

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

For the Six Months Ended June 30, 2022 and 2021

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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.

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Independent Auditors' Report

To: Gudeng Precision Industrial Co., Ltd.

Introduction

We have reviewed the consolidated balance sheets of Gudeng Precision Industrial Co., Ltd. and its subsidiaries as of June 30, 2022 and 2021, the consolidated statements of comprehensive income from April 1 to June 30, 2022 and 2021 and from January 1 to June 30, 2022 and 2021, the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to June 30, 2022 and 2021, and the notes to the consolidated financial statements, including the summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 Interim Financial Reporting endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non significant subsidiaries included in the consolidated financial statements were reviewed. As of June 30, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT\$471,753 thousand and NT\$271,029 thousand, respectively, representing 4.48% and 3.42%, respectively, of the consolidated total assets; the combined total liabilities of these non significant subsidiaries were NT\$125,474 thousand and NT\$62,904 thousand, respectively, representing 2.19% and 1.73%, respectively, of the consolidated total liabilities. For the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, the amounts of the combined comprehensive income of these non significant subsidiaries were

NT\$48,089 thousand, NT\$12,478 thousand, NT\$69,957 thousand and NT\$29,522 thousand, respectively, representing 44.83%, 24.19%, 19.34% and 31.22% of the consolidated total comprehensive income, respectively. In addition, as disclosed in Note 13 to the consolidated financial statements, the total carrying amounts of the investments accounted for using the equity method were NT\$102,525 thousand and NT\$43,502 thousand as of June 30, 2022 and 2021, respectively. The share of profit of associates accounted for using the equity method was NT\$2,953 thousand, NT\$1,411 thousand, NT\$4,622 thousand and NT\$3,090 thousand for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, respectively. The amounts of the related equity method investments were based on the equity method investees unreviewed financial statements for the same reporting periods.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other equity method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021, and its consolidated financial performance for the three months ended June 30, 2022 and 2021, as well as its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 Interim Financial Reporting endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

CPA-Jian-Ming Zeng

CPA-Pan-Fa Wang

Financial Supervisory Commission
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Financial Supervisory Commission Approval
Document No.:
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August 5, 2022

Gudeng Precision Industrial Co., Ltd. and Subsidiaries
Consolidated Balance Sheets

As of June 30, 2022, December 31, 2021 and June 30, 2021

Unit: In Thousands of New Taiwan Dollars

Code	Assets	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 2,169,966	20	\$ 1,707,329	18	\$ 1,784,942	23
1110	Financial assets at fair value through profit or loss - current (Note 7)	68,834	1	50,467	1	22,839	-
1136	Financial assets at amortized cost - current (Note 9)	100,660	1	11,500	-	2,000	-
1150	Notes receivable from unrelated parties (Note 10)	1	-	252	-	971	-
1172	Trade receivables from unrelated parties (Notes 10 and 28)	786,744	7	626,519	7	550,562	7
1200	Other receivables (Note 10)	27,941	-	2,575	-	9,693	-
1210	Other receivables from related parties (Notes 10 and 38)	35	-	16	-	16	-
1220	Current tax assets (Note 4)	2	-	5	-	5	-
130X	Inventories (Note 11)	1,224,230	12	996,668	10	898,552	11
1410	Prepayments (Notes 19 and 38)	97,501	1	197,087	2	91,684	1
1479	Other current assets (Note 20)	3,414	-	1,444	-	2,953	-
11XX	Total current assets	<u>4,479,328</u>	<u>42</u>	<u>3,593,862</u>	<u>38</u>	<u>3,364,217</u>	<u>42</u>
	Non-current assets						
1517	Purchase of financial assets at fair value through other comprehensive income - non-current (Note 8)	375,923	4	444,159	5	47,314	1
1535	Financial assets at amortized cost - current (Note 9)	2,542	-	2,542	-	2,542	-
1550	Investments accounted for using the equity method (Note 13)	102,525	1	47,463	1	43,502	1
1600	Property, plant and equipment (Note 14)	3,084,999	29	4,165,116	44	3,218,656	41
1755	Right-of-use assets (Note 15)	44,238	1	68,295	1	73,605	1
1760	Investment properties, net (Note 16)	1,938,924	19	599,959	6	604,235	8
1805	Goodwill (Note 17)	24,622	-	74,583	1	100,318	1
1821	Other intangible assets (Note 18)	106,567	1	107,934	1	111,860	1
1840	Deferred tax assets (Note 4)	29,423	-	26,413	-	53,808	1
1915	Prepayments for equipment (Note 40)	322,213	3	330,181	3	261,526	3
1920	Refundable deposits	27,886	-	32,637	-	31,520	-
1990	Other non-current assets - other (Note 20)	242	-	8,172	-	6,233	-
15XX	Total non-current assets	<u>6,060,104</u>	<u>58</u>	<u>5,907,454</u>	<u>62</u>	<u>4,555,119</u>	<u>58</u>
1XXX	Total assets	<u>\$ 10,539,432</u>	<u>100</u>	<u>\$ 9,501,316</u>	<u>100</u>	<u>\$ 7,919,336</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Note 21)	\$ 170,000	2	\$ 179,920	2	\$ 28,626	-
2150	Notes payable to unrelated parties (Note 23)	90	-	90	-	90	-
2170	Trade payables to unrelated parties (Note 23)	523,139	5	412,025	4	367,845	5
2180	Trade payables to related parties (Notes 23 and 38)	21,769	-	18,704	-	4,655	-
2219	Other payables (Note 24)	640,935	6	724,700	8	611,929	8
2220	Other payables to related parties (Notes 24 and 38)	930	-	-	-	-	-
2230	Current tax liabilities (Note 4)	93,571	1	51,264	-	23,625	-
2250	Provisions - current (Note 25)	36	-	36	-	-	-
2280	Lease liabilities - current (Note 15)	21,251	-	18,150	-	17,013	-
2131	Contract liabilities - current (Notes 28 and 38)	619,770	6	459,559	5	402,747	5
2320	Current portion of Long-term borrowings and corporate bonds payable (Notes 21 and 22)	205,920	2	164,467	2	60,733	1
2399	Other current liabilities (Note 24)	12,775	-	3,862	-	3,038	-
21XX	Total current liabilities	<u>2,310,186</u>	<u>22</u>	<u>2,032,777</u>	<u>21</u>	<u>1,520,301</u>	<u>19</u>
	Non-current liabilities						
2540	Long-term borrowings (Note 21)	3,363,396	32	2,875,903	30	2,043,924	26
2570	Deferred tax liabilities (Note 4)	2,093	-	495	-	466	-
2580	Lease liabilities - non-current (Note 15)	24,355	-	30,086	1	35,945	1
2640	Net defined benefit liabilities - non-current (Note 4)	26,940	-	26,958	-	18,686	-
2645	Guarantee deposits (Note 38)	8,539	-	9,423	-	9,399	-
25XX	Total non-current liabilities	<u>3,425,323</u>	<u>32</u>	<u>2,942,865</u>	<u>31</u>	<u>2,108,420</u>	<u>27</u>
2XXX	Total liabilities	<u>5,735,509</u>	<u>54</u>	<u>4,975,642</u>	<u>52</u>	<u>3,628,721</u>	<u>46</u>
	Equity attributable to owners of the company (Note 27)						
	Share capital						
3110	Ordinary shares	840,973	8	840,973	9	840,922	10
3200	Capital surplus	3,172,103	30	3,094,606	33	3,074,269	39
	Retained earnings						
3310	Legal reserve	168,792	2	143,427	1	103,238	1
3320	Special reserve	5,909	-	24,637	-	34,374	1
3350	Unappropriated earnings	642,327	6	338,648	4	182,722	2
3300	Total retained earnings	817,028	8	506,712	5	320,334	4
3490	Other equity	(157,093)	(2)	(5,909)	-	(24,637)	-
3500	Treasury stock	(8,819)	-	(15,289)	-	(15,289)	-
31XX	Total equity attributable to owners of the company	4,664,192	44	4,421,093	47	4,195,599	53
36XX	Non-controlling interests (Note 27)	139,731	2	104,581	1	95,016	1
3XXX	Total equity	<u>4,803,923</u>	<u>46</u>	<u>4,525,674</u>	<u>48</u>	<u>4,290,615</u>	<u>54</u>
	Total liabilities and equity	<u>\$ 10,539,432</u>	<u>100</u>	<u>\$ 9,501,316</u>	<u>100</u>	<u>\$ 7,919,336</u>	<u>100</u>

The attached notes are part of this consolidated financial statements.
(Please refer to Deloitte & Touche's audit report on August 5, 2022)

Chairman: Ming-Chien Chiu

Manager: Tian-Ruei Lin

Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of comprehensive income

For the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021

(Reviewed, not audited in accordance with generally accepted auditing standards)

Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share in Dollars

Code		From April 1 to June 30, 2022		From April 1 to June 30, 2021		From January 1 to June 30, 2022		From January 1 to June 30, 2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Non-operating income and expenses (Note 28)	\$ 1,066,043	100	\$ 604,677	100	\$ 2,091,445	100	\$ 1,249,343	100
5000	Operating costs (Notes 11, 29 and 38)	<u>536,684</u>	<u>50</u>	<u>381,374</u>	<u>63</u>	<u>1,085,038</u>	<u>52</u>	<u>813,012</u>	<u>65</u>
5900	Gross Profit	<u>529,359</u>	<u>50</u>	<u>223,303</u>	<u>37</u>	<u>1,006,407</u>	<u>48</u>	<u>436,331</u>	<u>35</u>
	Operating expenses (Notes 29 and 38)								
6100	Selling and marketing expenses	46,886	4	25,258	4	83,696	4	53,524	4
6200	General and administrative expenses	171,001	16	98,888	16	315,957	15	208,312	17
6300	Research and development expenses	69,311	7	35,689	6	124,266	6	68,708	5
6450	Expected credit loss (reversal benefits)	<u>1,368</u>	<u>-</u>	<u>2,813</u>	<u>1</u>	<u>688</u>	<u>-</u>	<u>(3,590)</u>	<u>-</u>
6000	Total operating expenses	<u>288,566</u>	<u>27</u>	<u>162,648</u>	<u>27</u>	<u>524,607</u>	<u>25</u>	<u>326,954</u>	<u>26</u>
6900	Net operating income	<u>240,793</u>	<u>23</u>	<u>60,655</u>	<u>10</u>	<u>481,800</u>	<u>23</u>	<u>109,377</u>	<u>9</u>
	Non-operating income and expenses								
7100	Interest income (Note 29)	752	-	423	-	914	-	573	-
7190	Other income (Notes 29 and 38)	37,476	3	9,821	2	50,067	2	19,764	2
7020	Other gains and losses (Note 29)	60,070	6	(5,141)	(1)	74,010	4	(4,290)	-
7050	Finance costs (Note 29)	(12,242)	(1)	(3,362)	-	(22,472)	(1)	(8,545)	(1)
7060	Share of profit or loss from associates accounted for using the equity method	<u>2,953</u>	<u>-</u>	<u>1,411</u>	<u>-</u>	<u>4,622</u>	<u>-</u>	<u>3,090</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>89,009</u>	<u>8</u>	<u>3,152</u>	<u>1</u>	<u>107,141</u>	<u>5</u>	<u>10,592</u>	<u>1</u>
7900	Net income before tax	329,802	31	63,807	11	588,941	28	119,969	10
7950	Income tax expense (Notes 4 and 30)	(<u>24,103</u>)	(<u>2</u>)	(<u>10,382</u>)	(<u>2</u>)	(<u>76,038</u>)	(<u>4</u>)	(<u>21,856</u>)	(<u>2</u>)
8200	Net income for the year	<u>305,699</u>	<u>29</u>	<u>53,425</u>	<u>9</u>	<u>512,903</u>	<u>24</u>	<u>98,113</u>	<u>8</u>
	Other comprehensive income/(loss)								
	Items that will not be reclassified to profit or loss								
8316	Unrealized valuation gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(192,846)	(18)	-	-	(153,715)	(7)	-	-
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translating the financial statements of foreign operations	(<u>5,575</u>)	(<u>1</u>)	(<u>1,838</u>)	<u>-</u>	<u>2,531</u>	<u>-</u>	(<u>3,561</u>)	<u>-</u>
8300	Total other comprehensive income/(loss) for the year (net of income tax)	(<u>198,421</u>)	(<u>19</u>)	(<u>1,838</u>)	<u>-</u>	(<u>151,184</u>)	(<u>7</u>)	(<u>3,561</u>)	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 107,278</u>	<u>10</u>	<u>\$ 51,587</u>	<u>9</u>	<u>\$ 361,719</u>	<u>17</u>	<u>\$ 94,552</u>	<u>8</u>
	Net income attributable to								
8610	Owners of the company	\$ 283,698	27	\$ 44,898	8	\$ 477,753	23	\$ 74,623	6
8620	Non-controlling interests	<u>22,001</u>	<u>2</u>	<u>8,527</u>	<u>1</u>	<u>35,150</u>	<u>2</u>	<u>23,490</u>	<u>2</u>
8600		<u>\$ 305,699</u>	<u>29</u>	<u>\$ 53,425</u>	<u>9</u>	<u>\$ 512,903</u>	<u>25</u>	<u>\$ 98,113</u>	<u>8</u>
	Total comprehensive income/(loss) attributable to								
8710	Owners of the company	\$ 85,277	8	\$ 43,060	7	\$ 326,569	15	\$ 71,062	6
8720	Non-controlling interests	<u>22,001</u>	<u>2</u>	<u>8,527</u>	<u>2</u>	<u>35,150</u>	<u>2</u>	<u>23,490</u>	<u>2</u>
8700		<u>\$ 107,278</u>	<u>10</u>	<u>\$ 51,587</u>	<u>9</u>	<u>\$ 361,719</u>	<u>17</u>	<u>\$ 94,552</u>	<u>8</u>
	Earnings per share (Note 31)								
9710	Basic	<u>\$ 3.38</u>		<u>\$ 0.54</u>		<u>\$ 5.71</u>		<u>\$ 0.89</u>	
9810	Diluted	<u>\$ 3.38</u>		<u>\$ 0.54</u>		<u>\$ 5.70</u>		<u>\$ 0.89</u>	

The attached notes are part of this consolidated financial statements.
(Please refer to Deloitte & Touche's audit report on August 5, 2022)

Chairman: Ming-Chien Chiu

Manager: Tian-Ruei Lin

Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of changes in equity

From January 1 to June 30, 2022 and 2021

(Reviewed, not audited in accordance with generally accepted auditing standards)

Unit: In Thousands of New Taiwan Dollars

		Attributable to owners of the company												
		Share capital				Retained earnings			Other equity items					
		Number of Shares	Share capital	Share capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive gains and losses	Treasury stock	Total	Non-controlling interests	Total equity
C o d e														
A1	Balance on January 1, 2021	76,059	\$ 760,586	\$ 79,795	\$ 1,396,857	\$ 103,238	\$ 34,374	\$ 400,850	(\$ 16,990)	(\$ 4,086)	(\$ 15,289)	\$ 2,739,335	\$ 71,526	\$ 2,810,861
B5	Appropriation of earnings Cash dividends distributed by the company	-	-	-	-	-	-	(292,751)	-	-	-	(292,751)	-	(292,751)
E1	Share capital collected in advance transferred to ordinary shares	8,033	80,336	(80,336)	1,671,575	-	-	-	-	-	-	1,671,575	-	1,671,575
I1	Conversion of convertible corporate bonds	-	-	541	5,837	-	-	-	-	-	-	6,378	-	6,378
D1	Net income for the six months ended June 30, 2021	-	-	-	-	-	-	74,623	-	-	-	74,623	23,490	98,113
D3	Other comprehensive income/(loss) after tax for the six months ended June 30, 2021	-	-	-	-	-	-	-	(3,561)	-	-	(3,561)	-	(3,561)
D5	Total comprehensive income/(loss) for the six months ended June 30, 2021	-	-	-	-	-	-	74,623	(3,561)	-	-	71,062	23,490	94,552
Z1	Balance on June 30, 2021	84,092	\$ 840,922	\$ -	\$ 3,074,269	\$ 103,238	\$ 34,374	\$ 182,722	(\$ 20,551)	(\$ 4,086)	(\$ 15,289)	\$ 4,195,599	\$ 95,016	\$ 4,290,615
A1	Balance on January 1, 2022	84,097	\$ 840,973	\$ -	\$ 3,094,606	\$ 143,427	\$ 24,637	\$ 338,648	(\$ 18,668)	\$ 12,759	(\$ 15,289)	\$ 4,421,093	\$ 104,581	\$ 4,525,674
B1	Appropriation of earnings													
B3	Legal reserve	-	-	-	-	25,365	-	(25,365)	-	-	-	-	-	-
B5	Special reserve	-	-	-	-	-	(18,728)	18,728	-	-	-	-	-	-
B5	Cash dividends distributed by the company	-	-	-	-	-	-	(167,437)	-	-	-	(167,437)	-	(167,437)
N1	The Company issues employee stock options	-	-	-	77,497	-	-	-	-	-	6,470	83,967	-	83,967
D1	Net income for the six months ended June 30, 2022	-	-	-	-	-	-	477,753	-	-	-	477,753	35,150	512,903
D3	Other comprehensive income/(loss) after tax for the six months ended June 30, 2022	-	-	-	-	-	-	-	2,531	(153,715)	-	(151,184)	-	(151,184)
D5	Total comprehensive income/(loss) for the six months ended June 30, 2022	-	-	-	-	-	-	477,753	2,531	(153,715)	-	326,569	35,150	361,719
Z1	Balance on June 30, 2022	84,097	\$ 840,973	\$ -	\$ 3,172,103	\$ 168,792	\$ 5,909	\$ 642,327	(\$ 16,137)	(\$ 140,956)	(\$ 8,819)	\$ 4,664,192	\$ 139,731	\$ 4,803,923

The attached notes are part of this consolidated financial statements.

