102</u>	<u>\$ 5,927,526</u>
At June 30								
Cost	\$	2,461,825	\$ 6,031,340	\$ 10,338	\$ 42,564	\$ 87,818	\$ 727,102	\$ 9,360,987
Accumulated depreciation	(	750,249)	(2,596,200)	(7,440)	(20,910)	(58,662)	-	(3,433,461)
	\$	<u>1,711,576</u>	<u>\$ 3,435,140</u>	<u>\$ 2,898</u>	<u>\$ 21,654</u>	<u>\$ 29,156</u>	<u>\$ 727,102</u>	<u>\$ 5,927,526</u>

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Six months ended June 30,	
	2024	2023
Amount capitalised	\$ 8,459	\$ 15,814
Range of the interest rates for capitalisation	1.65%~1.91%	1.51%~1.80%

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Leasing arrangements — lessee

- A. The Company leases various assets including land and business vehicles. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise employees' dorms, parking lots and warehouse. Low-value assets comprise of furniture and fixtures and other equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 310,797	\$ 316,543	\$ 318,724
Buildings	17,637	8,932	10,065
Transportation equipment (Business vehicles)	-	219	481
	<u>\$ 328,434</u>	<u>\$ 325,694</u>	<u>\$ 329,270</u>

	<u>Three months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 2,873	\$ 2,849
Buildings	1,550	567
Transportation equipment (Business vehicles)	88	131
	<u>\$ 4,511</u>	<u>\$ 3,547</u>

	<u>Six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 5,747	\$ 5,698
Buildings	3,100	1,133
Transportation equipment (Business vehicles)	219	337
	<u>\$ 9,066</u>	<u>\$ 7,168</u>

- D. For the six months ended June 30, 2024 and 2023, the additions to right-of-use assets were \$11,806 and \$1,043, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended June 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,085	\$ 1,083
Expense on short-term lease contracts	418	2,534
Expense on leases of low-value assets	187	208
Profit from lease modification	-	-
	Six months ended June 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,188	\$ 2,181
Expense on short-term lease contracts	837	5,157
Expense on leases of low-value assets	388	428
Profit from lease modification	-	5

F. For the six months ended June 30, 2024 and 2023, the Company's total cash outflow for leases were \$12,461 and \$15,006, respectively.

G. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Leasing arrangements – lessor

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 3 and 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. For the three months and six months ended June 30, 2024 and 2023, the Company recognised rent income in the amounts of \$390, \$387, \$787 and \$774, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	June 30, 2024		December 31, 2023		June 30, 2023			
2024	\$	774	2024	\$	1,547	2023	\$	774
2025		597	2025		597	2024		1,547
2026		150	2026		150	2025		597
2027		150	2027		150	2026		150
After 2028		2,175	After 2028		2,175	After 2027		2,325
Total	\$	3,846	Total	\$	4,619	Total	\$	5,393

(9) Other non-current assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Prepayments for equipment	\$ 209,001	\$ 163,840	\$ 250,664
Prepayments for intangible assets	1,620	1,620	1,239
Guarantee deposits paid	3,372	3,040	3,040
Others	-	53	108
Total	<u>\$ 213,993</u>	<u>\$ 168,553</u>	<u>\$ 255,051</u>

(10) Non-current assets (or disposal groups) held for sale

A. The assets related to machinery equipment and other equipment have been reclassified as disposal groups held for sale following the approval of the Company's Board of Directors on November 6, 2023 to sell machinery equipment and other equipment. The assets of the disposal groups held for sale as at June 30, 2024 amounted to \$72,000.

Assets of disposal company held for sale:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Machinery and equipment	\$ 71,000	\$ 101,489	\$ -
Other facilities	1,000	1,333	-
Total	<u>\$ 72,000</u>	<u>\$ 102,822</u>	<u>\$ -</u>

B. The Company disposed non-current assets held for sale in the first quarter of 2024. The disposal proceeds was \$40,493 and the cumulative gains on disposal was \$25,522.

C. In the second quarter of 2024, the Company had recognized impairment loss of \$15,851 due to the expected fair value less costs to sell being lower than the carrying amount of net assets of the disposal group held for sale, which was recognized in other gains and losses.

