

Gudeng Precision Industrial Co.,  
Ltd.

Parent Company Only Financial  
Statements and Independent  
Auditors' Report  
For the Years Ended 2023 and 2022

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*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 financial statements shall prevail.*

## § Table of Content §

ITEM	PAGE	CONSOLIDATED FINANCIAL STATEMENTS NOTE NO.
1. Cover Page	1	-
2. Table of Content	2	-
3. Independent Auditors' Report	3-7	-
4. Parent Company Only Balance Sheets	8	-
5. Parent Company Only Statements of Comprehensive Income	9-10	-
6. Parent Company Only Statements of Changes in Equity	11	-
7. Parent Company Only Statements of Cash Flows	12-13	-
8. Notes to Parent Company Only Financial Statements		
(I) Company Overview	14	1
(II) Date and Procedures of Authorization of Financial Statements	14	2
(III) Application of New and Amended Standards and Interpretations	14-16	3
(IV) Summary of Significant Accounting Policies	16-32	4
(V) The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions	32	5
(VI) Details of Significant Accounts	33-77	6-34
(VII) Related parties transaction	77-82	35
(VIII) Pledged Assets	82	36
(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments	83-84	37
(X) Significant Disaster Loss	-	-
(XI) Significant Events after the Balance Sheet Date	84	39
(XII) Others	84, 84-85	38, 40
(XIII) Supplementary Disclosures		
1. Information on Significant Transactions	85, 87-94, 96	41
2. Information on Reinvestment	85, 87-94, 96	41
3. Information on Investments in Mainland China	86, 87-88, 94-95	41
4. Information on Major Shareholders	86, 97	41
(XIV) Segment information	-	-
9. Statements of Major Accounting Subjects	98-110	-

## **Independent Auditors' Report**

To: Gudeng Precision Industrial Co., Ltd.

### **Audit Opinion**

We have audited the accompanying parent company only financial statements of the Gudeng Precision Industrial Co., Ltd., which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion which based on our audit results and the other certified public accountants' audit reports (please refer to the paragraph of Other Matter), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the entrusted Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and other certified public accountants' audit reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's parent company only financial statements for the year ended 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for Gudeng Precision Industrial Co., Ltd.'s parent company only financial statements for the year ended 2023 are stated as follows:

### Authenticity of the Recognition of Sales Revenue from Particular Clients

Revenue from Gudeng Precision Industrial Co., Ltd. is derived from mask and wafer handling solutions, in which the recognition of sales revenue from a particular client requires manual recognition and verification of the relevant documents, which may result in the existence of an inappropriate recognition of revenue, presuming as a significant risk by the Statements on Auditing Standards; therefore, authenticity of the recognition of sales revenue is considered as a key audit matter. Please refer to Note 4(14) and 26 of the parent company only financial statements for the accounting policy and information regarding the revenue recognition.

The main audit procedures performed on the above mentioned key matter are as follows:

1. We understood, assessed, and tested the reasonableness and effectiveness of the implementation of the internal controls over revenue recognition.
2. We obtained details of the sales revenue from particular clients to process sampling, and verified related documents of revenue recognition in order to confirm conduct sample testing samples, check the shipment supporting documents and the collection of receivables to confirm the authenticity of the sales revenue.
3. Upon receiving the detailed report of sales returns after the balance sheet date, we will randomly audit the relevant documents and examine the reasonableness of the return.

## **Other Matters**

As stated in the Note 12 of the parent company only financial statements, listed in the parent company financial statements, certain investments and reinvestments accounted for using the equity method were not reviewed by us but by other certified public accountants. Therefore, our opinions expressed in the parent company only financial statements regarding the amounts stated in respect of certain investments and reinvestments using the equity method are based on the audit reports of other accountants. The balance of the investment under the equity method on December 31, 2023 and 2022 were \$165,987 thousand and \$103,678 thousand, accounting for 1.21% and 1.00% of the total amount of the assets, and share of comprehensive income or loss

accounted for using the equity method for the year ended 2023 and 2022 were \$4,763 thousand and \$5,775 thousand, accounting for and 0.41% and 0.73% of the total amount of comprehensive income.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing Precision Industrial Co., Ltd.’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Precision Industrial Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including Audit Committee) are responsible for overseeing the Precision Industrial Co., Ltd.’s financial reporting process.

### **Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gudeng Precision Industrial Co., Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Gudeng Precision Industrial Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Gudeng Precision Industrial Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the related notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information on the entities or business activities within Gudeng Precision Industrial Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion to Gudeng Precision Industrial Co., Ltd.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of Gudeng Precision Industrial Co., Ltd.'s

parent company only financial statements for the year ended 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA-Jian-Ming Zeng

CPA-Pan-Fa Wang

Financial Supervisory Commission  
Approval Document No.:  
Financial-Supervisory-Securities-Auditing-  
1100356048

Financial Supervisory Commission Approval  
Document No.:  
Financial-Supervisory-Securities-Auditing-11  
00356048