(Please refer to Deloitte & Touche's audit report on August 5, 2022)

Chairman: Ming-Chien Chiu

Manager: Tian-Ruei Lin

Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of cash flows

From January 1 to June 30, 2022 and 2021

(Reviewed, not audited in accordance with generally accepted auditing standards)

Unit: In Thousands of New Taiwan Dollars

Code		From January 1 to June 30, 2022	From January 1 to June 30, 2021
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 588,941	\$ 119,969
A20010	Adjustments for		
A20100	Depreciation expenses	109,329	81,980
A20200	Amortization expenses	11,164	8,055
A20300	Expected credit impairment loss (reversal gain)	688	(3,590)
A20400	Net loss (profit) on financial assets at fair value through profit or loss	10,763	(320)
A20900	Finance costs	22,472	8,545
A21200	Interest income	(914)	(573)
A21300	Dividend income	(26,641)	-
A21900	Compensation costs of share-based payment	77,497	-
A22300	Share of profit from associates accounted for using the equity method	(4,622)	(3,090)
A22500	Gain on disposal of property, plant and equipment	(897)	(422)
A22900	Gain on lease amendment	-	(21)
A23200	Gain on disposal of subsidiaries	(54,936)	-
A23700	Write-downs of inventories for price loss and obsolescence	22,102	8,421
A29900	Income from the conversion of corporate bonds into fractional shares	-	(1)
A30000	Net Changes in operating assets and liabilities		
A31130	Notes receivable	251	(500)
A31150	Trade receivables	(163,479)	(125,937)
A31180	Other receivables	1,016	(3,868)
A31200	Inventories	(335,743)	(89,248)
A31230	Prepayments	(10,862)	2,159
A31240	Other current assets	(1,990)	(1,258)
A32130	Notes payable	-	90
A32150	Trade payables	114,179	149,102
A32180	Other payables	50,495	(108,164)
A32125	Contract liabilities	172,452	90,215
A32230	Other current liabilities	8,913	327

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Code		From January 1 to June 30, 2022	From January 1 to June 30, 2021
A32240	Net defined benefit liabilities	(\$ 18)	(\$ 69)
A33000	Cash generated from/(used in) operations	590,160	131,802
A33100	Interest received	914	573
A33300	Interest paid	(22,549)	(8,250)
A33200	Dividend received	28	-
A33500	Income tax paid	(35,140)	(137,708)
AAAA	Net cash inflow (outflow) from operating activities	<u>533,413</u>	<u>(13,583)</u>
	Cash flows from investing activities		
B00010	Purchase of financial assets at fair value through other comprehensive income	(33,970)	-
B00050	Proceeds from sale of financial assets at amortized cost	-	20,000
B00040	Purchase of financial assets at amortized cost	(89,160)	-
B00100	Purchase of financial assets at fair value through profit or loss	(51,198)	(22,657)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	21,720	10,943
B01800	Acquisition of long-term equity investments accounted for using equity method	(19,970)	-
B02300	Net cash inflow from disposal of subsidiaries (Note 33)	208,129	-
B02700	Payments for property, plant and equipment	(557,261)	(993,592)
B02800	Proceeds from disposal of property, plant and equipment	9,182	2,020
B03700	Increase in refundable deposits	(465)	-
B03800	Decrease in refundable deposits	-	804
B04500	Payments for intangible assets	(9,797)	(13,680)
B06800	Decrease in other non-current assets	181	671
B07600	Dividends received from associates	3,500	-
B07100	Increase in prepayments for equipment	(61,324)	(213,840)
BBBB	Net cash outflow from investment activities	<u>(580,433)</u>	<u>(1,209,331)</u>
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	115,984	87,291
C00200	Repayments of short-term borrowings	(67,008)	(390,262)
C04600	Issue of new shares of the Company	-	1,671,575
C01600	Proceeds from long-term borrowings	702,390	1,180,000
C01700	Repayments of long-term borrowings	(173,444)	(971,070)
C03100	Refund of guarantee deposits	(415)	(892)
C04020	Return on lease liabilities principal	(9,836)	(6,884)

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<u>C o d e</u>		<u>From January 1 to June 30, 2022</u>	<u>From January 1 to June 30, 2021</u>
C04500	Cash dividends distribution	(\$ 67,278)	(\$ 113,879)
C05100	Treasury shares purchased by employees	<u>6,470</u>	<u>-</u>
CCCC	Net cash inflow from financing activities	<u>506,863</u>	<u>1,455,879</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>2,794</u>	(<u>3,527</u>)
EEEE	Net increase in cash and cash equivalents	462,637	229,438
E00100	Cash and cash equivalents at the beginning of the period	<u>1,707,329</u>	<u>1,555,504</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 2,169,966</u>	<u>\$ 1,784,942</u>

The attached notes are part of this consolidated financial statements.

(Please refer to Deloitte & Touche's audit report on August 5, 2022)

Chairman: Ming-Chien Chiu

Manager: Tian-Ruei Lin

Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Notes to the consolidated financial statements

From January 1 to June 30, 2022 and 2021

(Reviewed, not audited in accordance with generally accepted auditing standards)

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company Overview

Gudeng Precision Industrial Co., Ltd. (hereinafter "the Company") was a company limited by shares incorporated at New Taipei City in March 1998, and opened for business in March of the same year with primary business of trading and manufacturing of mould and mask package.

Shares of the Company were traded in the over-the-counter (OTC) market at Taipei Exchange (TPEX) in August 2011.

The consolidated financial statements of the Company are presented in the New Taiwan Dollars, the functional currency of the Company.

2. Date and Procedures of Authorization of Financial Statements

The accompanying consolidated financial statements were published after being reported to the Board of Directors on August 5, 2022.

3. Application of New and Amended Standards and Interpretations

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

The first adoption of IFRSs endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of Gudeng Precision Industrial Co., Ltd. and its subsidiaries (hereinafter referred to as the Consolidated Company).

- b. IFRSs endorsed by the FSC with effective date starting January 1, 2023

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendment to IAS 12 "Deferred income tax related to assets and liabilities arising from a single transaction"	January 1, 2023 (Note 3)

Note 1: The amendment shall be applied to annual reporting periods beginning on or after January 1, 2023.

Note 2: This amendment shall be applied to changes in accounting policies and changes in accounting estimates that occur for annual periods beginning on or after January 1, 2023.

Note 3: This amendment applies to transactions occurring after January 1, 2022, except for the deferred tax recognition of temporary differences in lease and ex-service obligations as of January 1, 2022.

1) Amendment to IAS 1 "Disclosure of Accounting Policies"

The amendment provides that the consolidated company shall determine the material accounting policy information to be disclosed in accordance with the definition of material information. Accounting policy information is material if, when considered together with other information included in the consolidated company's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed by the consolidated company.
- Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

Moreover, this amendment gives examples to explain that it is likely to consider accounting policy information significant to the financial statements if that information relates to significant transactions, other events or conditions and the accounting policy:

- (1) Has changed during the period by the consolidated company, and this change results in a significant change on information of the financial statements;
- (2) Was chosen properly by the consolidated company from alternatives permitted by IFRS Standards;
- (3) Was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;
- (4) Relates to an area for which the consolidated company is required to make significant judgments and assumptions
- (5) Relates to complex accounting practices, and users of the consolidated company's financial statements would otherwise not understand the relating significant transactions, other events or conditions

2) Amendment to IAS 8 "Definition of Accounting Estimates"

This amendment defines accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". The

accounting policy may require items in financial statements to be measured at monetary amounts that cannot be observed directly and must instead be estimated. Therefore, an input or a measurement technique has to be used to develop an accounting estimate to achieve this goal. The changes are considered as changes in accounting estimates while the effects of changes in accounting estimates from changes in an input or a measurement technique do not belong to correction of prior period errors.

3) Amendment to IAS 12 “Deferred income tax related to assets and liabilities arising from a single transaction”

The amendment clarifies that the exemption provisions originally recognized in IAS 12 are not applicable to the transactions of taxable and deductible temporary differences of the same amount resulting at the time of original recognition. Starting January 1, 2022 (the beginning of the earliest comparative period presented), the consolidated company recognizes deferred tax assets (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and deferred tax liabilities for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The cumulative effect is recognized as an adjustment to the opening balance of retained earnings at that date. For transactions other than leases and decommissioning obligations, the application of the amendment is deferred from January 1, 2022 (the beginning of the earliest comparative period presented).

Besides the abovementioned effects, as of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the aforementioned standards or interpretations. The related impact will be disclosed when the evaluation has been completed.

c. IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

Note: Unless stated otherwise, the aforementioned New, Revised or Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

- 1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendment provides that if the consolidated company sells or invests assets in associates (or joint ventures), or loses control of subsidiaries, but retains material influence (or joint control) over the subsidiary and if the above assets or former subsidiaries meet the definition of "business" in IFRS 3 "business combination," the consolidated company shall fully recognize the profit or loss arising from such transactions.

In addition, if the consolidated company sells or invests assets in associates (or joint venture), or loses control over a subsidiary in a transaction with associates (or joint venture), but retains material influence (or joint control) over the subsidiary and if the above assets or former subsidiary do not comply with the definition of "business" in IFRS 3, the consolidated company shall only recognize the profit or loss arising from such transactions within the scope of equity unrelated to the investors' interest in such associates (or joint ventures), namely, the profit or loss attributable to the Company's share shall be written off.

- 2) Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendment clarifies whether or not a liability to be classified as non-current, the consolidated company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the consolidated company will exercise that right. The amendment also clarifies that, if the right to defer settlement is subject to compliance with specified conditions, the consolidated company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendment stipulates that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the consolidated company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the consolidated company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Besides the abovementioned effects, as of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the aforementioned standards or interpretations. The related impact will be disclosed when the evaluation has been completed.

4. Summary of Significant Accounting Policies

a. Statement of Compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial report”, endorsed and issued into effect by the FSC. The consolidated financial statements do not contain all of the disclosures required by IFRSs for the entire annual financial report.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations 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 related inputs are observable and based on the significance of the related inputs, are described as follows:

- 1) Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
- 2) Level 2: 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).
- 3) Level 3: Inputs are unobservable inputs for the asset or liability.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries). The consolidated statement of comprehensive income has included the operating profit and loss of subsidiaries that are acquired or disposed of from the acquisition date or until the disposal date in the current period. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the consolidated company. When preparing the consolidated financial statements, 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.

Where the change in the consolidated company's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction. The carrying amounts of the consolidated company and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

For details of subsidiaries, ratio of shareholding, and operations, Please refer to Note XII and Table VI & VII.

d. Other Significant Accounting Policies

Except for the following, for the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

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

2) Income tax

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

5. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When the consolidated company adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors. Actual results might be different from estimates.

The management will constantly review the estimations and underlying assumptions. If the revision of the accounting estimate affects both the current period and the future period, it shall be recognized in the current revised period and the forthcoming period.

6. Cash and cash equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand and working capital	\$ 1,277	\$ 1,000	\$ 1,878
Bank checking and demand deposits	2,143,689	1,686,329	1,763,064
Cash equivalents (investments with original maturity date within 3 months)			
Bank time deposits	25,000	20,000	20,000
	<u>\$ 2,169,966</u>	<u>\$ 1,707,329</u>	<u>\$ 1,784,942</u>

7. Financial Instruments at Fair Value through Profit or Loss

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Financial assets - current</u>			
Mandatorily at fair value through profit or loss			
Non-derivative financial assets			
— Domestic publicly traded shares	\$ 37,761	\$ 28,747	\$ 9,910
Hybrid financial assets			
— Structured deposits	31,073	21,720	12,927
Held for trading			
Derivatives (not designated for hedging)			
— Conversion of options (Note 22)			2
	<u>\$ 68,834</u>	<u>\$ 50,467</u>	<u>\$ 22,839</u>

Structured time deposit contracts entered into between the consolidated company and the banks for the years ended December 31, 2022 and 2021. The structured time deposits include an embedded derivative that is not closely related to the main contract. Because the main contract included in the hybrid contract is an asset within the scope of IFRS 9, the overall hybrid contract evaluation is mandatorily to be classified as measured at fair value through profit or loss.

8. Financial assets at fair value through other comprehensive income

Investments in equity instruments

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Non-current</u>			
Domestic investment			
Publicly traded placement shares			
Symtek Automation Asia Co., Ltd.	\$ 226,835	\$ 378,886	\$ -
Non-publicly traded shares			
Asia Neo Tech Industrial Co., Ltd.	83,815	-	-
Non-publicly traded shares			
NanoClean Materials Co., Ltd.	2,900	2,900	3,565
MontJade Engineering Co., Ltd.	20,046	20,046	17,085
HIGHLAND APPLIED MATERIALS, INC.	10,595	10,595	4,278
Origin Precision Technology Co., Ltd.	6,080	6,080	3,378
Certain Micro Application Technology Inc.	25,652	25,652	19,008
	<u>\$ 375,923</u>	<u>\$ 444,159</u>	<u>\$ 47,314</u>

The consolidated company invests in publicly and non-publicly traded ordinary shares under the medium and long-term strategy and expects to make profits through long-term

investment. The management of the consolidated company considers that the short-term fair value of the investments will be included in the profit or loss and is not consistent with the long-term investment planning mentioned above, and therefore, the designation of such investments is not in line with the fair value of the investment in other comprehensive income.

The shares of Symtek Automation Asia Co., Ltd. held by the consolidated company are private ordinary shares subject to transfer restrictions pursuant to Article 43-8 of the Securities and Exchange Act.

9. Financial assets at amortized cost

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Current</u>			
Pledged certificate of deposit	\$ 11,500	\$ 11,500	\$ 2,000
Time deposits with original maturity more than 3 months	89,160	-	-
	<u>\$ 100,660</u>	<u>\$ 11,500</u>	<u>\$ 2,000</u>
<u>Non-current</u>			
Pledged deposits	<u>\$ 2,542</u>	<u>\$ 2,542</u>	<u>\$ 2,542</u>

Please refer to Note 39 for information on financial assets at amortized cost pledged as collateral.

10. Notes receivable, Trade receivables, Other receivables, and Collection

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 1	\$ 252	\$ 971
Less: allowance for loss	-	-	-
	<u>\$ 1</u>	<u>\$ 252</u>	<u>\$ 971</u>
Arising from operations	<u>\$ 1</u>	<u>\$ 252</u>	<u>\$ 971</u>
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 790,272	\$ 629,380	\$ 556,181
Less: allowance for loss	(3,528)	(2,861)	(5,619)
	<u>\$ 786,744</u>	<u>\$ 626,519</u>	<u>\$ 550,562</u>
<u>Other receivables</u>			
Other receivable - non-related parties			
Purchase discount receivable	\$ -	\$ 1,738	\$ -
Dividends receivable	26,613	-	-
Others	1,328	837	9,693
	<u>\$ 27,941</u>	<u>\$ 2,575</u>	<u>\$ 9,693</u>
Other receivable - related parties (Note 38)	<u>\$ 35</u>	<u>\$ 16</u>	<u>\$ 16</u>

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	June 30, 2022	December 31, 2021	June 30, 2021
<u>Collection</u>			
Measured at amortized cost			
Total carrying amount	\$ 1,887	\$ 2,228	\$ 3,518
Less: allowance for bad debts	(<u>1,887</u>)	(<u>2,228</u>)	(<u>3,518</u>)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Trade receivables

The average credit period of the consolidated company for commodity sales is 60 to 120 days. In assessing the recoverability of trade receivable, the consolidated company considers any change in the credit quality of the trade receivable from the original credit date to the balance sheet date. To mitigate the credit risk, the management of the consolidated company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the consolidated company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the consolidated company's credit risk is significantly reduced.

The consolidated company applies the simplified approach of IFRS 9 and recognizes allowance for uncollectible accounts for trade receivable as lifetime expected credit losses for the duration of contract. The lifetime expected credit loss is determined the provision matrix which refers to past default records and the current financial condition of the clients and industrial economic conditions. Due to the historical experience of credit losses of the consolidated company, there is no significant difference in the loss patterns of different client's groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of notes receivable and entry days of trade receivable.

The consolidated company directly reclassifies the collection when there is evidence indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery by the consolidated company, such as the counterparty is under liquidation or the aging of the debts is over 365 days. The consolidated company continues to engage in enforcement activity, and the recovered amounts are written off the related collection.

The consolidated company's loss allowance for notes receivable and trade receivable based on the provision matrix were as follows:

Notes receivable

June 30, 2022

	Not overdue
Expected credit loss rate	0%
Total carrying amount	\$ 1
Allowance for losses (lifetime expected credit losses)	-
Costs after amortization	<u>\$ 1</u>

December 31, 2021

	Not overdue
Expected credit loss rate	0%
Total carrying amount	\$ 252
Allowance for losses (lifetime expected credit losses)	-
Costs after amortization	<u>\$ 252</u>

June 30, 2021

	Not overdue
Expected credit loss rate	0%
Total carrying amount	\$ 971
Allowance for losses (lifetime expected credit losses)	-
Costs after amortization	<u>\$ 971</u>

Trade receivables

June 30, 2022

	1-90 days	91-180 days	181-270 days	271-365 days	Total
Expected credit loss rate	0.1%	1.5%	3.9%	10.8%	
Total carrying amount	\$ 686,884	\$ 79,483	\$ 16,746	\$ 7,159	\$ 790,272
Allowance for losses (lifetime expected credit losses)	(869)	(1,226)	(659)	(774)	(3,528)
Costs after amortization	<u>\$ 686,015</u>	<u>\$ 78,257</u>	<u>\$ 16,087</u>	<u>\$ 6,385</u>	<u>\$ 786,744</u>

December 31, 2021

	1-90 days	91-180 days	181-270 days	271-365 days	Total
Expected credit loss rate	0.3%	0.6%	6.5%	39.2%	
Total carrying amount	\$ 597,379	\$ 28,956	\$ 1,131	\$ 1,914	\$ 629,380
Allowance for losses (lifetime expected credit losses)	(1,850)	(186)	(74)	(751)	(2,861)
Costs after amortization	<u>\$ 595,529</u>	<u>\$ 28,770</u>	<u>\$ 1,057</u>	<u>\$ 1,163</u>	<u>\$ 626,519</u>

June 30, 2021

	<u>1-90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>271-365 days</u>	<u>Total</u>
Expected credit loss rate	0.9%	2.2%	7.8%	1.7%	
Total carrying amount	\$ 507,914	\$ 44,901	\$ 1,333	\$ 2,033	\$ 556,181
Allowance for losses (lifetime expected credit losses)	(<u>4,492</u>)	(<u>989</u>)	(<u>104</u>)	(<u>34</u>)	(<u>5,619</u>)
Costs after amortization	<u>\$ 503,422</u>	<u>\$ 43,912</u>	<u>\$ 1,229</u>	<u>\$ 1,999</u>	<u>\$ 550,562</u>

The above is the aging analysis based on the date of entry.