(11) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Financial liabilities held for trading			
Derivative instruments	\$ -	\$ -	\$ 2,240

A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

	<u>Three months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Net losses recognised in profit or loss		
Financial liabilities held for trading		
Derivative instruments	\$ 7	(\$ 3,953)
	<u>Six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Net losses recognised in profit or loss		
Financial liabilities held for trading		
Derivative instruments	(\$ 1,396)	(\$ 5,583)

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows:

December 31, 2023 and June 30, 2024: None.

<u>Derivative financial liabilities</u>	<u>June 30, 2023</u>	
	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts	<u>USD 5,700</u>	2023.05.25~2023.08.04

The Company entered into forward foreign exchange contracts to buy to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(12) Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Dividend payable	\$ 310,730	\$ -	\$ 274,730
Wages and salaries payable	96,931	116,053	114,680
Payable on machinery and equipment	72,669	80,847	83,678
Employees' compensation and directors' remuneration payable	60,339	71,622	93,643
Payable on repair expenses	31,946	31,338	36,458
Other accrued expenses	<u>70,642</u>	<u>68,682</u>	<u>84,408</u>
Total	<u>\$ 643,257</u>	<u>\$ 368,542</u>	<u>\$ 687,597</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 2024</u>
Plant syndicated loan (Note 1)	2022.04.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	\$ 385,600
Plant loan	2020.07.24~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	147,286
Mid-term secured syndicated loan (Note 1)	2022.06.15~2029.06.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,887,400
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,215,205
Unsecured borrowings	2021.12.28~2025.11.15 Repayment by installments and installments over the agreed period	Floating rate	None	265,000
Unsecured borrowings (Note 1)	2023.02.07~2026.02.07 Repayment by installments and installments over the agreed period	Floating rate	None	77,778
				<hr/>
				3,978,269
Less: Current portion				(739,153)
Less: Arrangement fee for the syndicated loan				(4,221)
				<hr/>
				\$ 3,234,895
				<hr/>
Annual interest rate range				<u>1.43%~2.34%</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Plant syndicated loan (Note 1)	2022.04.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	\$ 385,600
Plant loan	2020.07.24~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	156,544
Mid-term secured syndicated loan (Note 1)	2022.06.15~2029.06.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,887,400
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,387,715
Unsecured borrowings	2021.12.28~2025.08.25 Repayment by installments and installments over the agreed period	Floating rate	None	380,000
Unsecured borrowings (Note 2)	2022.09.26~2023.12.26 Repayment by installments and installments over the agreed period	Floating rate	None	50,000
Unsecured borrowings (Note 1)	2023.02.07~2026.02.07 Repayment by installments and installments over the agreed period	Floating rate	None	100,000
				4,347,259
Less: Current portion				(619,925)
Less: Arrangement fee for the syndicated loan				(4,550)
				\$ 3,722,784
Annual interest rate range				1.30%~2.21%

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 2023</u>
Plant syndicated loan (Note 1)	2022.04.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	\$ 385,600
Plant loan	2017.12.08~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	182,852
Mid-term secured syndicated loan (Note 1)	2022.06.15~2029.06.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,587,400
Mid-term secured loan (Note 2)	2019.04.15~2024.08.14 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	13,125
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,485,600
Unsecured borrowings	2021.12.28~2025.08.25 Repayment by installments and installments over the agreed period	Floating rate	None	575,000
Unsecured borrowings (Note 2)	2022.09.26~2023.12.26 Repayment by installments and installments over the agreed period	Floating rate	None	200,000
Unsecured borrowings (Note 1)	2023.02.07~2026.02.07 Repayment by installments and installments over the agreed period	Floating rate	None	100,000
				4,529,577
Less: Current portion				(854,574)
Less: Arrangement fee for the syndicated loan				(5,079)
				\$ 3,669,924
Annual interest rate range				1.30%~2.21%

A. As of June 30, 2024, the Company's unamortised arrangement fee for the syndicated loan amounting to \$4,221 was recorded as a deduction amount of initial measurement of long-term secured borrowings and amortised as interest expense over the borrowing period.

B. Details of the collateral for long-term borrowings are provided in Note 8.

Note 1: According to the agreement, the Company should maintain a specific current ratio, debt ratio, interest coverage ratio and shareholders' equity amount every year during the loan period.

Note 2: According to loan the agreement, the Company should maintain a specific net liabilities ratio and ability of interest repayment every six months during the loan period.