March 6, 2024

**Gudeng Precision Industrial Co., Ltd.**

**Parent Company Only Balance Sheets**

**For the Years Ended December 31, 2023 and 2022**

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,842,482	13	\$ 842,313	8
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,000	-	10,975	-
1136	Financial assets at amortized cost - current (Notes 4 and 9)	362,054	3	189,260	2
1150	Notes receivable from unrelated parties (Notes 4 and 10)	203	-	-	-
1170	Trade receivables from unrelated parties (Notes 4 and 10)	623,240	5	691,976	7
1180	Trade receivables from related parties (Notes 4, 10, and 35)	98,688	1	161,305	1
1200	Other receivables (Note 10)	36,915	-	6,050	-
1210	Other receivables from related parties (Notes 10 and 35)	40,854	-	694	-
130X	Inventories (Notes 4 and 11)	1,114,696	8	835,719	8
1410	Prepayments (Notes 17 and 35)	121,446	1	103,280	1
1470	Other current assets (Note 18)	2,785	-	4,818	-
11XX	Total current assets	<u>4,244,363</u>	<u>31</u>	<u>2,846,390</u>	<u>27</u>
	Non-current assets				
1517	Purchase of financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	415,334	3	251,124	3
1535	Financial assets at amortized cost - non-current (Notes 4 and 9)	-	-	2,546	-
1550	Investments accounted for using the equity method (Notes 4 and 12)	2,563,088	19	1,643,227	16
1600	Property, plant and equipment (Notes 4 and 13)	5,352,736	39	4,433,896	43
1755	Right-of-use assets (Notes 4 and 14)	13,852	-	20,689	-
1760	Investment properties, net (Notes 4 and 15)	721,387	5	842,760	8
1821	Other intangible assets (Notes 4 and 16)	129,176	1	96,647	1
1840	Deferred tax assets (Notes 4 and 28)	28,966	-	28,910	-
1915	Prepayments for equipment (Note 37)	195,887	2	177,982	2
1920	Refundable deposits	18,361	-	22,867	-
15XX	Total non-current assets	<u>9,438,787</u>	<u>69</u>	<u>7,520,648</u>	<u>73</u>
1XXX	Total assets	<u>\$ 13,683,150</u>	<u>100</u>	<u>\$ 10,367,038</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 4 and 19)	\$ 100,000	1	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	3,300	-	1,447	-
2170	Trade payables to unrelated parties (Note 21)	327,347	2	214,675	2
2180	Trade payables to related parties (Notes 21 and 35)	45,520	-	30,994	-
2219	Other payables (Note 22)	835,135	6	792,076	8
2220	Other payable - related parties (Notes 35)	15,006	-	40,532	1
2230	Current tax liabilities (Notes 4 and 28)	23,035	-	135,690	1
2250	Provisions - current (Notes 4 and 23)	68	-	-	-
2280	Lease liabilities - current (Notes 4 and 14)	6,523	-	8,396	-
2131	Contract liabilities — current (Note 26)	87,072	1	85,534	1
2320	Current portion of Long-term borrowings (Notes 4 and 19)	223,135	2	124,578	1
2399	Other current liabilities (Note 22)	2,609	-	3,293	-
21XX	Total current liabilities	<u>1,668,750</u>	<u>12</u>	<u>1,437,215</u>	<u>14</u>
	Non-current liabilities				
2530	Corporate Bonds payable (Notes 4 and 20)	942,415	7	922,582	9
2540	Long-term borrowings (Notes 4 and 19)	2,904,151	21	3,079,859	30
2570	Deferred tax liabilities (Notes 4 and 28)	512	-	769	-
2580	Lease Liabilities - non-current (Notes 4 and 14)	7,832	-	12,920	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 24)	31,175	1	26,110	-
2645	Guarantee deposits (Note 35)	9,071	-	9,209	-
25XX	Total non-current liabilities	<u>3,895,156</u>	<u>29</u>	<u>4,051,449</u>	<u>39</u>
2XXX	Total liabilities	<u>5,563,906</u>	<u>41</u>	<u>5,488,664</u>	<u>53</u>
	Equity (Note 25)				
	Share capital				
3110	Ordinary shares	941,844	7	840,973	8
3140	Share capital collected in advance	1,128	-	1,521	-
3100	Total share capital	<u>942,972</u>	<u>7</u>	<u>842,494</u>	<u>8</u>
3200	Capital surplus	5,989,152	44	3,248,341	31
	Retained earnings				
3310	Legal reserve	310,168	2	216,567	2
3320	Special reserve	-	-	157,093	2
3350	Unappropriated earnings	794,151	6	560,545	5
3300	Total retained earnings	<u>1,104,319</u>	<u>8</u>	<u>934,205</u>	<u>9</u>
3400	Other equity	82,801	-	(146,666)	(1)
3XXX	Total equity	<u>8,119,244</u>	<u>59</u>	<u>4,878,374</u>	<u>47</u>
	Total liabilities and equity	<u>\$ 13,683,150</u>	<u>100</u>	<u>\$ 10,367,038</u>	<u>100</u>

The attached notes are part of this parent company only financial statements.

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Po-An Lai



**Gudeng Precision Industrial Co., Ltd.****Parent Company Only Statements of Comprehensive Income  
From January 1 to December 31, 2023 and 2022**

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

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 26, and 35)	\$ 3,495,633	100	\$ 3,159,978	100
5000	Operating costs (Notes 4, 11, 27 and 35)	<u>1,865,206</u>	<u>53</u>	<u>1,569,086</u>	<u>50</u>
5900	Gross profit	<u>1,630,427</u>	<u>47</u>	<u>1,590,892</u>	<u>50</u>
	Operating expenses (Notes 27 and 35)				
6100	Selling and marketing expenses	291,569	9	223,938	7
6200	General and administrative expenses	429,874	12	416,334	13
6300	Research and development expenses	274,799	8	222,723	7
6450	Expected credit impairment loss (reversal gain)	( <u>781</u> )	<u>-</u>	<u>3,011</u>	<u>-</u>
6000	Total operating expenses	<u>995,461</u>	<u>29</u>	<u>866,006</u>	<u>27</u>
6900	Net operating income	<u>634,966</u>	<u>18</u>	<u>724,886</u>	<u>23</u>
	Non-operating revenue and expenses				
7100	Interest income (Notes 27 and 35)	25,394	1	2,775	-
7010	Other income (Notes 27 and 35)	106,612	3	75,054	2
7020	Other gains and losses (Notes 27 and 35)	9,012	-	51,091	2
7050	Finance costs (Note 27)	( 84,121 )	( 2 )	( 52,592 )	( 2 )
7070	Share of profit or loss from subsidiaries, associates, and joint ventures accounted for using the equity method	<u>292,884</u>	<u>8</u>	<u>267,013</u>	<u>9</u>
7000	Total non-operating revenue and expenses	<u>349,781</u>	<u>10</u>	<u>343,341</u>	<u>11</u>