Changes in loss allowance for trade receivable are as follows:

	<u>From January 1 to June 30, 2022</u>	<u>From January 1 to June 30, 2021</u>
Beginning Balance	\$ 2,861	\$ 1,923
Add: impairment loss recognized for the period	1,072	3,699
Less: disposal of subsidiaries (Note 33)	(25)	-
Less: actual write-off for the period	(398)	-
Foreign currency translation differences	<u>18</u>	(<u>3</u>)
Ending Balance	<u>\$ 3,528</u>	<u>\$ 5,619</u>

Changes in loss allowance for collection are as follows:

	<u>From January 1 to June 30, 2022</u>	<u>From January 1 to June 30, 2021</u>
Beginning Balance	\$ 2,228	\$ 10,835
Less: Reversal on impairment loss for the period	(384)	(7,289)
Foreign currency translation differences	<u>43</u>	(<u>28</u>)
Ending Balance	<u>\$ 1,887</u>	<u>\$ 3,518</u>

11. Inventories

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Raw materials	\$ 325,724	\$ 191,884	\$ 152,676
Semi-finished products	150,594	128,252	150,906
Work in process	567,360	471,465	376,641
Finished products	153,775	150,699	118,171
Stock in hand	<u>26,777</u>	<u>54,368</u>	<u>100,158</u>
	<u>\$ 1,224,230</u>	<u>\$ 996,668</u>	<u>\$ 898,552</u>

Nature of cost of goods sold as below:

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Cost of inventory sold	\$ 517,821	\$ 382,511	\$ 1,063,048	\$ 803,397
Inventory loss (recovery gain) for market price decline	18,947	(1,047)	22,102	8,421
Others	(84)	(90)	(112)	1,194
	<u>\$ 536,684</u>	<u>\$ 381,374</u>	<u>\$ 1,085,038</u>	<u>\$ 813,012</u>

Please refer to Note 39 for the amount of inventory pledged as collateral for loans.

12. Subsidiaries

Subsidiaries included in consolidated financial statements

The consolidated financial statements are presented as follows:

Name of investor company	Name of Subsidiary	Nature of business	Percentage of equity held			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Gudeng Precision Industrial Co., Ltd. (hereinafter "the Company")	Gudeng Venture Capital Co., Ltd. (hereinafter "Gudeng Venture")	Venture capital and management consulting business	100%	100%	100%	-
	We Solutions (previously known as Wei Zhen) Technology Co., Ltd. (hereinafter "We Solutions")	Trading , repair, and maintenance of various precision instruments	100%	100%	100%	Note 1
	Gudeng Automation Corporation (hereinafter "Gudeng Automation")	Manufacture, trading , repair, and maintenance of various precision instruments	50.93%	50.93%	50.87%	Note 2
	Rich Point Global Corp. (hereinafter Rich Point)	Engaged in various investment business	100%	100%	100%	Note 1
	Partner one Ltd.	Engaged in various investment business	-	-	-	Note 3
Gudeng Venture	Gudeng Inc.(USA)	Engaged in various electronic components business	100%	100%	-	Note 1 and 5
	Jia Shuo Construction (formerly: Daisho Giken), Inc. (hereinafter "Jia Shuo")	Industrial plant, residential and building development and leasing, real estate sales and leasing	100%	100%	100%	Note 1 and 6
	Sun Park Development Limited (hereinafter "Sun Park")	Engaged in various investment business	100%	100%	100%	Note 1
Rich Point	Gudeng Investment Co., Ltd. (hereinafter "Gudeng Investment")	Engaged in various investment business	100%	100%	100%	-
	Shanghai Gudeng Trading Co., Ltd. (hereinafter "Shanghai Gudeng")	Sales of plastic and electronic products	100%	100%	100%	Note 1
Sun Park	Suzhou Kun Ju Trading Co., Ltd. (hereinafter "Suzhou Kun Ju")	Sales and maintenance of automobiles, trading of various alcohol and aluminum foil	100%	100%	100%	Note 1
	Suzhou City Wu Jiang Start-up Automobile Trading Co., Ltd. (hereinafter "Wu Jiang Start-up")	Sales and maintenance of automobiles	-	100%	100%	Note 7
Gudeng Investment	Gudeng Investment (HK)	Engaged in various investment business	-	-	-	Note 3
Gudeng Investment (HK)	Welton Technology Co., Ltd. (hereinafter "Welton")	Engaged in manufacture of plastic products, electronic and communication equipment, electrical machinery and equipment	-	-	-	Note 4
Gudeng Automation	Showa Precision Co., Ltd. (hereinafter "Showa")	Manufacture, trading , repair, and maintenance of various precision instruments	100%	100%	100%	Note 1

Note 1: This is an immaterial subsidiary for which financial statements have not been reviewed by the Company's independent accountants.

- Note 2: Please refer to Note 34 for details of change in percentage of equity held by the consolidated company.
- Note 3: The company was registered in 2017 with no yet capital investment.
- Note 4: Welton is currently in the pre-trial stage of name and has not yet established.
- Note 5: The establishment and registration of subsidiaries approved by the Board of Directors in 2019 with investment amounted to US\$350 thousand in capital on November 29, 2021 were completed.
- Note 6: Daisho Giken changed its name to Jia Shuo Construction, Inc. on June 29, 2021.
- Note 7: The consolidated company signed an agreement of 100% equity transfer of Wu Jiang Start-up with Jiaying Fengmiao Trading Co., Ltd. and Suzhou Chengfeng Trading Co., Ltd., and completed the equity transfer on April 25, 2022, losing control over Wu Jiang Start-up since then. Please refer to Note 33 for details.

13. Investments accounted for using the equity method

Investment in associates

	June 30, 2022	December 31, 2021	June 30, 2021
Significant associates			
Jinhui Technology Co., Ltd.	\$ 48,585	\$ 47,463	\$ 43,502
i Analyzer Incorporation	53,940	-	-
	<u>\$ 102,525</u>	<u>\$ 47,463</u>	<u>\$ 43,502</u>

Significant associates are as follows:

Name of Company	Ratio of equity held and voting right		
	June 30, 2022	December 31, 2021	June 30, 2021
Jinhui Technology Co., Ltd.	35.00%	35.00%	35.00%
i Analyzer Incorporation	23.24%	-	-

As of February 10, 2022, the consolidated company held 10,474,000 shares of i Analyzer Incorporation (hereinafter referred to as i Analyzer), which were recognized as non-current financial assets at fair value through other comprehensive income with the carrying amount of NT\$33,970 thousand and shareholding percentage of 16.40%. On June 30, 2022, the consolidated company participated in the cash capital increase of i Analyzer at NT\$3.24 per share and obtained 6,157,000 ordinary shares, totaling NT\$19,970 thousand. After the acquisition, the shareholding percentage increased to 23.24%. Since the consolidated company has a significant influence on i Analyzer, the originally recognized financial assets at fair value through other comprehensive income were reclassified as investments accounted for using the equity method at the fair value at the time of acquisition (NT\$3.24 per share).

Please refer to Table VI "Names, Locations and Relevant Information of Investee Companies" for nature of business, primary business premises, and countries of company registration of the above-mentioned associates.

The profit or loss and other comprehensive income entitled by the associates accounted for using equity method and the consolidated company were not calculated based on financial statements audited by other certified public accountants.

14. Property, Plant and Equipment

a. Self-usage

	Self-owned land	Buildings	Machinery equipment	Leasehold improvements	Other equipment	Real property under construction	Total
<u>Cost</u>							
Balance on January 1, 2022	\$ 2,444,861	\$ 677,791	\$ 659,208	\$ 35,899	\$ 924,837	\$ 283,009	\$ 5,025,605
Addition	205,000	1,335	25,209	4,345	71,632	19,572	327,093
Disposal	-	-	(13,478)	-	(73)	-	(13,551)
Reclassification	-	4,346	46,777	6,790	11,987	1,690	71,590
Reclassified as investment property (Note 33)	(1,327,972)	(15,941)	-	-	-	-	(1,343,913)
Disposal of subsidiaries	-	(90,783)	-	-	(22,546)	-	(113,329)
Net exchange differences	-	3,264	3	12	909	-	4,188
Balance on June 30, 2022	<u>\$ 1,321,889</u>	<u>\$ 580,012</u>	<u>\$ 717,719</u>	<u>\$ 47,046</u>	<u>\$ 986,746</u>	<u>\$ 304,271</u>	<u>\$ 3,957,683</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2022	\$ -	\$ 123,893	\$ 278,155	\$ 17,141	\$ 441,300	\$ -	\$ 860,489
Disposal	-	-	(5,193)	-	(73)	-	(5,266)
Depreciation expenses	-	7,097	31,191	2,283	54,069	-	94,640
Reclassification	-	(40)	-	-	-	-	(40)
Reclassified as investment property (Note 33)	-	(552)	-	-	-	-	(552)
Disposal of subsidiaries	-	(73,683)	-	-	(5,810)	-	(79,493)
Net exchange differences	-	2,629	-	12	265	-	2,906
Balance on June 30, 2022	<u>\$ -</u>	<u>\$ 59,344</u>	<u>\$ 304,153</u>	<u>\$ 19,436</u>	<u>\$ 489,751</u>	<u>\$ -</u>	<u>\$ 872,684</u>
Net Balance on June 30, 2022	<u>\$ 1,321,889</u>	<u>\$ 520,668</u>	<u>\$ 413,566</u>	<u>\$ 27,610</u>	<u>\$ 496,995</u>	<u>\$ 304,271</u>	<u>\$ 3,084,999</u>
Net Balance on December 31, 2021 and January 1, 2022	<u>\$ 2,444,861</u>	<u>\$ 553,898</u>	<u>\$ 381,053</u>	<u>\$ 18,758</u>	<u>\$ 483,537</u>	<u>\$ 283,009</u>	<u>\$ 4,165,116</u>
<u>Cost</u>							
Balance on January 1, 2021	\$ 937,688	\$ 583,884	\$ 492,971	\$ 22,973	\$ 761,532	\$ -	\$ 2,799,048
Addition	991,244	7,393	25,758	-	25,666	38,022	1,088,083
Disposal	-	-	(192)	-	(5,733)	-	(5,925)
Reclassification	44,240	33,105	1,973	-	9,137	-	88,455
From investment properties	9,938	23,204	-	-	-	-	33,142
Net exchange differences	-	(1,370)	-	(8)	(332)	-	(1,710)
Balance on June 30, 2021	<u>\$ 1,983,110</u>	<u>\$ 646,216</u>	<u>\$ 520,510</u>	<u>\$ 22,965</u>	<u>\$ 790,270</u>	<u>\$ 38,022</u>	<u>\$ 4,001,093</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2021	\$ -	\$ 105,956	\$ 229,809	\$ 14,285	\$ 365,429	\$ -	\$ 715,479
Disposal	-	-	(187)	-	(4,140)	-	(4,327)
Depreciation expenses	-	8,158	22,934	1,375	38,145	-	70,612
From investment properties	-	1,820	-	-	-	-	1,820
Net exchange differences	-	(1,031)	-	(8)	(108)	-	(1,147)
Balance on June 30, 2021	<u>\$ -</u>	<u>\$ 114,903</u>	<u>\$ 252,556</u>	<u>\$ 15,652</u>	<u>\$ 399,326</u>	<u>\$ -</u>	<u>\$ 782,437</u>
Net Balance on June 30, 2021	<u>\$ 1,983,110</u>	<u>\$ 531,313</u>	<u>\$ 267,954</u>	<u>\$ 7,313</u>	<u>\$ 390,944</u>	<u>\$ 38,022</u>	<u>\$ 3,218,656</u>

Depreciation expenses are calculated by straight-line basis using the estimated useful lives as follows:

Buildings	6 to 51 years
Machinery equipment	4 to 16 years
Leasehold improvements	2 to 9 years
Other Assets	1 to 21 years

The consolidated company's significant components of the buildings includes main buildings of plants, improvement of main buildings, roads and walls, etc., and they are depreciated based on the estimated useful lives of 51 years, 21 years, and 20 years, respectively.

Please refer to Note 39 for the amount of property, plant and equipment pledged as collateral for loans.

15. Lease Agreements

a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amount of right-of-use assets			
Land	\$ -	\$ 21,000	\$ 21,164
Buildings	31,690	31,476	32,016
Transportation Equipment	<u>12,548</u>	<u>15,819</u>	<u>20,425</u>
	<u>\$ 44,238</u>	<u>\$ 68,295</u>	<u>\$ 73,605</u>

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Additions of right-of-use assets	<u>\$ 1,167</u>	<u>\$ 23,169</u>	<u>\$ 6,781</u>	<u>\$ 28,222</u>
Depreciation expense of right-of-use assets				
Land	\$ -	\$ 167	\$ 170	\$ 336
Buildings	2,898	472	5,685	2,448
Transportation Equipment	<u>2,219</u>	<u>2,303</u>	<u>4,438</u>	<u>4,308</u>
	<u>\$ 5,117</u>	<u>\$ 2,942</u>	<u>\$ 10,293</u>	<u>\$ 7,092</u>

Except for the addition and recognition of depreciation expenses listed above, there is no significant sublease or impairment of the right-of-use assets of the consolidated company from January 1 to June 30, 2022 and 2021.

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amount of lease liabilities			
Current	<u>\$ 21,251</u>	<u>\$ 18,150</u>	<u>\$ 17,013</u>
Non-current	<u>\$ 24,355</u>	<u>\$ 30,086</u>	<u>\$ 35,945</u>

Ranges of discount rates for lease liabilities are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Buildings	1.45% ~ 1.67%	1.45% ~ 1.63%	1.45% ~ 1.63%
Transportation Equipment	1.50% ~ 7.90%	1.50% ~ 7.90%	1.50% ~ 7.90%

c. Major lease activities and terms

The consolidated company leases several transportation equipment for operational use with lease terms of 3 to 5 years. At the end of the lease term, the consolidated company has the option to purchase the equipment for its nominal amount at that time.

The consolidated company has also leased certain land for plant use for a period of 5 to 20 years. At the end of the lease terms, the consolidated company has no bargain purchase option over the leasehold land and buildings, and the consolidated company may not sublease or transfer all or part of the underlying lease without the lessor's consent.

d. Other lease information

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Short-term leases expenses	<u>\$ 3,134</u>	<u>\$ 3,238</u>	<u>\$ 6,147</u>	<u>\$ 6,563</u>
Total cash (outflow) for leases			<u>(\$ 16,395)</u>	<u>(\$ 13,837)</u>

The consolidated company has elected to apply the recognition exemption on the leases houses and buildings which qualify as short-term leases, and it did not recognize related right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms beginning after the balance sheet date are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Lease commitments	<u>\$ 1,472</u>	<u>\$ 5,811</u>	<u>\$ 4,842</u>

16. Investment properties

	Completed Investment Properties
<u>Cost</u>	
Balance on January 1, 2022	\$ 645,026
Transfer in from property, plant and equipment	<u>1,343,913</u>
Balance on June 30, 2022	<u>\$ 1,988,939</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2022	\$ 45,067
Transfer in from property, plant and equipment	552
Depreciation expenses	<u>4,396</u>
Balance on June 30, 2022	<u>\$ 50,015</u>
Net Balance on June 30, 2022	<u>\$ 1,938,924</u>
Net Balance on December 31, 2021 and January 1, 2022	<u>\$ 599,959</u>

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	<u>Completed Investment Properties</u>
<u>Cost</u>	
Balance on January 1, 2021	\$ 678,168
Reclassified to Property, Plant and Equipment	(33,142)
Balance on June 30, 2021	<u>\$ 645,026</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2021	\$ 38,335
Reclassified to Property, Plant and Equipment	(1,820)
Depreciation expenses	<u>4,276</u>
Balance on June 30, 2021	<u>\$ 40,791</u>
Net Balance on June 30, 2021	<u>\$ 604,235</u>

The total amount of lease payments to be collected in the future for investment property on operating lease for the years 2022 and 2021 is as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Year 1	\$ 34,970	\$ 33,070	\$ 33,518
Year 2	<u>808</u>	<u>16,407</u>	<u>32,702</u>
	<u>\$ 35,778</u>	<u>\$ 49,477</u>	<u>\$ 66,220</u>

Depreciation expenses are calculated by straight-line basis using the estimated useful lives as follows:

Main buildings	51 years
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The fair value of the investment properties of the consolidated company cannot be reliably determined due to the scarcity of nearby buildings, which leads to less frequent comparable market transactions and reliable alternative estimates to replace the fair value.

The consolidated company held freehold interests in all of its investment properties. Please refer to Note 39 for the amount of investment property pledged as collateral for loans.

The consolidated company has no lease commitment commencing after the balance sheet date for the lease term.