(14) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method; to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) The Company recognised pension costs of \$52, \$67, \$104 and \$134 for the three months and six months ended June 30, 2024 and 2023, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$1,157.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plan of the Company for the three months and six months ended June 30, 2024 and 2023, were \$6,559, \$8,558, \$13,259 and \$16,878, respectively.

(15) Provisions

	<u>Decommissioning liabilities</u>
2024	
At January 1	\$ 21,472
Unwinding of discount	860
At June 30	<u>\$ 22,332</u>

Analysis of total provisions:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Non-current	\$ 22,332	\$ 21,472	\$ 17,830

Decommissioning liabilities

According to the policy published, applicable agreement or the law/regulation requirement, the Company bears dismantling, removing the asset and restoring the site obligations for certain property, plant and equipment and right-of-use assets in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will start to be used within the next 24 to 38 years.

(16) Share-based payment

A. For the six months ended June 30, 2024 and 2023, the Company's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Cash capital increase reserved for employee preemption	2023.10.03	2,000,000	NA	Vested immediately

B. The fair value of stock options granted on 2023 is measured using the Black-Scholes- Merton. Relevant information is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Expected price volatility</u>	<u>Expected option life</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Cash capital increase reserved for employee preemption	2023.10.03	\$ 52.10	\$ 45	24.81%	0.1260year	0.99%	\$ 7.24

C. Expenses incurred on share-based payment transactions are shown below:

Three months and six months ended June 30, 2024 and 2023: None.

(17) Share capital

A. As of June 30, 2024, the Company's authorised capital was \$4,000,000, consisting of 400,000 thousand shares of ordinary stock (including 40,000 thousand shares reserved for employee stock options), and the paid-in capital was \$1,726,280 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	<u>2024</u>	<u>2023</u>
At January 1/June 30	172,628,033	152,628,033

B. For the year ended December 31, 2023, the Company resolved to increase capital by issuing 20,000 thousand shares at NT\$45 per share, totaling \$900,000. The effective date for the capital increase was set on November 23, 2023, and the registration of the capital increase was completed.

(18) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2024			
	Share premium	Changes in ownership interests		Total
		in subsidiaries	Options	
At January 1	\$ 1,363,963	\$ 70,793	\$ 14,480	\$ 1,449,236
Cash dividends from capital surplus	-	(69,051)	-	(69,051)
At June 30	<u>\$ 1,363,963</u>	<u>\$ 1,742</u>	<u>\$ 14,480</u>	<u>\$ 1,380,185</u>
	2023			
	Share premium	Changes in ownership interests	Changes in equity of associates	Total
		in subsidiaries	associates	
At January 1	\$ 663,963	\$ 70,793	\$ 9,469	\$ 744,225
Changes in equity of associates	-	-	102	102
Loss of significant influence over investments accounted for using equity method	-	-	(9,571)	(9,571)
At June 30	<u>\$ 663,963</u>	<u>\$ 70,793</u>	<u>\$ -</u>	<u>\$ 734,756</u>

B. On April 16, 2024, the Company's Board of Directors resolved the cash dividends from capital surplus amounting to \$69,051 at \$0.4 (in dollars) per share and reported to the shareholders' annual meeting in 2024.

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's profit after tax, if any, shall first be used to offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the authorised capital. In addition, after setting aside or reversing special reserve, the remainder along with the beginning unappropriated earnings shall be proposed by the Board of Directors as dividends and submitted to the shareholders for resolution.

Dividends and bonuses or legal reserve and capital surplus distributed in the form of cash shall be authorised to be resolved by the Board of Directors with a majority vote at its meeting attended by two-thirds of the total number of directors and reported to the shareholders' meeting and are not subject to the aforementioned regulations of resolutions from the shareholders.