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Code		2023		2022	
		Amount	%	Amount	%
7900	Net income before tax	\$ 984,747	28	\$ 1,068,227	34
7950	Income tax expense (Notes 4 and 28)	( 79,741)	( 2)	( 135,156)	( 5)
8200	Net income for the year	905,006	26	933,071	29
	Other comprehensive income/(loss)				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (Note 24)	( 4,874)	-	825	-
8330	Share of other comprehensive income and loss from subsidiaries accounted for using the equity method	( 314)	-	119	-
8316	Unrealized valuation gain/(loss) on investments in equity instruments at fair value through other comprehensive income	263,940	7	( 140,936)	( 4)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive gains and losses	( 11,833)	-	179	-
8300	Total other comprehensive income/(loss) for the year (net of income tax)	246,919	7	( 139,813)	( 4)
8500	Total comprehensive income/(loss) for the year	\$ 1,151,925	33	\$ 793,258	25
	Earnings per share (Note 29)				
9710	Basic	\$ 10.24		\$ 11.12	
9810	Diluted	\$ 10.08		\$ 10.84	

The attached notes are part of this parent company only financial statements.

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd.

Parent Company Only Statements of Changes in Equity  
From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		Share capital				Retained earnings			Other equity items		Treasury stock	Total equity
		Number of Shares (in Thousand Shares)	Ordinary shares	Share capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive gains and losses	Exchange differences on translating the financial statements of foreign operations		
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
	Appropriation of earnings											
B1	Appropriation of legal reserve	-	-	-	-	73,140	-	( 73,140 )	-	-	-	-
B3	Appropriation of special reserve	-	-	-	-	-	132,456	( 132,456 )	-	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	-	( 504,435 )	-	-	-	( 504,435 )
M7	Changes in percentage of ownership interests in subsidiaries (Note 31)	-	-	-	-	-	-	( 2,087 )	-	-	-	( 2,087 )
	Changes in other capital surplus:											
C7	Changes in associates and joint venture accounted for using the equity method	-	-	-	1,188	-	-	-	-	-	-	1,188
C5	Equity items of issued convertible bonds	-	-	-	42,872	-	-	-	-	-	-	42,872
I1	Conversion of convertible corporate bonds	-	-	1,521	32,178	-	-	-	-	-	-	33,699
N1	Issuance of employees stock options by the Company	-	-	-	77,497	-	-	-	-	-	15,289	92,786
D1	Net income for 2022	-	-	-	-	-	-	933,071	-	-	-	933,071
D3	Other comprehensive income/(loss) after tax for 2022	-	-	-	-	-	-	944	179	( 140,936 )	-	( 139,813 )
D5	Total comprehensive income/(loss) for 2022	-	-	-	-	-	-	934,015	179	( 140,936 )	-	793,258
Z1	Balance on December 31, 2022	84,097	840,973	1,521	3,248,341	216,567	157,093	560,545	( 18,489 )	( 128,177 )	-	4,878,374
	Appropriation of earnings											
B1	Appropriation of legal reserve	-	-	-	-	93,601	-	( 93,601 )	-	-	-	-
B3	Appropriation of special reserve	-	-	-	-	-	( 157,093 )	157,093	-	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	-	( 724,236 )	-	-	-	( 724,236 )
M7	Changes in percentage of ownership interests in subsidiaries (Note 31)	-	-	-	-	-	-	( 12,228 )	-	-	-	( 12,228 )
	Changes in other capital surplus:											
M5	Acquisition of part of the equity of subsidiaries (Note 31)	-	-	-	86,856	-	-	-	-	-	-	86,856
C7	Changes in associates and joint venture accounted for using the equity method	-	-	-	( 106 )	-	-	( 15,880 )	-	-	-	( 15,986 )
C5	Equity items of issued convertible bonds	-	-	-	56,446	-	-	-	-	-	-	56,446
E1	Issuance of ordinary shares for cash	5,800	58,000	-	1,678,960	-	-	-	-	-	-	1,736,960
N1	Issuance of employees stock options by the Company	-	-	-	37,726	-	-	-	-	-	-	37,726
I1	Conversion of convertible corporate bonds	4,287	42,871	( 393 )	880,929	-	-	-	-	-	-	923,407
D1	Net income for 2023	-	-	-	-	-	-	905,006	-	-	-	905,006
D3	Other comprehensive income/(loss) after tax for 2023	-	-	-	-	-	-	( 5,188 )	( 11,833 )	263,940	-	246,919
D5	Total comprehensive income/(loss) for 2023	-	-	-	-	-	-	899,818	( 11,833 )	263,940	-	1,151,925
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	22,640	-	( 22,640 )	-	-
Z1	Balance on December 31, 2023	94,184	\$ 941,844	\$ 1,128	\$ 5,989,152	\$ 310,168	\$ -	\$ 794,151	( \$ 30,322 )	\$ 113,123	\$ -	\$ 8,119,244

The attached notes are part of this parent company only financial statements.  
Manager: Tien-Jui Lin