17. Goodwill

	<u>Amount</u>
<u>Cost</u>	
Balance on January 1, 2022	\$ 98,784
Disposal of subsidiaries (Note 33)	(49,961)
Balance on June 30, 2022	<u>\$ 48,823</u>
<u>Accumulated impairment</u>	
Balance on January 1, 2022	(\$ 24,201)
Balance on June 30, 2022	(<u>\$ 24,201</u>)
Net Balance on June 30, 2022	<u>\$ 24,622</u>
Net Balance on December 31, 2021 and January 1, 2022	<u>\$ 74,583</u>
<u>Cost</u>	
Balance on January 1, 2021	\$ 104,084
Balance on June 30, 2021	<u>\$ 104,084</u>
<u>Accumulated impairment</u>	
Balance on January 1, 2021	(\$ 3,766)
Balance on June 30, 2021	(<u>\$ 3,766</u>)
Net Balance on June 30, 2021	<u>\$ 100,318</u>

18. Other Intangible Assets

	Patents	Cost of Computer software	Franchise	Golf membership card	Technique	Client Relationship	Total
<u>Cost</u>							
Balance on January 1, 2022	\$ 97,425	\$ 48,926	\$ 44,158	\$ 8,763	\$ 5,900	\$ 5,300	\$ 210,472
Acquired separately	-	9,797	-	-	-	-	9,797
Disposal of subsidiaries (Note 33)	-	-	(45,805)	-	-	-	(45,805)
Net exchange differences	-	-	1,647	-	-	-	1,647
Balance on June 30, 2022	<u>\$ 97,425</u>	<u>\$ 58,723</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 5,300</u>	<u>\$ 176,111</u>
<u>Accumulated amortization and impairment</u>							
Balance on January 1, 2022	\$ 22,467	\$ 32,420	\$ 44,158	\$ -	\$ 843	\$ 2,650	\$ 102,538
Amortization expenses	4,164	5,254	-	-	421	1,325	11,164
Disposal of subsidiaries (Note 33)	-	-	(45,805)	-	-	-	(45,805)
Net exchange differences	-	-	1,647	-	-	-	1,647
Balance on June 30, 2022	<u>\$ 26,631</u>	<u>\$ 37,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,264</u>	<u>\$ 3,975</u>	<u>\$ 69,544</u>
Net Balance on June 30, 2022	<u>\$ 70,794</u>	<u>\$ 21,049</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 4,636</u>	<u>\$ 1,325</u>	<u>\$ 106,567</u>
Net Balance on December 31, 2021 and January 1, 2022	<u>\$ 74,958</u>	<u>\$ 16,506</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,057</u>	<u>\$ 2,650</u>	<u>\$ 107,934</u>

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	Patents	Cost of Computer software	Franchise	Golf membership card	Technique	Client Relationship	Total
<u>Cost</u>							
Balance on January 1, 2021	\$ 97,425	\$ 32,451	\$ 44,494	\$ 8,763	\$ 5,900	\$ -	\$ 189,033
Acquired separately	-	13,680	-	-	-	-	13,680
Net exchange differences	-	-	(692)	-	-	-	(692)
Balance on June 30, 2021	<u>\$ 97,425</u>	<u>\$ 46,131</u>	<u>\$ 43,802</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ -</u>	<u>\$ 202,021</u>
<u>Accumulated amortization and impairment</u>							
Balance on January 1, 2021	\$ 14,138	\$ 24,166	\$ 44,494	\$ -	\$ -	\$ -	\$ 82,798
Amortization expenses	4,164	3,470	-	-	421	-	8,055
Net exchange differences	-	-	(692)	-	-	-	(692)
Balance on June 30, 2021	<u>\$ 18,302</u>	<u>\$ 27,636</u>	<u>\$ 43,802</u>	<u>\$ -</u>	<u>\$ 421</u>	<u>\$ -</u>	<u>\$ 90,161</u>
Net Balance on June 30, 2021	<u>\$ 79,123</u>	<u>\$ 18,495</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,479</u>	<u>\$ -</u>	<u>\$ 111,860</u>

The franchise represents the franchise of operation granting to Wu Jiang Start-up to sell Shanghai Volkswagen in Suzhou City. The consolidated company has completed the equity transfer of Wu Jiang Start-up on April 25, 2022. Please refer to Note 33.

Golf membership card of the consolidated company is a right of use and the management of the consolidated company considers that the consolidated company has the intention and ability to extend the useful life continuously, hence it is an intangible asset with indefinite useful life, and is tested for impairment annually whether or not there is any indication of impairment. Security deposit of golf membership amounted to \$12,000 thousand and recognized as refundable deposits.

Amortization expenses are calculated by straight-light basis using the estimated useful lives as follows:

Cost of Computer software	2 to 9 years
Patents	10 years
Technique	7 years
Client Relationship	2 years

Amortization expenses summarized by function:

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Operating costs	\$ 2,013	\$ 1,750	\$ 3,915	\$ 2,517
Selling and marketing expenses	-	-	-	-
General and administrative expenses	1,419	486	2,775	1,064
Research expenses	<u>2,237</u>	<u>2,237</u>	<u>4,474</u>	<u>4,474</u>
	<u>\$ 5,669</u>	<u>\$ 4,473</u>	<u>\$ 11,164</u>	<u>\$ 8,055</u>

19. Prepayments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Advance payment	\$ 68,992	\$ 77,981	\$ 65,365
Prepaid rent	905	782	1,706
Prepaid investment	-	85,478	-
Tax overpaid retained for offsetting the future tax payable	9,925	15,883	3,764
Prepaid insurance fee	772	752	786
Other prepayments	16,907	16,211	20,063
	<u>\$ 97,501</u>	<u>\$ 197,087</u>	<u>\$ 91,684</u>

Gudeng Venture of the consolidated company participated in the 2021 annual cash capital increase of Asia Neo Tech Industrial Co., Ltd by the resolution of the Board of Directors on December 31, 2021 to subscribe 3,326,000 shares at \$25.7 per share, and it is recorded under the account of prepaid investment as the relevant legal procedures have not been completed.

20. Other Assets

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Other current assets			
Temporary payments	\$ 3,414	\$ 1,337	\$ 2,865
Advances to employees	-	107	88
	<u>\$ 3,414</u>	<u>\$ 1,444</u>	<u>\$ 2,953</u>
<u>Non-current</u>			
Other current assets			
Others	<u>\$ 242</u>	<u>\$ 8,172</u>	<u>\$ 6,233</u>

21. Borrowings

a. Short-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Secured loans</u> (Note 39)			
- Other loans (1)	\$ -	\$ 29,920	\$ 28,626
- Bank loans (2)	170,000	150,000	-
	<u>\$ 170,000</u>	<u>\$ 179,920</u>	<u>\$ 28,626</u>

1) Other borrowings are loans borrowed by Wu Jiang Start-up from SAIC Motor Corporation Ltd. at fixed interest rates of 6.16% and 6.16% as of December 31, 2021 and June 30, 2021, respectively.

2) The interest rates on bank revolving loans were 1.55% ~ 1.56% and 1.28% as of June 30, 2022 and December 31, 2021, respectively.

b. Long-term Borrowings

The consolidated company's borrowings include:

	Maturity Date	Material terms and conditions	Effective interest rate	June 30, 2022	December 31, 2021	June 30, 2021
<u>Secured loans</u>						
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2024.6.30	The borrowing period was from April 5, 2017 to June 30, 2024 with principal due upon maturity.	1.50	\$ 25,000	\$ 25,000	\$ 25,000
Secured bank loans in New Taiwan Dollars of First Bank	2039.8.6	The borrowing period was from August 6, 2019 to August 6, 2039 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.70	38,988	39,973	40,952
Secured bank loans in New Taiwan Dollars of Chang Hwa Bank	2040.3.31	The loan period is from March 31, 2020 to March 31, 2040, with a grace period of 36 installments, which is amortized into 216 installments starting from March 31, 2023, with monthly principal and interest amortized evenly.	1.53	712,861	712,861	712,861
Secured bank loans in New Taiwan Dollars of Bank of Panhsin	2035.2.21	The borrowing period was from February 21, 2020 to February 21, 2035 with principal and interests evenly split into a total of 180 installments, and with fixed annuities.	1.77	44,638	46,229	47,811
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2041.3.2	The grace period was from March 2, 2021 to March 2, 2024 with interests paid monthly by the amount of the loans during this period, and principal and interests evenly split into a total of 204 installments from March 2, 2024.	1.50	389,000	389,000	389,000
Secured bank loans in New Taiwan Dollars of Bank of Panhsin	2041.4.6	The loan period is from April 6, 2021 to April 6, 2041, which is amortized into 240 installments starting from May 6, 2021, with monthly principal and interest amortized evenly.	1.63	59,780	61,164	62,543
Secured bank loans in New Taiwan Dollars of Chang Hwa Bank	2028.7.16	The borrowing period was from July 16, 2021 to July 16, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.63	524,574	565,736	-
Secured bank loans in New Taiwan Dollars of First Bank	2028.7.16	The borrowing period was from July 16, 2021 to July 16, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.45	30,594	32,998	-
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2041.6.25	The grace period was from June 25, 2021 to June 25, 2026 with interests paid monthly by the amount of the loans during this period, and principal and interests evenly split into a total of 180 installments from July 25, 2026.	1.53	728,000	728,000	728,000
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2028.7.16	The borrowing period was from July 16, 2021 to July 16, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.63	146,000	158,000	-
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2028.10.4	The borrowing period was from October 4, 2021 to October 4, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.63	108,571	117,143	-
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2042.1.4	The grace period was from January 4, 2022 to January 4, 2027 with interests paid monthly by the amount of the loans during this period, and principal and interests evenly split into a total of 180 installments from January 4, 2027.	1.53	338,000	-	-
Secured bank loans in New Taiwan Dollars of Chang Hwa Bank	2028.7.16	The borrowing period was from March 3, 2021 to July 16, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.63	57,767	-	-
Secured bank loans in New Taiwan Dollars of Chang Hwa Bank	2029.3.3	The borrowing period was from March 3, 2022 to March 3, 2029 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.63	77,283	-	-
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2024.6.30	The borrowing period was from February 25, 2022 to June 30, 2024 with principal due upon maturity.	1.50	4,390	-	-
<u>Line of credit loans</u>						
Line of credit loans in New Taiwan Dollars of Chang Hwa Bank	2025.3.31	The borrowing period was from April 1, 2020 to March 31, 2025 with principal and interests evenly split into a total of 60 installments, and interests calculated monthly.	1.68	43,144	50,581	57,981
Line of credit loans in New Taiwan Dollars of Chang Hwa Bank	2025.3.31	The borrowing period was from May 15, 2020 to March 31, 2025 with principal and interests evenly split into a total of 59 installments, and interests calculated monthly.	1.68	21,923	25,699	29,459
Line of credit loans in New Taiwan Dollars of Taiwan Cooperative Bank	2023.7.15	The borrowing period was from July 15, 2020 to July 15, 2023 with principal and interests evenly split into a total of 36 installments, and interests calculated monthly.	1.85	5,492	7,986	10,464
Line of credit loans in New Taiwan Dollars of First Bank	2023.2.3	The borrowing period was from August 5, 2021 to February 3, 2023 with monthly interest and principal due upon maturity. It was fully repaid in advance on March 31, 2022.	1.25	-	80,000	-
Line of credit loans in New Taiwan Dollars of First Bank	2023.9.30	The borrowing period was from March 31, 2022 to September 30, 2023 with principal due upon maturity.	1.63	80,000	-	-
Line of credit loans in New Taiwan Dollars of First Bank	2023.9.3	The borrowing period was from March 31, 2022 to September 3, 2023 with principal due upon maturity.	1.50	20,000	-	-
Line of credit loans in New Taiwan Dollars of Chang Hwa Bank	2029.3.3	The borrowing period was from March 3, 2022 to March 3, 2029 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.68	38,644	-	-
Line of credit loans in New Taiwan Dollars of Hua Nan Commercial Bank	2027.2.8	The borrowing period was from February 8, 2022 to February 8, 2027 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.63	74,667	-	-
Less: current portion matured in 1 year				3,569,316 (205,920)	3,040,370 (164,467)	2,104,071 (60,147)
Long-term Borrowings				<u>\$ 3,363,396</u>	<u>\$ 2,875,903</u>	<u>\$ 2,043,924</u>

Please refer to Note 39 and 40 for the collateral of the above bank loans.

22. Corporate Bonds Payable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Domestic secured convertible bonds	\$ -	\$ -	\$ 586
Less: current portion matured in 1 year	-	-	(586)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Domestic secured convertible bonds</u>			

On November 21, 2019, the consolidated company issued 3,000 units with 3-year issuance periods of NTD denominated secured convertible corporate bonds at a coupon rate of 0% with a principal amounted to \$300,000 thousand.

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the consolidated company at \$125 per share. After such conversion price is determined, if there is an increase in the ordinary shares in issue, the conversion price adjustment formula shall be adjusted. On September 24, 2019, the Board of Directors of the consolidated company resolved to issue 3,000 thousand new shares with a par value of \$10 per share for the cash capital increase, with the base date of the capital increase of November 26, 2019, and the conversion price of The Company bonds was adjusted to \$124 per share beginning in the record date of that capital increase. The conversion price of the parent company only Corporate Bonds was adjusted to \$123.3 as per the Adjustment Method on March 18, 2020. The conversion price of the parent company only corporate bonds was adjusted to \$122.8 as per the adjustment formula on August 28, 2020. The conversion price of the parent company only Corporate Bonds was adjusted to \$121.3 as per the Adjustment Method on January 25, 2021. The conversion price of the parent company only Corporate Bonds was adjusted to \$120.7 as per the Adjustment Method on March 17, 2021. The conversion price of the parent company only corporate bonds was adjusted to \$119.1 as per the adjustment method on July 12, 2021. The conversion period was from February 22, 2020 to November 21, 2022. The corporate bonds not converted during the period will be redeemed in cash at par value on November 21, 2022.

From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the closing price of the consolidated company's ordinary shares exceeds 30% of the current conversion price for 30 consecutive business days, the consolidated company may, within 30 business days, delivery a “Notice to call back bonds” due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period; from the day after the issuance of

the convertible corporate bonds for three months to 40 days before the maturity date, if the outstanding balance of the convertible corporate bonds is less than 10% of total initial issue amount, the consolidated company may, at any time after that time, delivery a “Notice to call back bonds” due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period.

On July 13, 2021, the consolidated company exercised the right to recover the bonds in accordance with the issuance and conversion measures, and the base date for recovering the convertible bonds was set at September 1, 2021, which have been fully converted by December 31, 2021.

This convertible corporate bonds comprise a liability and equity component, and the equity component is presented under equity as capital surplus – share option. The equity component is initially recognized at the effective interest rate of 1.76%.

As of June 30, 2021, the bonds have been partially converted at the request of bondholders, and information on conversion is as follows:

	From January 1 to June 30, 2021
Total amount of requested conversion of bonds	\$ 6,600
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	(541)
premium on conversion	6,059
Add: capital surplus – share option	86
Less: discount on corporate bonds payable	(209)
Financial assets at fair value through profit or loss	(12)
Odd lot transferred into other revenue	(1)
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	<u>\$ 5,923</u>

Movements of the master contracts of debt from the issuance date to June 30, 2021 are as follows:

	Amount
Issue proceeds on November 21, 2019 (less transaction costs of \$ 4,411 thousand)	\$ 295,589
Equity components (less transaction cost allocated to equity of \$171)	(11,469)
Derivatives components - redemption rights	<u>570</u>
Liability components on issuance date (Derivatives components - redemption rights)	284,690
Interests calculated at the effective interest rate of 1.76%	3,507
Ordinary shares converted from corporate bonds payable	(110,275)
Liability components on June 30, 2020	<u>\$ 177,922</u>
Liability components on January 1, 2021	\$ 6,967
Interests calculated at the effective interest rate of 1.76%	10
Ordinary shares converted from corporate bonds payable	(6,391)
Liability components on June 30, 2021	<u>\$ 586</u>

23. Note Payables and Trade Payables

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Notes payable</u>			
Arising from operations - unrelated parties	\$ 90	\$ 90	\$ 90
<u>Trade payables</u>			
Arising from operations - unrelated parties	\$ 523,139	\$ 412,025	\$ 367,845
Arising from operations - related parties (Note 38)	\$ 21,769	\$ 18,704	\$ 4,655

The average credit periods of parts of Commodities purchased by the consolidated company are 1 - 3 months, and interests are not added to the trade payables. The consolidated company has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

24. Other Liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Other payables			
Equipment payment payable	\$ 73,466	\$ 303,634	\$ 115,302
Salaries and bonuses payable	134,810	129,847	63,225
Employee compensation payable	40,830	30,211	21,225
Directors and supervisors remuneration payable	19,991	15,987	6,835
Vacation leave payment payable	14,743	15,199	13,130
Interest payable	2,078	2,155	1,175
Dividends payable	167,437	67,278	292,751
Others	187,580	160,389	98,286
	<u>\$ 640,935</u>	<u>\$ 724,700</u>	<u>\$ 611,929</u>
Other payable - related parties (Notes 38)	\$ 930	\$ -	\$ -
<u>Other Liabilities</u>			
Temporary received	\$ 9,401	\$ 535	\$ 301
Received on behalf of others	3,374	3,327	2,284
Others	-	-	453
	<u>\$ 12,775</u>	<u>\$ 3,862</u>	<u>\$ 3,038</u>

25. Provisions

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Warranty	\$ 36	\$ 36	\$ -

Warranty provisions is the present value of the best estimate of the future economic benefits resulted from the consolidated company's management due to warranty obligations according to the agreements of sales contracts of commodities. This estimate is based on the historical experience of warranty and considers the adjustment of new raw materials, changes in manufacturing process, or other factors affecting quality of the products.

26. Benefits after retirement

Employee benefits expense in respect of the Group's defined benefit plans was NT\$32 thousand, NT\$13 thousand, NT\$65 thousand and NT\$27 thousand for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, respectively, and were calculated using the prior year's actuarially determined pension cost discount rate as of December 31, 2022 and 2021, respectively.

27. Equity

a. Ordinary shares

	June 30, 2022	December 31, 2021	June 30, 2021
Nominal shares (in Thousand Shares)	150,000	150,000	100,000
Nominal share capital	\$ 1,500,000	\$ 1,500,000	\$ 1,000,000
Number of shares issued and payments received in full (thousand shares)	84,097	84,097	84,092
Share capital issued	\$ 840,973	\$ 840,973	\$ 840,922

b. Capital surplus

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Used to offset deficit, distribute cash, or replenish share capital (1)</u>			
Premium on issuance of shares	\$ 2,696,145	\$ 2,696,145	\$ 2,696,144
Premium on conversion of convertible corporate bonds	275,497	275,497	274,940
Treasury shares transactions	144,672	103,161	103,161
<u>Not to be used for any purposes</u>			
Employees stock options	55,789	19,803	-
Stock option	-	-	24
	\$ 3,172,103	\$ 3,094,606	\$ 3,074,269

- 1) This type of capital surplus may be used to offset deficit or issue cash or replenish share capital when there are no loss, but share capital replenishment is restricted to the ratio of actual share capital stock each year.

c. Retained Earnings and Dividends Policy

According to the surplus distribution policy of the Company's articles of association, the Company's earning distribution or appropriation for deficits shall be made after the end of the half-year period in a fiscal year. As in the form of new share issuance, the proposal shall be resolved in the shareholders' meeting before the distribution; as in the form of cash, the proposal shall be resolved by the Board of Directors and then reported in the shareholders' meeting.