- B. The Company's dividend distribution policy aligns with the current and future development plan by taking into account of factors such as investment environment, capital needs, domestic and overseas competition, along with the consideration of shareholders' interest. Each year, at least 10% of the Company's distributable earnings shall be appropriated as dividends and bonuses, and cash dividends and bonuses shall account for at least 50% of the total dividends and bonuses distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2023 and 2022 earnings as resolved by shareholders on May 28, 2024 and May 26, 2023 was as follows:

	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 31,385		\$ 32,981	
Cash dividends	241,679	\$ 1.4	274,730	\$ 1.8
Total	<u>\$ 273,064</u>		<u>\$ 307,711</u>	

(20) Operating revenue

	Three months ended June 30,	
	2024	2023
Revenue from contracts with customers	<u>\$ 828,058</u>	<u>\$ 934,082</u>
	Six months ended June 30,	
	2024	2023
Revenue from contracts with customers	<u>\$ 1,563,503</u>	<u>\$ 1,786,333</u>

A. Disaggregation of revenue from contracts with customers

	Three months ended June 30,	
	2024	2023
Revenue from external customer contracts	\$ 828,058	\$ 934,082
Timing of revenue recognition		
At a point in time	\$ 7,672	\$ 9,654
Over time	820,386	924,428
	<u>\$ 828,058</u>	<u>\$ 934,082</u>
	Six months ended June 30,	
	2024	2023
Revenue from external customer contracts	\$ 1,563,503	\$ 1,786,333
Timing of revenue recognition		
At a point in time	\$ 19,561	\$ 20,614
Over time	1,543,942	1,765,719
	<u>\$ 1,563,503</u>	<u>\$ 1,786,333</u>

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Contract assets	\$ 407,066	\$ 497,682	\$ 443,471	\$ 266,439
Contract liabilities				
- advance sales receipts	\$ 399	\$ 79	\$ 79	\$ 140

	Three months ended June 30,	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ -	\$ -
	Six months ended June 30,	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ -	\$ 140

(21) Interest income

	Three months ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 7,488	\$ 2,724
Interest income from financial assets measured at amortised cost	35	28
Other interest income	2	1
	<u>\$ 7,525</u>	<u>\$ 2,753</u>

	Six months ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 11,390	\$ 3,437
Interest income from financial assets measured at amortised cost	67	50
Other interest income	2	1
	<u>\$ 11,459</u>	<u>\$ 3,488</u>

(22) Other income

	Three months ended June 30,	
	2024	2023
Rent income	\$ 390	\$ 387
Other income, others	1,090	2,536
	<u>\$ 1,480</u>	<u>\$ 2,923</u>

	Six months ended June 30,	
	2024	2023
Rent income	\$ 787	\$ 774
Other income, others	2,495	3,158
	<u>\$ 3,282</u>	<u>\$ 3,932</u>

(23) Other gains and losses

	Three months ended June 30,	
	2024	2023
Gains on disposals of property, plant and equipment	\$ 20,000	\$ 192
Gains on disposals of investments	-	12,663
Impairment loss recognised in profit or loss, non- current asset or disposal groups held for sale	(15,851)	-
Net foreign exchange gains	5,348	10,725
Gains on financial assets (liabilities) at fair value through profit or loss	62	47,284
	<u>\$ 9,559</u>	<u>\$ 70,864</u>

	Six months ended June 30,	
	2024	2023
Gains on disposals of property, plant and equipment	\$ 19,788	\$ 229
Gains on disposals of investments	-	29,707
Profit from lease modification	-	5
Impairment loss recognised in profit or loss, non-current asset or disposal groups held for sale	(15,851)	-
Gains on disposals of non-current assets held for sale	25,522	-
Net foreign exchange gains	27,323	6,859
(Losses) gains on financial assets (liabilities) at fair value through profit or loss	(1,505)	46,178
	<u>\$ 55,277</u>	<u>\$ 82,978</u>

(24) Finance costs

	Three months ended June 30,	
	2024	2023
Borrowings from financial institutions	\$ 14,200	\$ 13,406
Lease liabilities	1,085	1,083
Provisions - unwinding of discount	434	207
Other financial cost	-	1
	<u>\$ 15,719</u>	<u>\$ 14,697</u>

	Six months ended June 30,	
	2024	2023
Borrowings from financial institutions	\$ 28,768	\$ 22,221
Lease liabilities	2,188	2,181
Provisions - unwinding of discount	860	413
Other financial cost	-	1
	<u>\$ 31,816</u>	<u>\$ 24,816</u>

(25) Expenses by nature

	Three months ended June 30,	
	2024	2023
Employee benefit expense	\$ 205,236	\$ 284,298
Depreciation charges	207,872	198,520
Amortisation charges on intangible assets	3,820	3,652