Chairman: Ming-Chien Chiu

Accounting Supervisor: Po-An Lai

**Gudeng Precision Industrial Co., Ltd.**

**Parent Company Only Statements of Cash Flows**  
**From January 1 to December 31, 2023 and 2022**

Unit: In Thousands of New Taiwan Dollars

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 984,747	\$ 1,068,227
A20010	Adjustments for		
A20100	Depreciation expenses	248,435	194,776
A20200	Amortization expenses	17,659	19,139
A20300	Expected credit impairment loss (reversal gain)	( 781 )	3,011
A20400	Net gain on financial assets and liabilities at fair value through profit or loss	( 9,261 )	( 4,383 )
A20900	Finance costs	84,121	52,592
A21200	Interest income	( 25,394 )	( 2,775 )
A21300	Dividend income	( 35,847 )	( 25,209 )
A21900	Compensation costs of share-based payment	37,726	77,497
A22400	Share of profit and loss from subsidiaries accounted for using the equity method	( 292,884 )	( 267,013 )
A22500	Gain on disposal of property, plant and equipment	( 3,447 )	( 769 )
A22900	Gain on lease amendment	( 76 )	-
A23700	Inventory (recovery gain) loss for market price decline	( 11,327 )	25,563
A29900	Income from odd lot transferred from corporate bonds	( 30 )	( 1 )
A30000	Net Changes in operating assets and liabilities		
A31130	Notes receivable	( 203 )	252
A31150	Trade receivables	132,134	( 313,450 )
A31180	Other receivables	2,803	953
A31200	Inventories	( 267,650 )	( 382,576 )
A31230	Prepayments	( 18,166 )	( 44,389 )
A31240	Other current assets	2,033	( 3,482 )
A32210	Contract liabilities	1,538	82,958
A32150	Trade payables	127,198	10,706
A32180	Other payables	( 75,714 )	171,432
A32200	Provisions	68	( 36 )
A32230	Other current liabilities	( 684 )	1,066
A32240	Net defined benefit liabilities	191	( 23 )
A33000	Cash generated from/(used in) operations	897,189	664,066
A33100	Interest received	23,196	2,775
A33300	Interest paid	( 75,051 )	( 43,166 )
A33500	Income tax paid	( 192,709 )	( 41,955 )
AAAA	Net cash inflow from operating activities	652,625	581,720

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Code		2023	2022
	Cash flows from investing activities		
B00010	Purchase of financial assets at fair value through other comprehensive income	( \$ 15,037 )	\$ -
B00040	Purchase of financial assets at amortized cost	( 172,794 )	( 189,264 )
B00050	Proceeds from sale of financial assets at amortized cost	2,546	11,500
B00100	Purchase of financial assets at fair value through profit or loss	-	( 9,011 )
B00200	Disposal of financial assets at fair value through profit or loss	15,194	-
B01800	Acquisition of equity of subsidiaries	( 601,858 )	( 489,364 )
B01900	Disposal of long-term equity investments accounted for using the equity method	113,538	-
B02700	Payments for property, plant and equipment	( 901,635 )	( 783,911 )
B02800	Proceeds from disposal of property, plant and equipment	5,056	9,189
B03700	Increase in refundable deposits	-	( 330 )
B03800	Decrease in refundable deposits	4,506	-
B04300	Loan to related party	( 27,061 )	-
B04500	Payments for intangible assets	( 50,188 )	( 16,121 )
B07100	Increase in prepayments for equipment	( 135,127 )	( 197,448 )
B07600	Dividends received	<u>46,605</u>	<u>25,209</u>
BBBB	Net cash outflow from investment activities	( <u>1,716,255</u> )	( <u>1,639,551</u> )
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	1,400,120	700,300
C00200	Repayments of short-term borrowings	( 1,300,120 )	( 850,300 )
C01200	Issuing corporate bonds	997,285	994,720
C01600	Proceeds from long-term borrowings	1,945,080	1,728,240
C01700	Repayments of long-term borrowings	( 2,022,231 )	( 1,556,187 )
C03100	Refund of guarantee deposits	( 138 )	( 3 )
C04020	Return on lease liabilities principal	( 9,806 )	( 11,470 )
C04500	Cash dividends distribution	( 683,351 )	( 234,715 )
C04600	Issuance of ordinary shares for cash	1,736,960	-
C05100	Treasury stocks purchased by employees	<u>-</u>	<u>15,289</u>
CCCC	Net cash inflow from financing activities	<u>2,063,799</u>	<u>785,874</u>
EEEE	Net increase (decrease) in cash and cash equivalents	1,000,169	( 271,957 )
E00100	Cash and cash equivalents at the beginning of the year	<u>842,313</u>	<u>1,114,270</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 1,842,482</u>	<u>\$ 842,313</u>

The attached notes are part of this parent company only financial statements.

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Po-An Lai

## **Gudeng Precision Industrial Co., Ltd.**

### **Notes to Parent Company Only Financial Statements**

**From January 1 to December 31, 2023 and 2022**

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

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#### **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 mold and mask package.

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

The parent company only 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 parent company only financial statements were authorized for issue by the Board of Directors on March 6, 2024.

#### **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, “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The first adoption of IFRS Accounting Standards endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of the Company.

- b. IFRS Accounting Standards endorsed by the FSC that are applicable in 2024

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendment to IFRS 7 “Supplier Finance Arrangements” and IAS 7	January 1, 2024 (Note 3)

Notes1: 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.

Notes2: The seller and the lessee shall retroactively correct the leaseback transactions in accordance with the IFRS 16 after the initial application of the IFRS 16.

Notes3: When applying this amendment for the first time, exemptions apply to certain disclosure requirements.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company has evaluated its financial position and financial performance which were not impacted as a result of the aforementioned amendments of the standards or interpretations.

- c. IFRS Accounting Standards 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 1)
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 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Notes1: 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.

Notes2: Applicable to annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, the impact shall be recognized in the retained earnings on the date of initial application. When the Company presents its currency using non-functional currencies, it will impact the exchange differences of foreign operations under the equity items on the initial application date.

As of the date the accompanying parent company only financial statements were authorized for issue, the 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 parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of Preparation

The parent company only 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.

When preparing parent company only financial statements, the Company adopts the equity method for investments in the subsidiaries, associates, or joint ventures. To make the profit and loss, other comprehensive income and equity of the current year of the parent company only financial statements the same as the profit and loss, other comprehensive income and equity of the current year attributable to the owners of the Company in the consolidated financial statements of the Company, some accounting treatment differences under the parent company only basis and the consolidated basis are adjustment of “the investment under equity method,” “share of profit and loss of subsidiaries under equity method” and “other comprehensive income shares of subsidiaries, associates, and joint ventures under equity method” and related equity items.

c. Criteria classifying current/non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;



- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents (not including the asset restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. )

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities that are due for repayment within 12 months after the balance sheet date (current liabilities even if long-term refinancing or rescheduling agreements have been completed between the balance sheet date and the issuance of financial statements), and
- 3) Liabilities for which the Company is not able to defer the repayment deadline to more than 12 months after the balance sheet date unconditionally. Terms of an obligation that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments, do not affect its classification.