According to the surplus distribution policy of the company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after the accumulated losses are made up, another 10% shall be allocated as the statutory surplus reserve, and the rest shall be set aside or reversed to special surplus reserves as required by law and order; if there is a balance and accumulated undistributed surplus, the board of directors shall draw up a surplus distribution proposal and submit it to the shareholders' meeting for resolution to distribute dividends and bonuses to shareholders. For the policies on employees' compensation and remuneration of directors and supervisors, which is stipulated in the Company's Articles of Incorporation, please refer to Note 29(7).

The legal reserve shall be allocated until it reaches the balance of the Company's paid-in capital. The legal reserve can be used to offset deficit. When the Company has no loss, the part of the legal capital reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to being appropriated as share capital.

The Company has set aside and reversed the special surplus reserve in accordance with the provisions of Financial Supervisory Securities Letter No. 1010012865 and No. 1090150022. If there is a subsequent reversal of the net reduction of other shareholders' equity, the surplus may be allocated in respect of the reserved portion of the reserved special surplus reserve.

The board of directors of the Company has decided on the surplus distribution plan for the year 2020 as follows:

	<u>From July 1 to December 31, 2020</u>	<u>From January 1 to June 30, 2020</u>
Date of the resolution of the Board of Directors Meeting	March 12, 2021	December 25, 2020
Legal reserve	<u>\$ 32,726</u>	<u>\$ 13,119</u>
Special reserve	<u>(\$ 13,298)</u>	<u>\$ 6,128</u>
Cash dividends	<u>\$ 292,751</u>	<u>\$ 113,879</u>
Cash dividend per share (Dollar)	<u>\$ 3.5</u>	<u>\$ 1.36</u>

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, and the remaining earnings distribution items were also resolved at the regular shareholders' meeting held on July 30, 2021.

The board of directors of the Company has decided on the surplus distribution plan for the year 2021 as follows:

	From July 1 to December 31, 2021	From January 1 to June 30, 2021
Date of the resolution of the Board of Directors Meeting	March 7, 2022	November 5, 2021
Legal reserve	<u>\$ 25,365</u>	<u>\$ 7,463</u>
Special reserve	<u>(\$ 18,728)</u>	<u>(\$ 3,561)</u>
Cash dividends	<u>\$ 167,437</u>	<u>\$ 67,278</u>
Cash dividend per share (Dollar)	<u>\$ 2.0</u>	<u>\$ 0.8</u>

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, and the remaining earnings distribution items were also resolved at the regular shareholders' meeting held on May 27, 2022.

d. Non-controlling interests

	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Beginning Balance	<u>\$ 104,581</u>	<u>\$ 71,526</u>
Net income for the year	<u>35,150</u>	<u>23,490</u>
Ending Balance	<u>\$ 139,731</u>	<u>\$ 95,016</u>

e. Treasury stock

Reason for buy-back	Shares transferred to employees (in Thousand Shares)	Buy-back for Cancellation (in Thousand Shares)	Shares of parent company held by subsidiaries (in Thousand Shares)	Total (in Thousand Shares)
Number of shares on January 1, 2022	449	-	-	449
Decrease for the period	(190)	-	-	(190)
Number of shares on June 30, 2022	<u>259</u>	<u>-</u>	<u>-</u>	<u>259</u>
Number of shares on January 1, 2021	<u>449</u>	<u>-</u>	<u>-</u>	<u>449</u>
Number of shares on June 30, 2021	<u>449</u>	<u>-</u>	<u>-</u>	<u>449</u>

In January 2022, the Company transferred treasury shares to employees with transferred treasury shares of 70 thousand shares at a total buy-back cost of \$2,384 thousand. The record date of the employee shares subscription for these treasury shares was December 27, 2021 and the date to deliver the shares to employees was January 26, 2022.

In June 2022, the Company transferred treasury shares to employees with transferred treasury shares of 120 thousand shares at a total buy-back cost of \$4,086 thousand. The record date of the employee shares subscription for these treasury shares was April 29, 2022 and the date to deliver the shares to employees was June 10, 2022. The Company received NT\$6,470 thousand for the transfer of treasury stock and also recognized capital surplus - treasury shares transaction of NT\$41,511 thousand on the date of share delivery to employees, please refer to Note 32. Treasury shares held by the Company shall not be pledged as collateral in accordance with the Securities and Exchange Act, nor shall it be entitled to dividend distribution and voting rights.

28. Revenue

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Revenue from customer contracts				
Sales Revenue of Commodities	<u>\$ 1,066,043</u>	<u>\$ 604,677</u>	<u>\$ 2,091,445</u>	<u>\$ 1,249,343</u>

a. Explanation of customer contracts

Sales Revenue of Commodities

The sales revenue of commodities comes from the manufacturing of mask packages, its service of design, and the sales of semiconductor related products. Upon shipping of the products, the clients have the right to set prices and to use the merchandise as well as the major responsibility of reselling, and bear the risk of obsolescence. The consolidated company recognizes revenue and trade receivable at that point in time.

b. Balance of contracts

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Trade receivable (Note 10)	<u>\$ 786,744</u>	<u>\$ 626,519</u>	<u>\$ 550,562</u>	<u>\$ 421,004</u>
Contract liabilities – Unearned sales revenue				
Sales of Commodities	<u>\$ 619,770</u>	<u>\$ 459,559</u>	<u>\$ 402,747</u>	<u>\$ 312,532</u>

The contract liabilities from the beginning of the year and from previous periods whose performance obligations were fulfilled were recognized as revenue for the year amounted to \$459,559 thousand.

c. Breakdown of revenue from customer contracts

Please refer to Note 45 for information on the breakdown of revenue.

29. Net income before tax

a. Interest income

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Bank deposits	<u>\$ 730</u>	<u>\$ 398</u>	<u>\$ 878</u>	<u>\$ 532</u>
Imputed interest on deposits	<u>22</u>	<u>25</u>	<u>36</u>	<u>41</u>
	<u>\$ 752</u>	<u>\$ 423</u>	<u>\$ 914</u>	<u>\$ 573</u>

b. Other income

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Rental income				
Investment properties	\$ 9,059	\$ 8,456	\$ 18,120	\$ 17,087
Other rental	<u>488</u>	<u>995</u>	<u>1,667</u>	<u>2,018</u>
	<u>9,547</u>	<u>9,451</u>	<u>19,787</u>	<u>19,105</u>
Dividend income				
Financial assets at fair value through profit or loss	1,432	-	1,432	-
Investments in equity instruments at fair value through other comprehensive income	<u>25,209</u>	<u>-</u>	<u>25,209</u>	<u>-</u>
	<u>26,641</u>	<u>-</u>	<u>26,641</u>	<u>-</u>
Others	<u>1,288</u>	<u>370</u>	<u>3,639</u>	<u>659</u>
	<u>\$ 37,476</u>	<u>\$ 9,821</u>	<u>\$ 50,067</u>	<u>\$ 19,764</u>

c. Other gains and (losses)

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Gain or loss of financial assets and financial liabilities				
Financial assets mandatorily classified as at fair value through profit or loss	(\$ 7,973)	\$ 180	(\$ 10,763)	\$ 320
Net gain (loss) on foreign exchange	13,058	(4,429)	28,973	(3,791)
Gain on disposal of property, plant and equipment	51	285	897	422
Gain on disposal of subsidiaries (Note 33)	54,936	-	54,936	-
Gain on lease amendment	-	-	-	21
Others	(<u>2</u>)	(<u>1,177</u>)	(<u>33</u>)	(<u>1,262</u>)
	<u>\$ 60,070</u>	<u>(\$ 5,141)</u>	<u>\$ 74,010</u>	<u>(\$ 4,290)</u>

d. Finance costs

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Interest on bank loans	\$ 13,470	\$ 4,374	\$ 29,256	\$ 8,796
Interest on convertible corporate bonds	-	3	-	10
Interest on lease liabilities	182	206	412	390
Imputed interest on deposits	5	5	10	7
Other interest expenses	-	536	34	1,104
Less: Amount included in the cost of key assets	(<u>1,415</u>)	(<u>1,762</u>)	(<u>7,240</u>)	(<u>1,762</u>)
	<u>\$ 12,242</u>	<u>\$ 3,362</u>	<u>\$ 22,472</u>	<u>\$ 8,545</u>

Information on interest capitalization is as follows:

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Amount of capitalized interest	\$ 1,415	\$ 1,762	\$ 7,240	\$ 1,762
Capitalized interest rate	1.3%	0.8%-1.23%	1.3%	0.8%-1.23%

e. Depreciation and amortization expenses

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Depreciation expenses summarized by function				
Operating costs	\$ 37,950	\$ 27,904	\$ 75,734	\$ 57,548
Operating expenses	<u>16,515</u>	<u>12,852</u>	<u>33,595</u>	<u>24,432</u>
	<u>\$ 54,465</u>	<u>\$ 40,756</u>	<u>\$ 109,329</u>	<u>\$ 81,980</u>
Amortization expenses summarized by function				
Operating costs	\$ 2,013	\$ 1,750	\$ 3,915	\$ 2,517
Operating expenses	<u>3,656</u>	<u>2,723</u>	<u>7,249</u>	<u>5,538</u>
	<u>\$ 5,669</u>	<u>\$ 4,473</u>	<u>\$ 11,164</u>	<u>\$ 8,055</u>

f. Employee benefits expenses

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Benefits after retirement				
Defined contribution plans	\$ 4,894	\$ 3,604	\$ 9,526	\$ 7,061
Defined benefit plans (Note 26)	<u>32</u>	<u>13</u>	<u>65</u>	<u>27</u>
	4,926	3,617	9,591	7,088
Share-based payment				
Equity settlement	77,497	-	77,497	-
Other employee benefits	<u>211,196</u>	<u>137,537</u>	<u>440,374</u>	<u>266,955</u>
Total employee benefit expenses	<u>\$ 293,619</u>	<u>\$ 141,154</u>	<u>\$ 527,462</u>	<u>\$ 274,043</u>
Summarized by function				
Operating costs	\$ 95,468	\$ 52,201	\$ 185,291	\$ 104,011
Operating expenses	<u>198,151</u>	<u>88,953</u>	<u>342,171</u>	<u>170,032</u>
	<u>\$ 293,619</u>	<u>\$ 141,154</u>	<u>\$ 527,462</u>	<u>\$ 274,043</u>

g. Remunerations of employees, directors and supervisors

The Company allocates the employees' compensation and remuneration of directors and supervisors for not less than 3% and not more than 3%, respectively, of the income before tax before deducting the distributed the employees' compensation and the remuneration of directors and supervisors in the current year. The employees' compensation and remuneration of directors and supervisors for the six months ended June 30, 2022 and 2021, were as follows:

Estimated ratio

	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Employees' compensation	5%	5%
Remuneration of directors and supervisors	3%	3%
<u>Amount</u>		

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Employees' compensation	\$ 16,076	\$ 2,794	\$ 28,923	\$ 4,590
Remuneration of directors and supervisors	\$ 9,646	\$ 1,677	\$ 17,354	\$ 2,754

If there is any change in the amount after the date of issuance of the annual consolidated financial statements, it shall be treated according to the change in accounting estimates and adjusted and recorded in the next year.

The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which were approved by the Board of Directors on March 7, 2022 and March 12, 2021, respectively, were as follows:

Amount

	2021		2020	
	Cash	Stock	Cash	Stock
Employees' compensation	\$ 19,042	\$ -	\$ 30,944	\$ -
Remuneration of directors and supervisors	13,285	-	18,565	-

There was no difference between the actual amount paid of employees' compensation and remuneration of directors and supervisors for the year ended December 31, 2021 and 2020 and the amount recognized in the consolidated financial statements for the year ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

30. Income tax

a. Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Current income tax				
Incurred for the period	\$ 46,542	\$ 12,775	\$ 97,453	\$ 24,022
Adjustments for prior years	(20,003)	206	(20,003)	206
	<u>26,539</u>	<u>12,981</u>	<u>77,450</u>	<u>24,228</u>
Deferred income tax				
Incurred for the period	(2,436)	(2,599)	(1,412)	(2,372)
Income tax expense recognized in profit or loss	<u>\$ 24,103</u>	<u>\$ 10,382</u>	<u>\$ 76,038</u>	<u>\$ 21,856</u>

b. Income tax assessments

The annual income tax return of a profit-seeking enterprise of the Company, Gudeng Automation, Gudeng Venture, We Solutions, Jia Shuo and Showa have been assessed by the tax authorities, through the 2020 annual income tax return of a profit-seeking enterprise.

31. Earnings per Share

Weighted average of ordinary shares and earnings used for calculating earnings per share are as follows:

Net income for the year

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Net income used for calculating basic earnings per share	\$ 283,698	\$ 44,898	\$ 477,753	\$ 74,623
Impacts of potential ordinary shares with dilution effect:				
Interests on convertible corporate bonds and gain or loss on valuation of conversion options	_____ -	_____ 2	_____ -	_____ -
Net income used for calculating diluted earnings per share	<u>\$ 283,698</u>	<u>\$ 44,900</u>	<u>\$ 477,753</u>	<u>\$ 74,623</u>

Number of Shares

Unit: Thousand shares

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Weighted average of ordinary shares used for calculating basic earnings per share	83,838	83,643	83,721	83,637
Impacts of potential ordinary shares with dilution effect:				
Employees' compensation Convertible corporate bonds	135 _____ -	17 _____ 5	161 _____ -	54 _____ -
Weighted average of ordinary shares used for calculating dilutive earnings per share	<u>83,973</u>	<u>83,665</u>	<u>83,882</u>	<u>83,691</u>

If the consolidated company has the option to issue the employee bonus in stocks or cash when calculating the diluted earnings per share, it is assumed that the employee bonus will adopt the method of issuing stocks, and the weighted average number of outstanding shares will be included in the calculation of diluted earnings per share when the potential ordinary shares are diluted. While determining diluted earnings per share before distributing shares to employees as compensations in the following year, dilutive effects of such potential ordinary shares should still be considered.

32. Share-based Payment Agreement

a. The first transfer of treasury shares to employees in 2021

The regulations of transfer of treasury shares of the Company were approved by the Board of Directors on March 23, 2019, pursuant to which the employees are entitled to subscribe for such shares, and was considered and approved by the Remuneration Committee on December 27, 2021 to purchase 70 thousand of treasury shares at the subscription price of \$34.05. Recipients include employees that meet specific conditions within the Company.

The information on employee share options of treasury shares is as follows:

Employee share options of treasury shares	From January 1 to June 30, 2022	
	Unit (Thousands)	Weighted-Average Exercise price (NT\$)
Outstanding at the beginning of the period	70	\$ 34.05
Granted for the period	-	-
Exercised for the period	(70)	34.05
Outstanding at the end of the period	-	
Weighted-average fair value of the employee share options of treasury shares granted for the period (NT\$)	\$ -	

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	Treasury shares transferred to employees
Number of Shares	70 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT\$317
Exercised price	NT\$34.05
Expected Volatility	50.64%
Duration	12 days
Risk-free Interest Rate	0.24%
Cost of compensation recognized for the year ended December 31, 2021 amounted to \$19,803 thousand.	

b. The first transfer of treasury shares to employees in 2022

The regulations of transfer of treasury shares of the Company were approved by the Board of Directors on March 23, 2019, pursuant to which the employees are entitled to subscribe for such shares, and was considered and approved by the Remuneration Committee on April 29, 2022 to purchase 120 thousand of treasury shares at the subscription price of \$34.05. Recipients include employees that meet specific conditions within the Company.

The information on employee share options of treasury shares is as follows:

Employee share options of treasury shares	From January 1 to June 30, 2022	
	Unit (Thousands)	Weighted-Average Exercise price (NT\$)
Outstanding at the beginning of the period	-	\$ -
Granted for the period	120	34.05
Exercised for the period	(120)	34.05
Outstanding at the end of the period	<u>-</u>	
Weighted-average fair value of the employee share options of treasury shares granted for the period (NT\$)	<u>\$ 180.9</u>	

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	Treasury shares transferred to employees
Number of Shares	120 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT\$215
Exercised price	NT\$34.05
Expected Volatility	48.16%
Duration	20 days
Risk-free Interest Rate	0.44%
Cost of compensation recognized for the six months ended June 30, 2022 amounted to NT\$21,708 thousand.	

c. The second transfer of treasury shares to employees in 2022

The regulations of transfer of treasury shares of the Company were approved by the Board of Directors on March 23, 2019, pursuant to which the employees are entitled to subscribe for such shares, and was considered and approved by the Remuneration Committee on May 27, 2022 to purchase 259 thousand of treasury shares at the subscription price of \$34.05. Recipients include employees that meet specific conditions within the Company.

The information on employee share options of treasury shares is as follows:

Employee share options of treasury shares	From January 1 to June 30, 2022	
	Unit (Thousands)	Weighted-Average Exercise price (NT\$)
Outstanding at the beginning of the period	-	\$ -
Granted for the period	259	34.05
Exercised for the period	(259)	34.05
Outstanding at the end of the period	<u>-</u>	
Weighted-average fair value of the employee share options of treasury shares granted for the period (NT\$)	<u>\$ 215.4</u>	

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	Treasury shares transferred to e m p l o y e e s
Number of Shares	259 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT\$249.5
Exercised price	NT\$34.05
Expected Volatility	43.17%
Duration	22 days
Risk-free Interest Rate	0.52%
Cost of compensation recognized for the six months ended June 30, 2022 amounted to NT\$55,789 thousand.	