	Six months ended June 30,	
	2024	2023
Employee benefit expense	\$ 412,445	\$ 539,134
Depreciation charges	420,655	364,913
Amortisation charges on intangible assets	7,686	7,173

(26) Employee benefit expense

	Three months ended June 30,	
	2024	2023
Wages and salaries	\$ 170,449	\$ 240,867
Labour and health insurance fees	15,696	20,474
Pension costs	6,612	8,625
Other personnel expenses	12,479	14,332
	<u>\$ 205,236</u>	<u>\$ 284,298</u>

	Six months ended June 30,	
	2024	2023
Wages and salaries	\$ 342,062	\$ 453,936
Labour and health insurance fees	31,504	39,811
Pension costs	13,363	17,012
Other personnel expenses	25,516	28,375
	<u>\$ 412,445</u>	<u>\$ 539,134</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 10%~15% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the three months and six months ended June 30, 2024 and 2023, employees' compensation were accrued at \$9,836, \$32,874, \$21,145 and \$41,963, respectively; while directors' remuneration were accrued at \$2,489, \$3,975, \$4,229 and \$5,595, respectively. The aforementioned amounts were recognised in salary expenses. For the six months ended June 30, 2024 and 2023, the employees' compensation and directors' remuneration were estimated and accrued based on 10% and 2% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' remuneration of 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 16,130	\$ 12,564
Prior year income tax under estimation	212	4,705
Total current tax	<u>16,342</u>	<u>17,269</u>
Deferred tax:		
Origination and reversal of temporary differences	(4,476)	11,998
Total deferred tax	<u>(4,476)</u>	<u>11,998</u>
Income tax expense	<u>\$ 11,866</u>	<u>\$ 29,267</u>
	Six months ended June 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 22,134	\$ 19,871
Prior year income tax under estimation	212	4,705
Total current tax	<u>22,346</u>	<u>24,576</u>
Deferred tax:		
Origination and reversal of temporary differences	463	13,384
Total deferred tax	<u>463</u>	<u>13,384</u>
Income tax expense	<u>\$ 22,809</u>	<u>\$ 37,960</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows: None.

(c) The income tax charged/(credited) to equity during the period is as follows: None.

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

<u>Six months ended June 30, 2024</u>			
	<u>Amount</u>	<u>Weighted average</u> <u>number of ordinary</u> <u>shares outstanding</u> <u>(share in thousands)</u>	<u>Earnings per</u> <u>share</u> <u>(in dollars)</u>
	<u>after tax</u>		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 166,334	172,628	\$ 0.96
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 166,334	172,628	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	513	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 166,334	173,141	\$ 0.96

<u>Six months ended June 30, 2023</u>			
	<u>Amount</u>	<u>Weighted average</u> <u>number of ordinary</u> <u>shares outstanding</u> <u>(share in thousands)</u>	<u>Earnings per</u> <u>share</u> <u>(in dollars)</u>
	<u>after tax</u>		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 194,295	152,628	\$ 1.27
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 194,295	152,628	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,049	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 194,295	153,677	\$ 1.26

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Six months ended June 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 298,361	\$ 696,397
Add: Opening balance of payable on machinery and equipment	80,847	129,545
Add: Ending balance of prepayments for business facilities	209,001	250,664
Less: Ending balance of payable on machinery and equipment	(72,669)	(83,678)
Less: Opening balance of prepayments for business facilities	(163,840)	(444,506)
Less: Capitalisation of interest	(8,459)	(15,814)
Cash paid during the period	<u>\$ 343,241</u>	<u>\$ 532,608</u>

	Six months ended June 30,	
	2024	2023
Purchase of intangible assets	\$ 479	\$ 12,357
Add: Ending balance of prepayments	1,620	1,239
Less: Opening balance of prepayments	(1,620)	(8,077)
Cash paid during the period	<u>\$ 479</u>	<u>\$ 5,519</u>

B. Financing activities with no cash flow effects

	Six months ended June 30,	
	2024	2023
Declared cash dividends	<u>\$ 310,730</u>	<u>\$ 274,730</u>