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

d. Foreign currency

When preparing the financial statements, transactions denominated in another currency (foreign currency) other than the entity's functional currency shall be converted into the functional currency using the exchange rate on the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the current period.

Non-monetary items denominated in foreign currencies measured at fair value are converted using the exchange rate on the date when the fair value is determined. The exchange difference is recognized as the current profit and loss. However, if the change of fair value is recognized as other comprehensive income, the exchange difference generated is recognized as other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate on the date of the transaction and will not be translated again.

In the preparation of parent company only financial statements, the assets and liabilities of foreign operations (including the country of operation or currency used of the subsidiaries, associates, joint ventures, or branches different from the Company) are converted into NTD at the exchange rate on each balance sheet date. The income

and expense items are converted at the average exchange rate of the current period. The resulting exchange differences are recognized in other comprehensive income.

If the Company disposes of all equity interests of the foreign operations, or disposes part of the rights and interests of the subsidiary of the foreign operations but loses control, or disposes the retained equity of the joint agreement or associates of the foreign operations as the financial assets and is disposed of under the accounting policies of the financial instruments, all accumulated exchange differences related to the foreign operations will be reclassified to profit or loss.

If part of the disposal of a subsidiary of a foreign operation does not result in loss of control, the accumulated exchange difference shall be reattributed to the non-controlling interests in proportion, and shall not be recognized as profit or loss. In other disposal of foreign operations, the accumulated exchange differences will be classified as profit and loss based on its proportion.

e. Inventories

Inventories include raw materials, semi-finished goods, finished goods, work-in-progress and stock in hand. Inventory is measured by the lower of cost and net realizable value. When comparing cost and net realizable value, except for similar stock in hand, it is based on individual items. Net realizable value is the balance that the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventory costs are calculated by weighted average method.

f. Investment in subsidiaries

The Company adopts the equity method for investment in subsidiaries.

Subsidiaries refer to entities controlled by the Company.

Under the equity method, investments are initially recognized at cost. The carrying amount of such investments after the acquisition date increases or decreases in accordance with the Company's shares of subsidiaries' profit or loss and other comprehensive income, as well as earnings allocation. In addition, changes in the other interest of the subsidiaries entitled by the Company are recognized by the shareholding ratio.

Where the change in the Company's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is directly recognized as equity.

When the loss share of the Company to the associates is equal to, or more than, its equity in the associates (including the carrying amount of the investment in the associate under the equity method and other long-term equity that is substantially a part of the net investment component of the Company to the associates), the recognition of further loss shall be stopped.

The amount that the acquisition cost exceeds the net fair value share of the identifiable assets and liabilities of the subsidiaries that constitute business and are entitled by the Company on the acquisition date is recorded as goodwill, which is included in the carrying amount of the investment and shall not be amortized. The amount that the net fair value share of the identifiable assets and liabilities of the subsidiaries that constitute business and are entitled by the Company on the acquisition date exceeds the acquisition cost is recorded as the current income.

When the Company evaluates the impairment, it reviews the cash-generating unit as a whole in the financial statements and compares its recoverable amount and carrying amount. Subsequently, if the recoverable amount of the asset increases, the reversal of impairment loss shall be recognized as profit. However, the carrying amount of the asset after the reversal of impairment loss shall not exceed the carrying amount of the asset without impairment loss recognized less amortization that shall be recognized. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

When losing control over a subsidiary, the Company measures the residual investment in such a former subsidiary by the fair value of at the date of loss of control, and the differences between the fair value of at the date of loss of control and any consideration and the carrying amount of the investment at the date of loss of control are recognized as current profit or loss. In addition, the amounts recognized in other comprehensive income in relation to the subsidiary on the same accounting basis as the basis must abide of the accounting treatment for the related assets or liabilities had been directly disposed of by the combined company.

Unrealized profits and losses of downstream transactions between the Company and its subsidiaries shall be written off in the parent company only financial statements. Profit or loss in up- and downstream transactions between the Company shall only be recognized in the parent company only financial statements when it is not related to the Company's interest in the subsidiaries.

g. Investment in associates

An associate is an entity over which the Company has significant influence on and that is not a subsidiary or joint venture.

The Company accounts for investments in associates by using the equity method.

Under the equity method, investments in associates are initially treated at cost and adjusted thereafter for the post-acquisition change in the Company's interest in profit or loss, share in other comprehensive income, and profits of associates. In addition, equity changes in associates are recognized based on the shareholding ratio.

When the acquisition cost exceeds the net fair value of the Company's identifiable assets and liabilities of the associate on the acquisition date, the exceeding amount is classified as goodwill, which is included in the carrying value of the investment and is not amortized; when the net fair value of the Company's net fair value of the associate exceeds the acquisition cost, the exceeding amount is classified as current profit or loss.

When the associate issues new shares, if the Company does not subscribe according to the proportion of shares, resulting in the change of the proportion of shares, and the resulting increase or decrease of the net equity value of the investment, the increase or decrease is recognized as an adjustment to capital reserve - change of net equity value of associate and joint venture recognized by the equity method and investment by equity method. However, if the ownership interest of the associate is reduced due to the failure to subscribe or acquire according to the proportion of shares, the amount related to the associate recognized in other comprehensive income is reclassified according to the proportion of reduction, and the basis of accounting treatment is the same as that the associate must follow if it directly disposes of the relevant assets or liabilities; If capital reserves should be debited as a result of the foregoing adjustment, and the balance of capital reserves resulting from the investment under the equity method is insufficient, the difference is debited to the retained surplus.

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

In the assessment of impairment, the Company treats the total carrying amount of the investment (including goodwill) as a single asset to compare the recoverable amount with the carrying amount, and carry out the impairment test. The impairment recognized is not allocated to any specific asset forming part of the carrying amount of the investment, including goodwill. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Company continues to use the equity method without any remeasurement of retained interest.