33. Disposal of subsidiaries

The consolidated company signed an agreement of 100% equity transfer of Wu Jiang Start-up with Jiaxing Fengmiao Trading Co., Ltd. and Suzhou Chengfeng Trading Co., Ltd., and completed the equity transfer on April 25, 2022, losing control over Wu Jiang Start-up since then.

a. Consideration received

	<u>Wu Jiang Start-up</u>
Cash and cash equivalents	\$ 211,145
Total consideration received	<u>\$ 211,145</u>

b. Analysis of assets and liabilities upon losing control

	<u>Wu Jiang Start-up</u>
Current assets	
Cash and cash equivalents	\$ 3,016
Net trade receivables (including loss allowance of NT\$25 thousand)	2,505
Other receivables	212
Inventories	83,737
Prepayments	24,969
Other current assets	20
Non-current assets	
Property, Plant and Equipment	33,836
Right-of-use assets	21,610
Goodwill	49,961
Other non-current assets	7,749
Refundable deposits	5,216

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	<u>Wu Jiang Start-up</u>
Current liabilities	
Short-term borrowings	(\$ 60,668)
Other payables	(3,244)
Prepayments	(12,241)
Guarantee deposits	(469)
Net assets disposed of	<u>\$ 156,209</u>
c. Gain on disposal of subsidiaries	
	<u>Wu Jiang Start-up</u>
Consideration received	\$ 211,145
Net assets disposed of	(156,209)
Gain on disposal of subsidiaries	<u>\$ 54,936</u>
d. Net cash inflow from disposal of subsidiaries	
	<u>Wu Jiang Start-up</u>
Consideration received in cash and cash equivalents	\$ 211,145
Less: cash and cash equivalent balances disposed of	(3,016)
Net cash inflow from disposal of subsidiaries	<u>\$ 208,129</u>

34. Equity transactions with non-controlling interests

On October 1, 2021, the consolidated company did not acquired shares of Gudeng Automation in proportion to the shareholding ratio resulting in an increase on the shareholding ratio from 50.87% to 50.93%.

As the above-mentioned transaction for the year ended December 31, 2021 did not change the control over the subsidiary, the consolidated company treated the transaction as an equity transaction.

	<u>(October 1, 2021)</u> <u>Gudeng Automation</u>
Cash consideration paid	(\$ 169)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	<u>114</u>
Difference in equity transactions	(<u>\$ 55</u>)
<u>Adjustment account for difference in equity transactions</u>	
Unappropriated earnings	(<u>\$ 55</u>)

35. Information on cash flows

Non-cash Transactions

For the six months ended June 30, 2022 and 2021, the consolidated company conducted the following financing activities in non-cash transactions:

The cash dividend for 2021 and the second half of 2020 of the Company approved by the Board of Directors has not been distributed as of June 30, 2022 and 2021 (refer to Notes 24 and 27).

36. Capital Risk Management

The consolidated company is currently in stable operations, and it conducts management of risks in capital to ensure that it would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders' equity.

The consolidated company adopts a prudent risk management strategy which is reviewed on a regular basis and makes overall planning in accordance with its business development strategies and operational requirements to determine the appropriate capital structure of the consolidated company.

37. Financial instruments

- a. Fair value information - financial instruments not measured at fair value

The carrying amounts of financial assets and financial liabilities not measured at fair value, except for the following table, are considered to be close to the fair value by the management of the consolidated company.

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

- 1) Fair Value Hierarchy

June 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Domestic publicly traded shares	\$ 37,761	\$ -	\$ -	\$ 37,761
Structured deposits	-	31,073	-	31,073
Total	<u>\$ 37,761</u>	<u>\$ 31,073</u>	<u>\$ -</u>	<u>\$ 68,834</u>
<u>Financial assets at fair value</u> <u>through other</u> <u>comprehensive income</u>				
Investments in equity instruments				
— Domestic publicly traded shares	\$ 83,815	\$ 226,835	\$ -	\$ 310,650
— Domestic non-publicly traded shares	-	-	65,273	65,273
	<u>\$ 83,815</u>	<u>\$ 226,835</u>	<u>\$ 65,273</u>	<u>\$ 375,923</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Domestic publicly traded shares	\$ 28,747	\$ -	\$ -	\$ 28,747
Structured deposits	-	21,720	-	21,720
Total	<u>\$ 28,747</u>	<u>\$ 21,720</u>	<u>\$ -</u>	<u>\$ 50,467</u>
<u>Financial assets at fair value</u> <u>through other</u> <u>comprehensive income</u>				
Investments in equity instruments				
— Domestic publicly traded shares	\$ -	\$ 378,886	\$ -	\$ 378,886
— Domestic non-publicly traded shares	-	-	65,273	65,273
	<u>\$ -</u>	<u>\$ 378,886</u>	<u>\$ 65,273</u>	<u>\$ 444,159</u>

June 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Derivatives	\$ -	\$ -	\$ 2	\$ 2
Domestic publicly traded shares	9,910	-	-	9,910
Structured deposits	-	12,927	-	12,927
Total	<u>\$ 9,910</u>	<u>\$ 12,927</u>	<u>\$ 2</u>	<u>\$ 22,839</u>
<u>Financial assets at fair value</u> <u>through other</u> <u>comprehensive income</u>				
Investments in equity instruments				
— Domestic non-publicly traded shares	\$ -	\$ -	\$ 47,314	\$ 47,314

2) Valuation techniques and inputs applied to Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Classification	
Structured deposits	Discounted cash flow: future cash flows are estimated based on end-of-period observable interest rates, discounted at market rates.
Domestic publicly traded securities	Private equity investments of the consolidated company are financial commodities that have an active market but cannot be sold subject to a lock-up period, and the consolidated company determines the fair value of such financial commodities based on the relevant market price.

There was no transfer between Level 1 and Level 2 fair value measurements for the periods ended June 30, 2022 and 2021.

3) Reconciliation of financial instruments at Level 3 fair value measurement

From January 1 to June 30, 2022

Financial assets	Equity instruments on financial assets at fair value through other comprehensive income
Beginning Balance	\$ 65,273
Addition	33,970
Transfers out of Level 3	(33,970)
Ending Balance	<u>\$ 65,273</u>

Change of unrealized loss in the current
period related to assets held by the
end of the period and recognized as
gains and losses

\$ -

From January 1 to June 30, 2021

Financial assets	Derivatives at fair value through profit or loss	Equity instruments on financial assets at fair value through other comprehensive income	Total
Beginning Balance	\$ 48	\$ 47,314	\$ 47,362
Recognized in profit or loss (Other gain and loss)	(34)	-	(34)
Conversion	(12)	-	(12)
Ending Balance	<u>\$ 2</u>	<u>\$ 47,314</u>	<u>\$ 47,316</u>

Change of unrealized
loss in the current
period related to
assets held by the
end of the period
and recognized as
gains and losses

(\$ 34)

\$ -

(\$ 34)

4) Valuation techniques and inputs applied to Level 3 fair value measurement

- (1) The fair value of no publicly quoted shares is determined by using the market-based method of valuation – price-to-earnings ratio and share-price-to-net ratio to reasonably assess the fair value.
- (2) Derivatives – the fair value of redemption of options of convertible corporate bonds were estimated by the binary tree model for convertible

corporate bonds valuation, and the significant unobservable inputs used are stock price volatility. When share price volatility increases, the fair value of these derivatives will increase.

c. Classification of financial instruments

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	\$ 68,834	\$ 50,467	\$ 22,839
Financial assets at amortized cost (Note 1)	3,115,775	2,383,370	2,382,246
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	375,923	444,159	47,314
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	4,934,718	4,385,232	3,127,201
Note 1: The balance refers to financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivable, financial assets at amortized cost, other receivables (including related parties), and refundable deposits.			
Note 2: The balance refers to the financial liabilities measured at amortized cost, including short-term borrowings, note payables, trade payables (including related parties), other payables (including related parties), guarantee deposits, current portion of long-term borrowings and corporate bonds payables, and long-term borrowings.			

d. Objectives and policy of financial risk management

The consolidated company's main financial instruments include equity instrument investment, trade receivables, trade payables, corporate bonds payables, and borrowings. The above financial instruments are subject to financial risk, (including foreign exchange rates, interest rates and other price risks), credit risk and liquidity risk in relation to operations.

1) Market Risks

The consolidated company's activities expose it primarily to the financial risks of changes in foreign exchange rates (see (1) below) and the changes in interest rates (see (2) below).

There is no change in the consolidated company's exposure to market risks of financial instruments and how such exposure is managed and measured.

(1) Exchange Rate Risks

Several subsidiaries of the Company's sales and purchase transactions are denominated in foreign currency; as a consequence, the consolidated company is exposed to the risk of fluctuation in the exchange rate.

Please refer to Note 43 for the carrying amount of monetary assets and monetary liabilities of the consolidated company denominated in non-functional currencies on the balance sheet date (including monetary items denominated in a non-functional currency in the consolidated financial statements).

Sensitivity analysis

The consolidated company is mostly affected by the fluctuation of the USD and JPY exchange rate.

The following table details the sensitivity analysis of the consolidated company when the exchange rate of the New Taiwan dollar (functional currency) increases and decreases by 1% against the relevant foreign currencies. A sensitivity rate of 1% is used internally when reporting to management from the group on exchange rate risks. It represents management's assessment on reasonably possible scope of foreign exchange rates.

	Effect of USD currency			Effect of JPY currency			Effect of JPY currency	
	From January 1 to June 30, 2022	From January 1 to June 30, 2021		From January 1 to June 30, 2022	From January 1 to June 30, 2021		From January 1 to June 30, 2022	From January 1 to June 30, 2021
Gains and losses	\$ 5,379	\$ 2,688	(i)	\$ 176	\$ 24	(ii)	(\$ 207)	(\$ 115) (iii)

- (i) It is mainly derived from USD-denominated bank deposits, receivables, and payables that are still outstanding on the balance sheet date of the consolidated company without cash flow hedging.
- (ii) It is mainly derived from JPY-denominated receivables and payables that are still outstanding on the balance sheet date of the consolidated company without cash flow hedging.
- (iii) It is mainly derived from RMB-denominated bank deposits, receivables, and payables that are still outstanding on the balance sheet date of the consolidated company without cash flow hedging.

(2) Interest Rate Risks

The entities of the consolidated company have been exposed to interest rate risk through its fixed and floating-rate borrowings.

The carrying amounts of the consolidated company's financial assets and financial liabilities subject to interest rate exposure on the balance sheet date are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
With interest rate risk			
of fair value			
– Financial assets	\$ 25,000	\$ 20,000	\$ 20,000
– Financial liabilities	45,606	48,236	53,544
Interest rate risk with			
cash flows			
– Financial assets	2,246,891	1,700,371	1,767,606
– Financial liabilities	3,741,394	3,222,445	2,133,872

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments on the balance sheet date. For floating rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the balance sheet date is circulated during the reporting period. The rate of change used internally in reporting interest rates to the management from the group is the 0.25% increase or decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

If the interest rate increased/ decreased by 25% and all other variables were held constant, the consolidated company's net income before tax for the periods ended June 30, 2022 and 2021 would have decreased/ increased by NT\$1,868 thousand and NT\$458 thousand.

(3) Other Price Risks

The consolidated company has equity price exposure arising from the investments in equity securities, and the management of the consolidated

company manage the risks by holding different risk investment portfolios.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the balance sheet date.

If the monetary fund price increased/ decreased by 10%, income before tax for the periods ended June 30, 2022 and 2021 would have increased/ decreased by \$3,776 thousand and \$991 thousand, respectively, due to an increase/ decrease in the fair value of financial assets at fair value through profit or loss. The pre-tax other comprehensive income for the periods ended June 30, 2022 and 2021 would have increased/ decreased by \$37,592 thousand and \$4,731 thousand, due to an increase/ decrease in fair value of financial assets at fair value through other comprehensive income.

The increased sensitivity of the consolidated company to price risk during this period was mainly due to its participation in the private subscription of publicly traded shares.

2) Credit Risks

Credit risk refers to the risk of financial loss of the Group caused by the counterparty's default of contractual obligations. As of the balance sheet date, the consolidated company's maximum credit risk exposure that may cause financial losses due to the failure of the counterparty to fulfill the obligation and the financial guarantee provided by the consolidated company is mainly from:

- (1) The carrying amount of financial assets recognized in the Consolidated Balance Sheets.
- (2) The amount of contingent liabilities generated from providing a financial guarantee by the consolidated company.

The policies adopted by the consolidated company are to trade only with well-reputed counterparties, and, as it is necessary, sufficient collateral must be obtained to reduce the risk of financial losses. To mitigate the credit risk, the management of the consolidated company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the consolidated company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the consolidated company's credit risk is significantly reduced. Therefore, the credit risk is limited.

The consolidated company's credit risks are concentrated on the biggest client, and the ratio of trade receivables from the above-mentioned client as of June 30, 2022, December 31, 2021 and June 30, 2021 were 35%, 56% and 23%, respectively.

3) Liquidity Risks

The consolidated company manages and maintains sufficient positions in cash and cash equivalents to support the Group's operations and to mitigate the impact of cash flow fluctuations. The management of the consolidated company supervises the use of the bank's financing line and ensures compliance with the terms of the loans contract.

The bank loans are an important source of liquidity for the consolidated company. Please refer to the following (2) description of financing lines for the unused financing lines of the consolidated company as of June 30, 2022, December 31, 2021 and June 30, 2021.

(1) Liquidity of non-derivative financial liabilities

The remaining contractual maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities based on the earliest date on which the consolidated company can be required to pay. Therefore, the consolidated company's bank borrowings with repayment on demand clause are included in the earliest duration in below table regardless of the probability of the banks choosing to exercise their rights immediately. The analysis of maturity dates for other non-derivative financial liabilities is based on the agreed repayment dates.

June 30, 2022

	Less than 1 year	1 to 2 years	2 to 3 years	3 years and above	Total
<u>Non-derivative financial liabilities</u>					
Notes payable	\$ 90	\$ -	\$ -	\$ -	\$ 90
Trade payables	544,908	-	-	-	544,908
Other payables	639,787	-	-	-	639,787
Lease liabilities	22,310	14,882	7,317	4,112	48,621
Guarantee deposits	-	8,539	-	-	8,539
Other current liabilities	12,775	-	-	-	12,775
Borrowings	377,998	201,718	220,769	2,940,909	3,741,394
	<u>\$ 1,597,868</u>	<u>\$ 225,139</u>	<u>\$ 228,086</u>	<u>\$ 2,945,021</u>	<u>\$ 4,996,114</u>

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

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above
Lease liabilities	<u>\$ 22,310</u>	<u>\$ 14,882</u>	<u>\$ 7,317</u>	<u>\$ 4,112</u>	<u>\$ -</u>

December 31, 2021

	Less than 1 year	1 to 2 years	2 to 3 years	3 years and above	Total
<u>Non-derivative financial liabilities</u>					
Notes payable	\$ 90	\$ -	\$ -	\$ -	\$ 90
Trade payables	430,729	-	-	-	430,729
Other payables	722,545	-	-	-	722,545
Lease liabilities	21,344	13,441	7,633	6,724	49,142
Guarantee deposits	-	9,423	-	-	9,423
Other current liabilities	3,862	-	-	-	3,862
Borrowings	346,542	162,747	185,135	2,528,021	3,222,445
	<u>\$ 1,525,112</u>	<u>\$ 185,611</u>	<u>\$ 192,768</u>	<u>\$ 2,534,745</u>	<u>\$ 4,438,236</u>

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

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above
Lease liabilities	<u>\$ 21,344</u>	<u>\$ 13,441</u>	<u>\$ 7,633</u>	<u>\$ 6,724</u>	<u>\$ -</u>

June 30, 2021

	Less than 1 year	1 to 2 years	2 to 3 years	3 years and above	Total
<u>Non-derivative financial liabilities</u>					
Notes payable	\$ 90	\$ -	\$ -	\$ -	\$ 90
Trade payables	372,500	-	-	-	372,500
Other payables	610,754	-	-	-	610,754
Lease liabilities	21,829	18,757	10,955	9,028	60,569
Guarantee deposits	-	1,223	8,176	-	9,399
Other current liabilities	3,038	-	-	-	3,038
Borrowings	89,948	35,594	31,311	1,977,019	2,133,872
Convertible corporate bonds	600	-	-	-	600
	<u>\$ 1,098,759</u>	<u>\$ 55,574</u>	<u>\$ 50,442</u>	<u>\$ 1,986,047</u>	<u>\$ 3,190,822</u>

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

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above
Lease liabilities	<u>\$ 21,829</u>	<u>\$ 18,757</u>	<u>\$ 10,955</u>	<u>\$ 9,028</u>	<u>\$ -</u>

(2) Financing line

	June 30, 2022	December 31, 2021	June 30, 2021
Credit line of unsecured bank overdraft (to be extended with agreement between two parties)			
Amount used	\$ 409,390	\$ 245,000	\$ 165,000
Amount unused	962,610	620,000	350,000
	<u>\$ 1,372,000</u>	<u>\$ 865,000</u>	<u>\$ 515,000</u>
Credit line of secured bank loans (to be extended with agreement between two parties)			
Amount used	\$ 3,724,400	\$ 3,246,400	\$ 2,173,400
Amount unused	200,000	705,000	1,273,000
	<u>\$ 3,924,400</u>	<u>\$ 3,951,400</u>	<u>\$ 3,446,400</u>

38. Unrelated parties transaction

Transactions, balances, income and expenses between the Company and its subsidiaries (related parties of the Company) are eliminated in full on consolidation and therefore are not disclosed in this note. Transactions between the consolidated company and other related parties are as follows:

a. Name and relationship of Related party

Name of related party	Relationship with the consolidated company
Jin Peng Investment Co., Ltd. (hereinafter "Jin Peng")	Substantial related party
Sheng Jie Investment Co., Ltd. (hereinafter "Sheng Jie")	Substantial related party
Yun Sheng Investment Co., Ltd. (hereinafter "Yun Sheng")	Substantial related party
Onore King Taiwan International Marketing Co., Ltd. (hereinafter "Onore King")	Substantial related party
JIN HUI Technology Co., Ltd. (hereinafter "JIN HUI")	Associates

b. Purchase

Item	Name of related party	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Cost of goods sold (including processing fee)	JIN HUI	\$ 18,214	\$ 5,330	\$ 30,410	\$ 8,554

c. Receivables from related parties (excluding loans to related parties)