(30) Changes in liabilities from financing activities

	2024				
	Dividends payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ -	\$ 4,342,709	\$ 325,134	\$ 999	\$ 4,668,842
Changes in cash flow from financing activities	-	(368,990)	(9,048)	1	(378,037)
Interest paid on lease liabilities	-	-	(2,188)	-	(2,188)
Amortisation of interest expense on lease liabilities	-	-	2,188	-	2,188
Increase in lease liabilities	-	-	11,806	-	11,806
Payment of arrangement fee for the syndicated loan	(200)	-	-	(200)	(200)
Amortisation of arrangement fee for the syndicated loan	-	529	-	-	529
Declared cash dividends	<u>310,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,730</u>
At June 30	<u>\$ 310,730</u>	<u>\$ 3,974,048</u>	<u>\$ 327,892</u>	<u>\$ 1,000</u>	<u>\$ 4,613,670</u>

2023

	Dividends payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ -	\$ 4,489,467	\$ 339,485	\$ 1,068	\$ 4,830,020
Changes in cash flow from financing activities	-	34,559	(7,240)	(24)	27,295
Interest paid on lease liabilities	-	-	(2,181)	-	(2,181)
Amortisation of interest expense on lease liabilities	-	-	2,181	-	2,181
Increase in lease liabilities	-	-	1,043	-	1,043
Decrease in lease modification	-	-	(941)	-	(941)
Payment of arrangement fee for the syndicated loan	(-)	200	-	(-)	200
Amortisation of arrangement fee for the syndicated loan	-	672	-	-	672
Declared cash dividends	274,730	-	-	-	274,730
At June 30	<u>\$ 274,730</u>	<u>\$ 4,524,498</u>	<u>\$ 332,347</u>	<u>\$ 1,044</u>	<u>\$ 5,132,619</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
All directors, president, vice presidents	Key management compensation
Phoenix Battery Corporation	Associate (Note)

Note: On February 1, 2023, the convertible bonds which were issued by Phoenix Battery Corporation were all converted into common stocks. As a result, the Company's ownership of Phoenix Battery Corporation dropped from 25.28% to 18.07%. Thus, starting from that date, the Company did not have significant effects on Phoenix Battery Corporation which was no longer an associate of the Company.

(2) Significant related party transactions

A. Revenues and expenses

	Item	Three months ended June 30,	
		2024	2023
Phoenix Battery Corporation	Rent income	\$ -	\$ -
		Six months ended June 30,	
		2024	2023
Phoenix Battery Corporation	Rent income	\$ -	\$ 15

(3) Key management compensation

	Six months ended June 30,	
	2024	2023
Short-term employee benefits	\$ 8,596	\$ 18,871
Post-employment benefits	129	163
Total	<u>\$ 8,725</u>	<u>\$ 19,034</u>

	Three months ended June 30,	
	2024	2023
Short-term employee benefits	\$ 15,852	\$ 31,281
Post-employment benefits	257	311
Total	<u>\$ 16,109</u>	<u>\$ 31,592</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	June 30, 2024	December 31, 2023	June 30, 2023	
Time deposits (shown as 'non-current financial assets at amortised cost')	\$ 3,000	\$ 3,000	\$ 3,000	Guarantee for duty paid after customs release
Time deposits (shown as 'non-current financial assets at amortised cost')	10,555	10,555	10,555	Guarantee for land lease in science park
Buildings and structures	1,307,350	1,289,295	1,186,808	Long-term borrowings
Machinery and equipment	677,398	363,597	404,718	Long-term borrowings
	<u>\$ 1,998,303</u>	<u>\$ 1,666,447</u>	<u>\$ 1,605,081</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	<u>\$ 1,935,720</u>	<u>\$ 1,865,348</u>	<u>\$ 1,890,043</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During the six months ended June 30, 2024, the Company's strategy, which was unchanged from 2023, was to maintain the gearing ratio at a reasonable level of risks and to adjust according to the future operating strategy. The gearing ratios at June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Total borrowings	\$ 3,974,048	\$ 4,342,709	\$ 4,524,498
Less: Cash and cash equivalents	(1,476,120)	(1,551,126)	(824,432)
Net debt	2,497,928	2,791,583	3,700,066
Total equity	<u>3,791,038</u>	<u>3,935,434</u>	<u>2,901,404</u>
Total capital	<u>\$ 6,288,966</u>	<u>\$ 6,727,017</u>	<u>\$ 6,601,470</u>
Gearing ratio	<u>39.72%</u>	<u>41.50%</u>	<u>56.05%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ -</u>	<u>\$ 1,321</u>	<u>\$ 143,314</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,476,120	\$ 1,551,126	\$ 824,432
Financial assets at amortised cost	13,555	13,555	13,555
Notes receivable	-	-	18
Accounts receivable	460,804	379,363	456,894
Other receivables	7,360	3,005	2,330
Guarantee deposits paid (including current portion)	<u>3,704</u>	<u>3,888</u>	<u>4,371</u>
	<u>\$ 1,961,543</u>	<u>\$ 1,950,937</u>	<u>\$ 1,301,600</u>