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

h. Property, plant and equipment

Property, plant and equipment are stated at cost, subsequently are measured at the amount of cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for the self-owned land which is not depreciated, the property, plant and equipment are separately depreciated on a straight-line basis over their useful lives to each significant part. The estimated useful lives, residual values, and depreciation

methods are reviewed by the Company at least at the end of each year. Also, it defers the impact of changes in accounting estimates.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment property is a property held to earn rental and/or for capital appreciation. Investment property also includes land held for future use that is currently undetermined.

Owned investment real estate is originally measured at cost (including transaction cost) and subsequently at cost minus accumulated depreciation and accumulated impairment loss.

Investment properties are transferred to property, plant and equipment for the carrying amounts by the transfer date to be self-owned.

On de-recognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Intangible Assets

1) Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at the amount of cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over their useful lives, and the estimated useful lives, residual values, and amortization methods are reviewed by the Company at least at the end of each year. Also, the impact of changes in applicable accounting estimates is postponed. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment losses.

2) De-recognition

When intangible assets are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the current profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset, investment property and intangible assets (other than goodwill)

On each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment property, and intangible assets (excluding goodwill) to determine whether there is any indication that those assets

have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of an individual asset cannot be determined, the Company shall evaluate the recoverable amount of the cash-generating unit to which the asset belongs. Shared use asset are allocated to the smallest group of cash-generating units with a reasonable and consistent basis.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually.

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

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit or the contract cost-related assets shall increase to the revised recoverable amount. Still, the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset, cash-generating unit, or the contract cost-related assets without impairment loss recognized in the previous year. The reversal of impairment losses is recognized in profit or loss.

#### 1. Financial instruments

Financial assets and financial liabilities shall be recognized in the parent company only balance sheet when the Company becomes a party of the financial instrument contract. When financial assets and financial liabilities are initially measured, in case financial assets and financial liabilities are not measured at FVTPL, they are measured with the fair value added to transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

##### 1) Financial assets

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

##### i. Measurement categories

The types of financial assets held by the Company are financial assets at fair value through profit or loss, financial assets at amortized cost, and

investments in equity instruments at fair value through other comprehensive income.

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

Financial assets at fair value through profit or loss include financial assets mandatorily classified as at fair value through profit or loss, and financial assets designated at fair value through profit or loss. Financial assets mandatorily classified as at fair value through profit or loss include investments in equity instruments not designated by the Company to be measured at fair value through other comprehensive income, and investments in debt instruments that are not classified as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, any dividend or interest generated by the financial assets are separately recognized as other income and interest income, and the benefits or losses arising from the remeasurement is recognized in other gain or loss. Please refer to Note 34 for the determination of fair value.

(b) Financial assets at amortized cost

When the Company's investments in financial assets satisfy the following two conditions at the same time, they are classified as financial assets at amortized cost.

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

Financial assets at amortized cost (including cash and cash equivalents, accounts receivable at amortized cost, other receivables, and refundable deposits) are measured at the aggregate carrying amount of the financial asset after initial recognition and determined by using the effective interest method. Any foreign exchange gains or losses are recognized in profit or loss.



Except for the following cases, the interest income is calculated by applying the effective interest rate to multiply the gross carrying amount of a financial asset:

- a) For credit-impaired financial assets purchased or initiated, the interest income is calculated based on the adjusted effective interest rate multiplying the amortized cost of the financial asset.
- b) For the financial assets that are not purchased or initiated, but subsequently become credit-impaired, the interest income shall be calculated based on the effective interest rate multiplying the amortized cost of the financial asset from the next reporting period after the credit impairment.

Cash equivalents include time deposits with high liquidity, which can be converted into quota cash at any time and with little risk of value change within three months from the date of acquisition. They are used to meet short-term cash commitments.

- (c) Investments in equity instruments at fair value through other comprehensive income

The Company may make an irrevocable election at initial recognition, and designated the investments in equity instruments that is not held for trading and that is not contingent consideration recognized by acquirer of business combination at fair value through other comprehensive income.

Investments in equity instruments at FVTOCI are measured at fair value, and subsequently gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the cumulative gain or loss is directly transferred to retained earnings and is not reclassified to profit or loss.

Dividends of investments in equity instruments measured at fair value through other comprehensive income are recognized in profit and loss when the Company's right to receive payments is established unless the dividend clearly represents the recovery of part of the investment cost.

ii. Impairment of financial assets

On each balance sheet date, the Company assesses the impairment loss of financial assets at amortized cost (including trade receivable) according to the expected credit loss.

Accounts receivable are recognized for a loss allowance based on lifetime expected credit losses. Other financial assets are evaluated to see whether the credit risk has increased significantly since they were initially recognized. If not, they are recognized as the loss allowance for 12-month expected credit loss. If they have increased considerably, they are recognized as the loss allowance based on lifetime expected credit loss.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. The 12-month expected credit loss represents possible credit loss from breach of contract within 12 months of reporting date. Lifetime expected credit loss represents expected credit loss from breach of contract of financial instruments during period of existence.

The carrying amount of the impairment loss of all financial assets is reduced by the provision account, while the provision loss of the investment in debt instruments measured at fair value through other composite gains or losses is recognized as other composite gains or losses and does not reduce the carrying amount.

iii. De-recognition of Financial Assets

The Company only derecognizes the financial assets when the contractual rights from the cash flow of the financial assets are invalid or when the financial assets have been transferred, and almost all the risks and remunerations of the ownership of the assets have been transferred to other enterprises.

On de-recognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. When the debt instrument investment measured at fair value through other comprehensive income is derecognized as a whole, the difference between its carrying amount and the sum of the consideration received plus any accumulated profit or loss recognized in other comprehensive income is

recognized in profit and loss. Upon de-recognition of investment using equity instruments measured at fair value through other comprehensive profits and losses as a whole, the accumulated gains and losses are directly transferred to retained earnings and are not reclassified in profit and loss.

2) Financial liabilities

i. Follow-up measurement

All financial liabilities are measured at amortized cost by effective interest methods.

ii. De-recognition of Financial Liabilities

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

3) Convertible corporate bonds

Components of the conversion option included in the convertible corporate bonds issued by the Company are classified as derivative financial liabilities due to they are exchanged of a fixed amount of cash or other financial assets for a fixed number of conversion option settled by the Company's own equity instruments.