Item	Name of related party	June 30, 2022	December 31, 2021	June 30, 2021
Other receivables -Related party	JIN HUI	\$ 35	\$ 16	\$ 16

d. Prepayments

Item	Name of related party	June 30, 2022	December 31, 2021	June 30, 2021
Advance payment	JIN HUI	\$ -	\$ -	\$ 1,311

e. Lease agreements as a lessee

Lease expenses

Lessor	Underlying subject	Rental and Payment Method of Rent	Lease expenses			
			From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Sheng Jie	Employee dorm	The monthly rents range from NT\$11 thousand to NT\$23 thousand per room, and the rents are paid monthly.	\$ 348	\$ 348	\$ 697	\$ 686
Jin Peng	Employee dorm	The monthly rents range from NT\$7 thousand to NT\$8 thousand per room, and the rents are paid monthly.	\$ -	\$ -	\$ -	\$ 24
Yun Sheng	Warehouse	The monthly rent of warehouse is NT\$150 thousand, and the rent is paid monthly.	\$ 450	\$ -	\$ 450	\$ -

f. Lease agreements as a lessor

1. Other prepayments (recognized as contract liabilities) are summarized as follows:

Name of related party	June 30, 2022	December 31, 2021	June 30, 2021
Sheng Jie	\$ 6	\$ -	\$ 6
Yun Sheng	6	-	6
Jin Peng	6	-	6
Onore King	4	-	-
	\$ 22	\$ -	\$ 18

2. The total amount of lease payments received in the future is summarized as follows:

Name of related party	June 30, 2022	December 31, 2021	June 30, 2021
Sheng Jie	\$ 6	\$ 8	\$ 2
Yun Sheng	6	8	2
Jin Peng	6	8	2
Onore King	4	-	-
	<u>\$ 22</u>	<u>\$ 24</u>	<u>\$ 6</u>

3. Guarantee deposits is summarized as follows:

Name of related party	June 30, 2022	December 31, 2021	June 30, 2021
Sheng Jie	\$ 2	\$ 2	\$ 2
Yun Sheng	2	2	2
Jin Peng	2	2	2
	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 6</u>

4. Rental income is summarized as follows:

Lessee	Underlying subject	Rental and Payment Method of Rent	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Sheng Jie	Office	Rent amounted to \$1 thousand per month with monthly payment.	\$ 3	\$ 3	\$ 6	\$ 6
Yun Sheng	Office	Rent amounted to \$1 thousand per month with monthly payment.	3	3	6	6
Jin Peng	Office	Rent amounted to \$1 thousand per month with monthly payment.	3	3	6	6
Onore King	Office	Rent amounted to \$1 thousand per month with monthly payment.	3	-	8	-
			<u>\$ 12</u>	<u>\$ 9</u>	<u>\$ 26</u>	<u>\$ 18</u>

- g. Payable to related party (excluding loans to related parties)

Item	Name of related party	June 30, 2022	December 31, 2021	June 30, 2021
Trade payable - related parties	JIN HUI	<u>\$ 21,769</u>	<u>\$ 18,704</u>	<u>\$ 4,655</u>
Other payable - related parties	Yun Sheng	<u>\$ 930</u>	<u>\$ -</u>	<u>\$ -</u>

The outstanding balance of payables to related parties is not collateralized.

h. Other Related Party Transactions

Item	Name of related party	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Other income	JIN HUI	\$ 48	\$ 15	\$ 73	\$ 15

i. Remuneration of key management

	From April 1 to June 30, 2022	From April 1 to June 30, 2021	From January 1 to June 30, 2022	From January 1 to June 30, 2021
Short-term employee benefits	\$ 10,995	\$ 15,631	\$ 49,640	\$ 44,810

The remuneration of directors and other members of key management, was determined by the remuneration committee based on the individual performance and market trends.

39. Pledged Assets

The following assets were pledged as collateral for financing loans:

	June 30, 2022	December 31, 2021	June 30, 2021
Pledged time deposits (recognized as financial assets measured at amortized cost - current)	\$ 11,500	\$ 11,500	\$ 2,000
Pledged deposits (recognized as financial assets measured at amortized cost - non-current)	2,542	2,542	2,542
Inventories	-	35,200	33,677
Self-owned land	984,188	2,311,490	1,983,110
Buildings, net	484,688	492,665	510,777
Investment properties	1,938,924	599,959	604,235
	<u>\$ 3,421,842</u>	<u>\$ 3,453,356</u>	<u>\$ 3,136,341</u>

40. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those disclosed in other notes, significant commitments and contingencies of the consolidated company on the balance sheet date are as follows:

a. Significant Commitments

- 1) As of June 30, 2022, guarantee notes issued by the consolidated company for financing facilities applied from financial institutions (including long-term and short-term borrowings) amounted to NT\$264,900 thousand.
- 2) As of June 30, 2022, the guarantee notes issued by the consolidated company for application of research grants amounted to NT\$27,000 thousand.
- 3) As of June 30, 2022, guarantee notes received by the consolidated company for the outsourced construction works amounted to NT\$156,435 thousand.

- 4) The consolidated company has contracted with various manufacturers to purchase equipment. The total contract price is NT\$513,452 thousand. As of June 30, 2022, it has paid NT\$322,213 thousand (prepaid equipment payment), and the remaining NT\$191,239 thousand has not been paid.

b. Contingency

Entegris Inc. in the US filed a confirmation lawsuit with the Intellectual Property Court of the Intellectual Property and Commercial Court on the grounds that the Company's patent of Republic of China No. I238804 was invalid. The Company received the copy of the complaint on November 30, 2021 and was aware of the case. A lawyer has been appointed to deal with it; in order to safeguard the "validity of the patent in dispute" and the "company rights and interests", it has filed a lawsuit of penalty for damages and others for damages caused by infringement of the Company's patent rights due to Entegris Inc. and others in Intellectual Property and Commercial Courts. This case has not yet been certain, and it has no significant impact on the operation of finance and business sales function through evaluation.

41. Other Matters

The impact of the COVID-19 pandemic on the consolidated company is assessed as follows:

Assumption to continue as a going concern:

The consolidated company's primary business is the manufacturing and trading of semiconductor mask and wafer carrier, due to the substantial demand from the conversion of semiconductor EUV production process from semiconductor manufacturers, the product revenue remains robust and profitability of the products is steady. Therefore, COVID-19 pandemic has no significant impact on the assumption of the consolidated company's ability to continue as a going concern.

42. Significant Events after the Balance Sheet Date

The third issue of the consolidated company's domestic unsecured convertible corporate bonds was resolved by the Board of Directors on April 29, 2022, and the conversion price was set at NT\$231.4 per share, with June 29, 2022 as the base date for setting the conversion price. The unsecured convertible corporate bonds were issued on July 7, 2022 and will mature on July 7, 2025. The total number of bonds issued was 10,000, each with a face value of NT\$100 thousand, and the bonds were expected to raise NT\$1 billion. The issue was declared effective on May 25, 2022 by Financial-Supervisory-Securities-Corporate-1110342692 letter issued by the FSC and the proceeds were fully collected on July 5, 2022.

43. Information on Foreign Currency Assets and Liabilities with Significant Effect

The following information is summarized and expressed in foreign currencies other than the functional currency of each entity of the consolidated company, and the disclosed exchange rate refers to the exchange rate converted from such foreign currencies to the functional currency. Foreign currency assets and liabilities with significant influence are as follows:

June 30, 2022

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 25,904	29.72 (USD:NTD)	\$ 769,867
JPY	116,638	0.2182 (JPY:NTD)	25,450
RMB	33	4.439 (RMB:NTD)	146
			<u>\$ 795,463</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	7,804	29.72 (USD:NTD)	\$ 231,935
JPY	35,865	0.2182 (JPY:NTD)	7,826
RMB	4,704	4.439 (RMB:NTD)	20,881
			<u>\$ 260,642</u>

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 19,777	27.68 (USD:NTD)	\$ 547,427
JPY	42,510	0.2405 (JPY:NTD)	10,224
RMB	16	4.344 (RMB:NTD)	70
			<u>\$ 557,721</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	5,780	27.68 (USD:NTD)	\$ 159,990
JPY	34,495	0.2405 (JPY:NTD)	8,296
RMB	4,350	4.344 (RMB:NTD)	18,896
			<u>\$ 187,182</u>

June 30, 2021

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 13,311	27.86 (USD:NTD)	\$ 370,844
JPY	50,663	0.2501 (JPY:NTD)	12,671
RMB	16	4.309 (RMB:NTD)	69
			<u>\$ 383,584</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	3,662	27.86 (USD:NTD)	\$ 102,023
JPY	40,925	0.2501 (JPY:NTD)	10,235
RMB	2,685	4.309 (RMB:NTD)	11,570
			<u>\$ 123,828</u>

The net foreign exchange gain or loss (realized and unrealized) of the consolidated company for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021 were a gain of NT\$13,058 thousand, a loss of NT\$(4,429) thousand, a gain of NT\$28,973 thousand and a loss of NT\$(3,791) thousand, respectively. Due to the variety of foreign currency transactions and functional currencies of the group individual entities, the exchange gains or losses could not be disclosed according to the foreign currencies with significant impact.

44. Supplementary Disclosures

a. Information on significant transactions and b. reinvestment:

No.	Item	Description
1	Loans to others.	Table I
2	Endorsements/guarantees to others.	Table II
3	MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD. (excluding investment in subsidiaries, associates, and joint ventures)	Table III
4	The cumulative purchase or sale of the same securities amounted to NT\$300 million or 20% and above of the paid-in capital.	None
5	The amount of property acquired reached NT\$300 million or 20% and above of the paid-in capital.	Table IV
6	The amount of property disposal reached NT\$300 million or 20% and above of the paid-in capital.	None
7	The amount of purchases or sales with related parties reached NT\$100 million or 20% and above of the paid-in capital.	None
8	Receivables from related parties amounted to NT\$100 million or 20% and above of paid-in capital.	None
9	Engaged in derivative products transactions.	Note 7
10	Others: the business relationships and significant transactions and amounts between parent and subsidiaries and between subsidiaries.	Table V
11	Investee information	Table VI

c. Information on Investments in Mainland China:

No.	Item	Description
1	Name of the investee in mainland China, primary business, paid-in capital, investment method, outward and inward remittance of the fund, shareholding ratio, investment gain (loss) recognized for the period, carrying amount of the investment at the end of the period, repatriation of investment profit or loss and investment limit in mainland China.	Table VII
2	The following significant transactions with the mainland investee, directly or indirectly through the third region, and their prices, payment terms, unrealized gain or loss:	
	(1)Purchase amount and percentage, ending balance and percentage of payables.	None
	(2)Sales amount and percentage, ending balance and percentage of receivables.	Table VIII
	(3)The amount of property transactions and the amount of profit or loss generated.	None
	(4)The ending balance and the purpose of bill endorsement, or provision of collateral.	Table II
	(5)The maximum balance, ending balance, Interest rate interval and total amount of current interest of financing.	Table I
	(6)Other transactions that have a significant effect on the current profit or loss or financial situation, such as the provision or acceptance of services.	None

- d. Information of major shareholder: list of all shareholders with ownership of 5 % or greater showing the names and the number of shares and percentage of ownership held by each shareholder. (Table IX)

45. Segment information

The information provided to the key business decision-makers is for resource allocation and performance evaluation of the segments, focusing on types of each product provided and service offered. The consolidated company shall report the segment as follows:

semiconductor - manufacturer.

Motor vehicles – direct sales and maintenance.

Others

- a. Segment revenue and results of operations

The revenue and operating results of the consolidated company reported by the segment were analyzed as follows:

		From January 1 to June 30, 2022				
		Semiconductor manufacturing	Motor vehicles trading	Others	Reconciliation and elimination	Total
<u>Revenue</u>						
Revenue from external clients		\$ 1,500,054	\$ 89,490	\$ 501,901	\$ -	\$ 2,091,445
Intersegment revenue		169,789	-	34,841	(204,630)	-
Interest income		442	44	428	-	914
Total revenue		<u>\$ 1,670,285</u>	<u>\$ 89,534</u>	<u>\$ 537,170</u>	<u>(\$ 204,630)</u>	<u>\$ 2,092,359</u>
Interest Expense		<u>\$ 22,332</u>	<u>\$ 35</u>	<u>\$ 131</u>	<u>(\$ 26)</u>	<u>\$ 22,472</u>
Depreciation and amortization		<u>\$ 111,597</u>	<u>\$ 1,728</u>	<u>\$ 9,226</u>	<u>(\$ 2,058)</u>	<u>\$ 120,493</u>
Segment (loss) profit		<u>\$ 519,499</u>	<u>(\$ 3,989)</u>	<u>\$ 132,142</u>	<u>(\$ 134,749)</u>	<u>\$ 512,903</u>

From January 1 to June 30, 2021					
	Semiconductor manufacturing	Motor vehicles trading	Others	Reconciliation and elimination	Total
<u>Revenue</u>					
Revenue from external clients	\$ 664,198	\$ 232,586	\$ 352,559	\$ -	\$ 1,249,343
Intersegment revenue	75,946	-	21,281	(97,227)	-
Interest income	321	123	389	(260)	573
Total revenue	<u>\$ 740,465</u>	<u>\$ 232,709</u>	<u>\$ 374,229</u>	<u>(\$ 97,487)</u>	<u>\$ 1,249,916</u>
Interest Expense	<u>\$ 7,345</u>	<u>\$ 1,413</u>	<u>\$ 104</u>	<u>(\$ 317)</u>	<u>\$ 8,545</u>
Depreciation and amortization	<u>\$ 81,789</u>	<u>\$ 3,155</u>	<u>\$ 7,149</u>	<u>(\$ 2,058)</u>	<u>\$ 90,035</u>
Segment (loss) profit	<u>\$ 81,937</u>	<u>(\$ 9,079)</u>	<u>\$ 61,446</u>	<u>(\$ 36,191)</u>	<u>\$ 98,113</u>

b. Segment assets and liabilities

June 30, 2022					
	Semiconductor manufacturing	Motor vehicles trading	Others	Reconciliation and elimination	Total
Segment assets	<u>\$ 9,662,697</u>	<u>\$ -</u>	<u>\$ 2,552,453</u>	<u>(\$ 1,675,718)</u>	<u>\$10,539,432</u>
Segment liabilities	<u>\$ 4,822,917</u>	<u>\$ -</u>	<u>\$ 1,060,948</u>	<u>(\$ 148,356)</u>	<u>\$ 5,735,509</u>

June 30, 2021					
	Semiconductor manufacturing	Motor vehicles trading	Others	Reconciliation and elimination	Total
Segment assets	<u>\$ 7,236,163</u>	<u>\$ 239,380</u>	<u>\$ 1,929,125</u>	<u>(\$ 1,485,332)</u>	<u>\$ 7,919,336</u>
Segment liabilities	<u>\$ 2,922,779</u>	<u>\$ 72,744</u>	<u>\$ 739,395</u>	<u>(\$ 106,197)</u>	<u>\$ 3,628,721</u>

For the purposes of monitoring segment performance and allocating resources between each segment:

1. All assets are evenly allocated to reportable segments other than associates accounted for using the equity method, other financial assets and current and deferred income tax assets. Goodwill has been allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the separate revenues earned by individual reportable segments; and
2. All liabilities are evenly allocated to reportable segments other than borrowings, other financial liabilities and current and deferred income tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Table I**Gudeng Precision Industrial Co., Ltd. and Subsidiaries****Financing provided to others****From January 1 to June 30, 2022**

Unit: In thousands of NT\$ and foreign currency, unless otherwise specified

No. (Note 1)	Financing Company	Counterparty	Transaction Item	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Business Interaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Total financing limits (Note 3)	Note
													Name	Value			
0	Gudeng Precision Industrial Co., Ltd.	We Solution Technology Co., Ltd.	Other receivable - related parties	Y	\$ 30,000	\$ 30,000	\$ -	3%	2	\$ -	Operating capital	\$ -	Promissory note	\$ 30,000	\$ 1,865,677	\$ 1,865,677	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Investment Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	1,865,677	1,865,677	
1	Shanghai Gudeng Trading Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	Other receivable - related parties	Y	31,073 (RMB 7,000)	31,073 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	31,073 (RMB 7,000)	1,865,677	1,865,677	
2	Suzhou Kunju Trading Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivable - related parties	Y	31,073 (RMB 7,000)	31,073 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	31,073 (RMB 7,000)	1,865,677	1,865,677	
3	Gudeng Investment Co., Ltd.	Gudeng Precision Industrial Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	1,865,677	1,865,677	

Note 1: The No. column is filled as follows:

- (1) Fill in 0 for issuer.
- (2) Investee companies are numbered in order starting from Arabic numeral 1 by company.

Note 2: The nature of the financing are explained as follows:

- (1) Fill in 1 for any business interaction.
- (2) Fill in 2 for any needs in short-term financing.

Note 3: The methods of calculation and amounts for financing limits.

1. Financing limits for each borrowing company:
 - (1) The Company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (2022.6.30) in compliance with the Company's regulations of procedures for financing.
 - (2) The investee company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (2022.6.30) in compliance with the Company's regulations of procedures for financing.
2. Total financing limits:
 - (1) The Company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (2022.6.30) in compliance with the Company's regulations of procedures for financing.
 - (2) The investee company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (2022.6.30) in compliance with the Company's regulations of procedures for financing.
3. The Company's financing limits are calculated based on the net worth of the Company's financial statements audited by the certified public accountants; the investee company's financing limits are calculated based on the net worth of the Company's foreign currency financial statements audited by the certified public accountants.

Note 4: Financing between the Company and foreign companies whose 100% voting rights held directly or indirectly by the Company is not restricted to the financing limits stated in Note 3.