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ -	\$ -	\$ 2,240
Financial liabilities at amortised cost			
Accounts payable	\$ 141,011	\$ 139,525	\$ 197,011
Other payables	643,257	368,542	687,597
Long-term borrowings (including current portion)	3,974,048	4,342,709	4,524,498
Guarantee deposits received	1,001	999	1,044
	<u>\$ 4,759,317</u>	<u>\$ 4,851,775</u>	<u>\$ 5,410,150</u>
Lease liabilities (including current portion)	<u>\$ 327,892</u>	<u>\$ 325,134</u>	<u>\$ 332,347</u>

B. Financial risk managements policies

No major changes in the period, please refer to the December 31, 2023 Consolidated Financial Statements.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. Management has set up a policy to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- ii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(11).

	June 30, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 19,340	31.13	\$ 602,043
JPY:NTD	85,145	0.2151	18,310
<u>Non-monetary items: None</u>			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,877	31.13	\$ 58,429
JPY:NTD	10,785	0.2151	2,319
<u>Non-monetary items: None</u>			

- iv. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the three months and six months ended June 30, 2024 and 2023, amounted to \$5,348, \$10,725, \$27,323 and \$6,859, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Six months ended June 30, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 9,259	\$ -
JPY:NTD	1%	\$ 368	-
<u>Non-monetary items: None</u>			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 623)	\$ -
JPY:NTD	1%	(\$ 5)	-
<u>Non-monetary items: None</u>			

	Six months ended June 30, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 6,020	\$ -
JPY:NTD	1%	183	-
<u>Non-monetary items</u> : None			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 584)	\$ -
JPY:NTD	1%	(23)	-
<u>Non-monetary items</u> : None			

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. For the six months ended June 30, 2024 and 2023, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.
 - ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
 - iii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the six months ended June 30, 2024 and 2023 would have increased/decreased by \$4,968 and \$5,662, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients and other counterparties on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through profit or loss.
 - ii. The Company regularly monitors and reviews its credit limits based on market conditions and the credit status of its counterparties and makes timely adjustments to manage credit risk. The Company only transacts with banks and financial institutions with high credit quality, so it does not expect to be exposed to credit risk.
 - iii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local unit in the Company is

responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days
- v. The Company adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Company classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit risk on trade. The Company applies the modified approach using loss rate methodology to estimate the expected credit loss.
- vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments.
- viii. The Company used the forecast ability to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable and contract assets. On June 30, 2024, December 31, 2023 and June 30, 2023, the loss rate methodology is as follows:

	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
<u>June 30, 2024</u>						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	\$ 867,870	\$ -	\$ -	\$ -	\$ -	\$ 867,870
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>December 31, 2023</u>						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	\$ 877,045	\$ -	\$ -	\$ -	\$ -	\$ 877,045
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>June 30, 2023</u>						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	\$ 900,383	\$ -	\$ -	\$ -	\$ -	\$ 900,383
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- ix. Movements in relation to the Company applying the modified approach to provide loss allowance for notes receivable, accounts receivable, accounts receivable due from related parties and contract assets are as follows:

	<u>2024</u>	<u>2023</u>
	Accounts receivable	Accounts receivable
At January 1 / June 30	\$ -	\$ -

- x. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
	12 months	12 months	12 months
Financial assets at amortised cost	\$ 13,555	\$ 13,555	\$ 13,555