At initial recognition, the derivative financial liability component of the convertible bonds is measured at fair value, and the original carrying amount of the non-derivative financial liability component is the residual amount after separating the embedded derivatives. In subsequent periods, non-derivative financial liabilities are measured at cost using the effective interest method, and derivative financial liabilities are measured at fair value while the changes in the fair value are recognized as profit or loss. The transaction costs related to the issuance of convertible corporate bonds are the components of non-derivative financial liabilities allocated in proportion to the corresponding fair values (included in the carrying amount of liabilities) and the components of derivative financial liabilities (included in profit or loss).

m. Provisions

The amount recognized as the provisions is the best estimate of the expenses needed to settle the obligation on the balance sheet date, which is based on the risk and uncertainty of the obligation. The provisions is measured by the discounted value of the estimated cash flow of the obligation to settle.

Warranty

The warranty obligations that correspond to the requirements of the guarantee and the agreement are based on the best estimates of the expenditure required to settle The Company's obligations, and recognize revenue when the relevant products are recognized.

n. Revenue recognition

The Company first identifies performance obligations in customer's contract, then distributes transaction price to each obligation and recognizes revenue when obligations are met.

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 has 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 Company recognizes revenue and trade receivable at that point in time.

o. Leasing

The Company evaluates whether the contract is (or includes) a lease on the date of establishment.

1) The Company is a Lessor

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

Regarding financial leases, lease payments include fixed payments, in-substance fixed payments, variable lease payments that are determined by an index or a rate, guaranteed residual value, the exercise price of a purchase option when it is reasonably certain to exercise the option, and penalties for terminating the lease reflected in the lease term, and less any lease incentives payable. Net value of lease investment is measured as the sum of the present value of lease receivables and the unguaranteed residual value plus the original direct cost, and it is expressed as finance lease receivable. Financing income is allocated to each accounting period to reflect the fixed rate of return obtained during each period from the net value of the unexpired lease investment of the Company.

Under operating leases, lease payments after deduction of lease incentives are recognized as income on a straight-line basis over the relevant lease term. The initial direct cost incurred from the acquisition of the operating lease shall be

added to the carrying amount of the underlying assets, and it shall be recognized as an expense within the lease term on a straight-line basis.

Variable lease payments that do not depend on an index or a rate in the lease agreements are recognized income in the current period.

2) The Company is a Lessee

Except that the lease payments of the low-value underlying assets and short-term leases applicable to the recognition exemption are recognized as expenses on a straight-line basis during the lease term, other leases are recognized as right-of-use assets and lease liabilities on the inception of the lease.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. Right-of-use assets are presented separately in the parent company only balance sheet.

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

The lease liability is initially measured by the present value of lease payments (including fixed payments; in-substance fixed payments; variable lease payments that are determined by an index or a rate; amounts expected to be paid by the lessee under residual value guarantees; the exercise price of a purchase option when it is reasonably certain to exercise the option; and penalties for terminating the lease reflected in the lease term; less any lease incentives receivable). If the implicit interest rate of a lease can be determined easily, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in future lease payments due to changes in the assessment of the lease term, the amounts expected to be paid under residual value guarantees, and purchase option of the underlying assets, or a change in the index or rate used to determine lease payments, the Company shall remeasure the lease liabilities and

adjusts the right-of-use assets accordingly. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasured amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to the reduction in the scope of the lease is to reduce the right-of-use assets, and to recognize the profit or loss on the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented separately in the parent company only balance sheet.

p. Borrowing costs

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

The investment income earned from the temporary investment of a specific loan before the occurrence of capital expenditure meeting the requirements shall be deducted from the borrowing cost meeting the capitalization conditions.

Except for the above, other borrowing costs are recognized in profit or loss.

q. Employee benefits

1) Short-term employee benefits

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

2) Benefits after retirement

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

Defined benefit costs (including service cost, net interest and re-measurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. The service cost, including the current service cost, and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses when incurred. The remeasurement (including actuarial profit and loss, changes in the impacts of the asset ceiling, and plan asset remuneration after deducting interest) is recognized in other comprehensive

income and included in retained earnings when incurred, and will not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) is the shortfall (surplus) for defined benefit pension plans. Net defined benefit assets may not exceed the present value of refundable contributions from the plan or reductions in future contributions.

r. Employees stock options

Employee stock option for employees

Employee subscription right is recognized as expenses on straight basis over the given period pursuant to the fair value of equity tool on the given day and the best quantity forecast as expected, while making adjustments on capital reserve - employee stock options. If it is vested at grant date, the expense is recognized in full at the same date. The Company's cash capital increase to retain employees' subscription and transfer of employees with treasury stocks is based on the date of approval by the Board of Directors.

s. Income tax

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

1) Current income tax

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

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

2) Deferred income tax

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

Deferred income tax liabilities are generally recognized for all temporary taxable differences, and deferred income tax assets are recognized when there is a high probability that taxable income will be available for the use of income tax credits generated by temporary deductible differences, loss carryforward, purchase of mechanical equipment, research development, and personnel training.

The temporary taxable differences related to investment subsidiaries, associates, and joint agreement are recognized as deferred tax liabilities, except that the

Company can control the reversal point of temporary differences, which are likely not to reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current tax and deferred income tax for the year

Current and deferred income taxes are recognized in profit or loss, but current and deferred income taxes related to items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity.

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

When the 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.

After evaluation by the management of the Company, there are no uncertainties in major accounting judgments, estimates, and assumptions.