Table II**Gudeng Precision Industrial Co., Ltd. and Subsidiaries****Endorsements/guarantees to others****From January 1 to June 30, 2022**

Unit: In thousands of NT\$ and foreign currency, unless otherwise specified

No. (Note 1)	Name of the endorser's company	Endorsement object		Limit of endorsement for single enterprise	Maximum endorsement balance for the current period	Ending endorsement balance	Amount Actually Drawn	Amount of endorsement secured by property	Ratio of accumulated endorsement amount to net value of latest financial statement (%)	Maximum limit of endorsement (Note 3)	Endorsement of the parent company to the subsidiary company	Endorsement of the subsidiary company to the parent company	Endorsement to Mainland China	Note
		Name of Company	Relationship (Note 2)											
2	Suzhou Kunju Trading Co., Ltd.	Gudeng Investment Co., Ltd.	(3)	\$ 932,838	\$ 22,530 (RMB 5,000)	\$ 22,195 (RMB 5,000)	\$ 22,195 (RMB 5,000)	\$ -	0.48%	\$ 2,232,096	N	N	N	

Note 1: The No. column is filled as follows:

- (1) Fill in 0 for issuer.
- (2) Investee companies are numbered in order starting from Arabic numeral 1 by company.

Note 2: The relationship between the endorsement and the endorsed object is as follows:

- (1) The companies with business relationships.
- (2) The subsidiaries that directly hold more than 50% of the common stock.
- (3) The investee company in which the parent company and its subsidiary indirectly hold more than 50% of the common stock.
- (4) A parent company that owns more than 50% of its common stock, either directly or indirectly through a subsidiary.

Note 3: Calculation method and amount of endorsement limit:

1. Limit of endorsement for single enterprise:
 - (1) The limit of the company's endorsement for a single company is in accordance with the company's endorsement operating procedures, and the limit shall not exceed 20% of the company's current net value (2022.6.30).
 - (2) The limit of the company's endorsement for an overseas single affiliated company is in accordance with the company's endorsement operating procedures, and the limit shall not exceed 20% of the company's current net value (2022.6.30).
2. Maximum limit of endorsement:
 - (1) The limit of the company's cumulative endorsement is in accordance with the company's endorsement operating procedures, and the limit shall not exceed 50% of the company's current net value (2022.6.30).

Note 4: An inter-company endorsement in which the company directly or indirectly holds 100% of the voting shares is not subject to the endorsement limit of Note 3.

Table III**Gudeng Precision Industrial Co., Ltd. and Subsidiaries****Marketable securities held at the end of the period****June 30, 2022**

Unit: In Thousands of New Taiwan Dollars, Except Shares

Name of Held Company	Type and Name of Marketable Securities (Note 1)	Relationship with the issuer of securities	Financial Statement Account	End of the Period				Note
				Number of Shares	Carrying amount	Percentage of Ownership	Fair Value	
Gudeng Precision Industrial Co., Ltd.	Listed companies							
	Symtek Automation Asia Co., Ltd.	None	Purchase of financial assets at fair value through other comprehensive income - non-current	4,000,000	<u>\$ 226,835</u>	5.60	<u>\$ 226,835</u>	Note 2
Gudeng Investment Co., Ltd.	Non-publicly traded company							
	Yinsmart Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - current	25,000	\$ -	5.00	\$ -	—
	Listed companies							
	Elan Microelectronics Corporation	None	"	25,000	3,488	0.01	3,488	—
	Taiwan Semiconductor Manufacturing Co. Ltd.	None	"	42,000	19,992	-	19,992	—
	Symtek Automation Asia Co., Ltd.	None	"	35,000	2,943	0.05	2,943	—
	Foxsemicon Integrated Technology Inc.	None	"	23,000	4,105	0.02	4,105	—
	Fitipower Integrated Technology Inc.	None	"	20,902	2,822	0.01	2,822	—
	Advanced Wireless Semiconductor Company	None	"	22,000	1,870	0.01	1,870	—
	WinWay Technology Co., Ltd.	None	"	7,000	2,541	0.02	2,541	—
	Gudeng Precision Industrial Co., Ltd.	None	Purchase of financial assets at fair value through other comprehensive income - non-current	3,326,000	<u>83,815</u>	10.30	<u>83,815</u>	—
					<u>\$ 121,576</u>		<u>\$ 121,576</u>	
	Non-publicly traded company							
	NanoClean Materials Co., LTD.	None	Purchase of financial assets at fair value through other comprehensive income - non-current	500,000	\$ 2,900	10.00	\$ 2,900	—
	MontJade Engineering Co., Ltd.	None	"	1,340,000	20,046	6.09	20,046	—
	Jiurun Precision Technology Co., Ltd.	None	"	248,000	10,595	16.00	10,595	—
	Origin Precision Technology Co., Ltd.	None	"	500,000	6,080	16.67	6,080	—
	Certain Micro Application Technology Inc.	None	"	1,100,000	<u>25,652</u>	9.91	<u>25,652</u>	—
					<u>\$ 65,273</u>		<u>\$ 65,273</u>	
Shanghai Gudeng Trading Co., Ltd.	Guaranteed financial products of Fubon Bank (China)	None	Financial assets at fair value through profit or loss - current	-	<u>\$ 31,073</u>	-	<u>\$ 31,073</u>	—

Note 1: The marketable securities stated in this table is defined as shares, bonds, and beneficiary certificates in the scope of IFRS 9 "Financial Instruments," and the marketable securities derived from the above-mentioned items.

Note 2: It refers to private ordinary shares which are financial commodities that have an active market but cannot be sold subject to a lock-up period, the fair value of which is determined based on the relevant market price.

Note 3: The negotiable securities held by the consolidated company are not subject to any guarantee, pledge or other restrictions as agreed except as disclosed in the remarks.

Table IV**Gudeng Precision Industrial Co., Ltd. and Subsidiaries****Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital****From January 1 to June 30, 2022**

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Name of Acquiring Company	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counterparty	Relationship	Information on Prior Transaction for the Counterparty of Related Party				Reference for price determination	Purpose of acquisition and situation of usage	Other agreements
							Owner	Relationship with the Issuer	Transfer Date	Amount			
Gudeng Precision Industrial Co., Ltd.	Self-owned Land and Buildings	2022.3.7	\$ 205,000	Paid in full	Yung Ming Precast Concrete Co., Ltd.	Non-related party	-	-	-	\$ -	Referred to market prices and property valuation reports from real estate appraisers, and the appraised value amounted to \$217,424 thousand.	Self-usage in operation	None

Note 1: If the acquired assets should be appraised in accordance with the regulations, the appraisal result shall be indicated in the “Reference Basis for Price Determination” column.

Note 2: The paid-in capital is the paid-in capital of the parent company. For issuers with shares of no-par value or of par value which is not NT\$10 per share, the regulation regarding the 20% of the paid-in capital is calculated by the 10% equity attributable to owners of the parent company on the balance sheet.

Note 3: Date of occurrence: The date of contract signing, date of payment, dates of boards of directors' resolutions, date of transfer, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Table V

Gudeng Precision Industrial Co., Ltd. and Subsidiaries
Situations of business relationship and important transactions between parent company and subsidiaries
From January 1 to June 30, 2022

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

No. (Note 1)	Name of Trader	Name of Counterparty	Relationship with the Trader (Note 2)	Situations of Transactions			
				Account	Amount	Transaction Terms (Note 4)	Ratio to Consolidated Total Revenue or Total Assets (Note 3)
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	1	Sales	\$ 78,253	—	4
			1	Service fees	27,990	—	1
			1	Trade receivables - related parties	79,667	—	1
			1	Other payable - related parties	19,726	—	-
		Gudeng Investment Co., Ltd.	1	Rental income	240	—	-
			1	Sales	5,937	—	-
			1	Rental income	2,006	—	-
			1	Other income	799	—	-
		Gudeng Automation Co., Ltd.	1	Purchase	1,500	—	-
			1	Guarantee deposits	669	—	-
			1	Trade receivables - related parties	2,818	—	-
			1	Other receivable - related parties	1,492	—	-
		We Solution Technology Co., Ltd.	1	Unearned rent	1,052	—	-
			1	Trade payable - related parties	30,163	—	-
			1	Purchase	85,599	—	4
			1	Other income	29	—	-
		Rich Point Global Corp.	1	Other receivable - related parties	304	—	-
			1	Other receivable - related parties	77	—	-
			1	Guarantee deposits	2	—	-
			1	Rental income	6	—	-
		Sun Park Development Limited	1	Unearned rent	6	—	-
			1	Other receivable - related parties	4,857	—	-
			1	Other payable - related parties	5,052	—	-
			1	Service fees	5,052	—	-
		Jia Shuo Construction, Inc.	3	Other receivable - related parties	286	—	-
			3	Other expenses	299	—	-
1	Rich Point Global Corp.	Gudeng Investment Co., Ltd.	3	Purchase	105	—	-
2	Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	3				
3	Gudeng Automation Co., Ltd.	Gudeng Inc.	3				

Note 1: The information on business interaction between the parent company and subsidiaries should be remarked in the column of No., and the instructions for filling out No. are as below:

1. Fill in 0 for parent company
2. Subsidiary are numbered in order starting from Arabic numeral 1 by company.

Note 2: Three types of the relationship with the trader as below and remark it by type only:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: For calculation on the ratio of transaction amount to consolidated total revenue or total assets, ending balance to consolidated total assets is used to calculate for those belongs to accounts on the balance sheet; mid-term cumulative balance to consolidated total revenue is used to calculate for those belongs to accounts on the income statement.

Note 4: The sales or purchase transaction price between parent company and subsidiary follows the terms of the contract, and the collection term is 90 days after monthly closing date, considering as capital usage and adjustment of affiliated companies. Other transactions are determined by negotiation between two parties due to no relevant similar transaction for reference.

Note 5: This table discloses one-way information on the transactions only, and the above-mentioned transactions are wholly eliminated when preparing consolidated financial statements.

Table VI

Gudeng Precision Industrial Co., Ltd. and Subsidiaries
NAMES, LOCATIONS AND RELEVANT INFORMATION OF INVESTEE COMPANIES
From January 1 to June 30, 2022

Unit: In Thousands of New Taiwan Dollars and Foreign Currencies, Except Shares

Name of investor company	Name of Investee Company	Location	Main Business Activities	Original Investment Amount		Held at the End of The Period			Net Income (Loss) of the Investee	Investment Profit (Loss) Recognized in the Current Period	Note
				End of the Current Period	Year-end of the last year	Number of Shares	Ratio (%)	Carrying amount			
Gudeng Precision Industrial Co., Ltd.	Rich Point Global Corp.	Equity Trust Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	\$ 289,824	\$ 289,824	-	100	\$ 330,286	\$ 63,364	\$ 63,364	Note 2
	Gudeng Investment Co., Ltd.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Venture capital and management consulting business	477,000	417,000	47,700,000	100	437,644	(10,147)	(10,147)	Note 1 and 2
	We Solution Technology Co., Ltd.	No. 207, Fuxing 2nd Rd., Zhubei City, Hsinchu County	Trading , repair, and maintenance of various precision instruments	198,825	198,825	20,000,000	100	175,588	41,746	41,746	Note 2
	Gudeng Automation Co., Ltd.	No. 106, Sec. 2, Fuxing 3rd Rd., Zhubei City, Hsinchu County	Manufacture, trading , repair, and maintenance of various precision instruments	35,359	35,359	8,433,600	50.93	144,869	71,629	36,563	Note 1 and 2
	Gudeng Inc.	1798 Technology DR, #298 San Jose, CA, 95110	Engaged in various electronic components business	USD 350	USD 350	350,000	100	7,938	3,307	3,307	Note 2
Rich Point Global Corp.	Sun Park Development Limited	Suite 2302-6 23/F Great Eagle CTR 23 Harbour RD Wanchai H.K.	Engaged in reinvestment of various business	RMB 14,020	RMB 14,020	-	100	RMB 22,649	RMB 3,614	RMB 3,614	Note 2
Gudeng Investment Co., Ltd.	Gudeng Investment Co., Ltd.	TMF Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	RMB 50,549	RMB 50,549	-	100	RMB 51,756	RMB 10,633	RMB 10,633	Note 1 and 2
	Jia Shuo Construction, Inc.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Industrial plant, residential and building development and leasing, real estate sales and leasing	135,100	135,100	13,510,000	100	131,432	(3,234)	(3,234)	Note 2
	Jinhui Technology Co., Ltd.	No. 43, Jingjian 4th Rd., Guanyin Dist., Taoyuan City	Surface treatment and thermal treatment, wholesale of chemical materials, manufacture of other chemical materials and other metals, wholesale of pollution prevention equipment, wholesale of recycled materials	35,000	35,000	3,500,000	35	48,585	13,207	4,622	Note 3
Gudeng Automation Co., Ltd.	i Analyzer Incorporation	7F.-8, No. 200, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City	Manufacture, trading , repair, and maintenance of various precision instruments	53,940	-	16,631,503	23.24	53,940	(10,051)	-	Note 3
	Shenghe Precision Technology Co., Ltd.	8F.-6, No. 100, Sec. 1, Jiafeng 11th Rd., Zhubei City, Hsinchu County	Design and transformation of semiconductor and panel PVD vacuum technology related platform	70,000	70,000	1,977,686	100	63,169	10,633	8,887	Note 2

Note 1: Net income (loss) of the investee and investment profit (loss) recognized in the current period are the amounts audited by the certified public accountants.

Note 2: Wholly eliminated when preparing consolidated financial statements.

Note 3: Net income (loss) of the Jinhui Technology Co., Ltd. and i Analyzer Incorporation recognized in the current period was not reviewed by the certified public accountants.

Note 4: Please refer to Table 7 for the information about investments in Mainland China.

Table VII**Gudeng Precision Industrial Co., Ltd. and Subsidiaries****Information on Investments in Mainland China****From January 1 to June 30, 2022**

Unit: In thousands of NT\$ and foreign currency, unless otherwise specified

Investee Company In Mainland China	Main Business Activities	Paid-in Capital	Method of Investment (Note 1)	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated amount of investment remitted out of Taiwan at the end of the period	Net Income (Loss) of the Investee	Ratio of Shareholdin g (%) of the direct or indirect investment of the Company	Investment Profit (Loss) Recognized in Current Period	Carrying amount of the investment at the end of the period	Investment income repatriated by the year end of the period	Note
					Remitted	Repatriated							
Shanghai Gudeng Trading Co., Ltd.	Wholesale, import and export, commission agency and related ancillary services of plastic products, power products and hardware & electric materials	USD 1,000	(2) Investor company: Sun Park Development Limited	\$ 29,720 (USD 1,000)	\$ -	\$ -	\$ 29,720 (USD 1,000)	\$ 15,717 (RMB 3,551)	100	\$ 15,717 (RMB 3,551) (2)C	\$ 62,581 (RMB 14,098)	\$ -	
Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd.	Motor vehicles trading	RMB 15,750	(2) Investor company: Gudeng Investment Co., Ltd.	226,146 (RMB 45,000) (USD 888)	-	-	226,146 (RMB 45,000) (USD 888)	(4,006) (RMB -905)	-	(4,984) (RMB -1,126) (2)B	- RMB -	38,726 (RMB 8,724)	
Suzhou Kunju Trading Co., Ltd.	Sales of automobiles, after-sales services and technical consulting services related to automobile repair	RMB 7,645	(2) Investor company: Sun Park Development Limited	35,902 (USD 1,208)	-	-	35,902 (USD 1,208)	279 (RMB 63)	100	279 (RMB 63) (2)C	38,029 (RMB 8,567)	-	

Accumulated amount of investment remitted out of Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs
NTD 291,768 (USD 3,096) (RMB 45,000)	NTD 410,935 (USD 5,388) (RMB 56,500)	NTD 2,798,515 (USD 94,163)

Note 1: The methods of investment are classified as below five types:

- (1) Direct investment in Mainland China.
- (2) Reinvestment in Mainland China through companies registered in a third region. (please specify the investment company in a third region).
- (3) Other method.

Note 2: In the column of investment profit (loss) recognized for the period:

- (1) If the company is in preparation status without investment profit (loss), it shall be remarked.
- (2) Recognized basis of investment profit (loss) includes below three types and shall be remarked.
 - A. Financial statements audited and certified by international accounting firms in cooperation with accounting firms of Republic of China.
 - B. The financial statements had been audited and certified by the parent company's certified public accountant in Taiwan.
 - C. Other - Based on the financial statements unaudited by the certified public accountants.

Note 3: Amounts related to this table are listed in New Taiwan Dollars, and any foreign currencies are converted into New Taiwan Dollars with spot exchange rate on the financial report date. (USD spot exchange rate of 29.72; RMB spot exchange rate of 4.439; RMB profit and loss exchange rate of 4.426 on June 30, 2022)

Table VIII

Gudeng Precision Industrial Co., Ltd. and Subsidiaries
Significant transactions with investee companies in mainland China incurred directly or indirectly through a third region, and their prices, payment terms, unrealized gain or loss, and other relevant information
From January 1 to June 30, 2022
Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company In Mainland China	Type of Transaction	Purchases, Sales, and Service fees		Price	Transaction Terms		Notes/ Trade receivable (payable)		Unrealized gain (loss)	Note
		Amount	Percentage		Payment Terms	Compared with normal transactions	Amount	Percentage		
Shanghai Gudeng Trading Co., Ltd.	Sales	\$ 78,253	5	Same as normal clients	Same as normal clients	Same as normal clients	\$ 79,667	12	\$ -	
"	Service fees	27,990	6	Same as normal clients	Same as normal clients	Same as normal clients	(19,726)	2	-	

Table IX**Gudeng Precision Industrial Co., Ltd. and Subsidiaries****Information on Major Shareholders****June 30, 2022**

Name of Major Shareholders	Shareholding	
	Number of Shares Held	Percentage of Ownership
Zhuang, Ming-Lang	8,154,563	9.69%
Ming-Chien Chiu	6,640,037	7.89%
Tien-Jui Lin	4,539,853	5.39%

Note 1: Information on major shareholders in this table is information on 5% and above of the total of the ordinary shares and preference shares held by shareholders without physical registration (including treasury shares) and calculated on the last business day of each quarter by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.