(c) Liquidity risk

- i. Cash flow forecasting is performed by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.
- ii. Company treasury invests surplus cash held by the Company over and above balance required for working capital management in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at June 30, 2024, December 31, 2023 and June 30, 2023, the Company held money market position of \$1,476,050, \$1,550,908 and \$824,213, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii The Company has the following undrawn borrowing facilities:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Floating rate:			
Expiring within one year	\$ 1,157,222	\$ 1,191,667	\$ 725,000
Expiring beyond one year	812,600	965,933	1,312,600
Fixed rate:			
Expiring within one year	-	-	-
Expiring beyond one year	-	-	-
	<u>\$ 1,969,822</u>	<u>\$ 2,157,600</u>	<u>\$ 2,037,600</u>

iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
<u>June 30, 2024</u>				
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 141,011	\$ -	\$ -	\$ -
Other payables	484,286	1,701	-	-
Lease liability	11,011	11,089	22,275	340,305
Long-term borrowings (including current portion)	314,792	491,567	1,045,761	2,298,997
Guarantee deposits received	-	-	757	244
<u>Derivative financial liabilities: None</u>				
	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
<u>December 31, 2023</u>				
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 139,525	\$ -	\$ -	\$ -
Other payables	179,700	1,167	-	-
Lease liability	9,181	9,181	1,838	347,256
Long-term borrowings (including current portion)	371,280	317,823	1,180,271	2,676,337
Guarantee deposits received	-	-	757	242
<u>Derivative financial liabilities: None</u>				
	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
<u>June 30, 2023</u>				
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 197,011	\$ -	\$ -	\$ -
Other payables	477,023	2,251	-	-
Lease liability	9,319	9,319	18,138	356,325
Long-term borrowings (including current portion)	302,513	626,321	858,871	2,959,760
Guarantee deposits received	-	-	764	280
<u>Derivative financial liabilities:</u>				
Financial liabilities at fair value through profit or loss	\$ 2,240	\$ -	\$ -	\$ -

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instrument is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity instrument without active market is included in Level 3.

B. The carrying amounts of the Company's cash and cash equivalents, accounts receivable, other receivables, guarantee deposits paid, accounts payable, other payables, long-term borrowings, lease liabilities and guarantee deposits received are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at June 30, 2024, December 31, 2023 and June 30, 2023 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

June 30, 2024: None.

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	\$ -	\$ 1,321	\$ -	\$ 1,321
Liabilities : None.				

June 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 143,314	\$ 143,314
Liabilities :				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 2,240	\$ -	\$ 2,240

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The fair value of financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods,

including calculated by applying model using market information available at the balance sheet date.

ii. Forward exchange contracts are usually valued based on the current forward exchange rate.

D. For the six months ended June 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the six months ended June 30, 2024 and 2023:
For the six months ended June 30, 2024: None.

	2023
	<u>Equity securities</u>
At January 1	\$ -
Gains and losses recognised in profit or loss	
Recorded as non-operating income and expenses	48,254
Transfer into for the period	96,072
Sold in the period	(1,012)
At June 30	<u>\$ 143,314</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at June 30, 2024 (Note)	<u>\$ 51,230</u>

Note: Recorded as non-operating income and expenses.

F. Company treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3 by the external valuer, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

December 31, 2023 and June 30, 2024: None.

	Fair value at June 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivativen equity instrument: Unlisted shares	\$ 143,314	Income approach	Discount rate	10.82%	The higher the discount rate, the lower the fair value

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

December 31, 2023 and June 30, 2024: None.

		June 30, 2023					
				Recognised in profit or loss	Recognised in other comprehensive income		
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Financial assets	Discount						
Equity securities	rate	±0.25%	\$ 5,260	(\$ 4,978)	\$ -	\$ -	

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: The Company entered into a forward foreign exchange contract with financial institution for the six months ended June 30, 2024 to buy NTD and sell USD. Hedging was the main purpose of the contract. Net loss arising from trading in forward foreign exchange contract for the six months ended June 30, 2024 was approximately \$184.
- J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to Note 1.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Company was identified as the single reportable segment.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Six months ended June 30,	
	2024	2023
Total segment revenue	\$ 1,563,503	\$ 1,786,333
Segment income	\$ 166,334	\$ 194,295
Segment assets	\$ 8,950,310	\$ 8,719,857

(3) Reconciliation for segment income (loss), assets and liabilities

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

PHOENIX SILICON INTERNATIONAL CORPORATION
MAJOR SHAREHOLDERS INFORMATION
JUNE 30, 2024

Table 1

Name of major shareholders	Share	
	Name of shares held	Percentage of ownership
GALLANT PRECISION MACHINING CO.,LTD.	8,999,461	5.21%