**6. Cash and cash equivalents**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 603	\$ 681
Bank checking and demand deposits	<u>1,841,879</u>	<u>841,632</u>
	<u><u>\$ 1,842,482</u></u>	<u><u>\$ 842,313</u></u>

The market interest rate intervals of bank deposits on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank deposits	0.001%-1.45%	0.001%-1.05%

**7. Financial Instruments at Fair Value through Profit or Loss**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets - current</u>		
Mandatorily at fair value through profit or loss		
Derivatives (not designated for hedging)		
- Conversion of options (Note 20)	\$ 1,000	\$ 2,605
Non-derivative financial assets		
- Domestic publicly traded shares	<u>-</u>	<u>8,370</u>
	<u><u>\$ 1,000</u></u>	<u><u>\$ 10,975</u></u>
<u>Financial liabilities - current</u>		
Held for trading		
Derivatives (not designated for hedging)		
- Conversion of options (Note 20)	<u>\$ 3,300</u>	<u>\$ 1,447</u>

**8. Financial assets at fair value through other comprehensive income**

Investments in equity instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Domestic investment		
Publicly traded placement shares		
Symtek Automation Asia Co., Ltd.	\$ 398,437	\$ 251,124
Publicly traded shares		
Symtek Automation Asia Co., Ltd.	<u>16,897</u>	<u>-</u>
	<u><u>\$ 415,334</u></u>	<u><u>\$ 251,124</u></u>

The Company invests in publicly traded ordinary shares under the medium and long-term strategy and expects to make profits through long-term investment. The management of the Company believes that if the short-term fluctuations of fair value of these investments are included in the profit or loss, it would be inconsistent with the aforementioned long-term investment plan. Therefore, we have chosen to designate these investments as measured at fair value through other comprehensive income.

Some of the shares of Symtek Automation Asia Co., Ltd. held by the 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>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Pledged certificate of deposit	\$ -	\$ 5,000
Time deposits with original maturity date exceeding 3 months	<u>362,054</u>	<u>184,260</u>
	<u>\$ 362,054</u>	<u>\$ 189,260</u>
<u>Non-current</u>		
Pledged deposits	<u>\$ -</u>	<u>\$ 2,546</u>

a. As of December 31, 2023 and 2022, the interest rates of time deposits were 1.575%-5.4% and 0.815%-5.05%, respectively.

b. Please refer to Note 36 for information on financial assets at amortized cost pledged as collateral.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 203	\$ -
Less: allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 203</u>	<u>\$ -</u>
Arising from operations	<u>\$ 203</u>	<u>\$ -</u>
<u>Trade receivables</u>		
Measured at amortized cost		
Total carrying amount	\$ 626,301	\$ 692,597
Less: allowance for loss	<u>( 3,061 )</u>	<u>( 621 )</u>
	<u>\$ 623,240</u>	<u>\$ 691,976</u>

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	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Trade receivables - related parties</u> (Note 35)		
Measured at amortized cost		
Total carrying amount	\$ 98,688	\$ 161,305
Less: allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 98,688</u>	<u>\$ 161,305</u>
<u>Other receivables</u>		
Other receivable - non-related parties		
Land receivables (Note 32)	\$ 32,722	\$ -
Interest receivable	2,198	-
Others	<u>1,995</u>	<u>6,050</u>
	<u>\$ 36,915</u>	<u>\$ 6,050</u>
Other receivables from related parties (Note 35)	<u>\$ 40,854</u>	<u>\$ 694</u>
<u>Collection</u>		
Measured at amortized cost		
Total carrying amount	\$ -	\$ 3,221
Less: allowance for loss	<u>-</u>	<u>( 3,221 )</u>
	<u>\$ -</u>	<u>\$ -</u>
<u>Trade receivables</u>		

The average credit period of the Company for commodity sales is 60 to 120 days. In assessing the recoverability of trade receivable, the 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 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 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 Company's credit risk is significantly reduced.

The 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 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 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 Company, such as the counterparty is under liquidation or the aging of the debts is over 365 days. The Company continues to engage in enforcement activity, and the recovered amounts are written off the related collection.

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

#### Notes receivable

##### December 31, 2023

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 203
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u>\$ 203</u>

##### December 31, 2022

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

#### Trade receivables

##### December 31, 2023

	<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	0.11%	1.3%	4.5%	4.09%	
Total carrying amount	\$ 644,200	\$ 35,149	\$ 11,896	\$ 33,744	\$ 724,989
Allowance for losses (lifetime expected credit losses)	( <u>689</u> )	( <u>457</u> )	( <u>535</u> )	( <u>1,380</u> )	( <u>3,061</u> )
Costs after amortization	<u>\$ 643,511</u>	<u>\$ 34,692</u>	<u>\$ 11,361</u>	<u>\$ 32,364</u>	<u>\$ 721,928</u>

##### December 31, 2022

	<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	0.05%	0.5%	4.42%	-	
Total carrying amount	\$ 829,272	\$ 23,114	\$ 1,516	\$ -	\$ 853,902
Allowance for losses (lifetime expected credit losses)	( <u>437</u> )	( <u>117</u> )	( <u>67</u> )	<u>-</u>	( <u>621</u> )
Costs after amortization	<u>\$ 828,835</u>	<u>\$ 22,997</u>	<u>\$ 1,449</u>	<u>\$ -</u>	<u>\$ 853,281</u>

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

Changes in loss allowance for trade receivables are as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 621	\$ 598
Add: Allowance of impairment losses in the current year	2,440	3,011
Transferred out due to reclassification for the period	<u>-</u>	( <u>2,988</u> )
Ending balance	<u><u>\$ 3,061</u></u>	<u><u>\$ 621</u></u>

Changes in loss allowance for collection are as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 3,221	\$ 233
Add: Transferred in due to reclassification in the current year	-	2,988
Less: Reversal for impairment losses in the current year	( <u>3,221</u> )	<u>-</u>
Ending balance	<u><u>\$ -</u></u>	<u><u>\$ 3,221</u></u>

#### 11. Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Raw materials	\$ 341,763	\$ 305,434
Semi-finished products	294,085	259,513
Work in process	99,411	50,088
Finished products	371,162	220,684
Stock in hand	<u>8,275</u>	<u>-</u>
	<u><u>\$ 1,114,696</u></u>	<u><u>\$ 835,719</u></u>

Nature of cost of goods sold as below:

	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 1,853,384	\$ 1,524,770
Inventory (recovery gain) loss for market price decline	( 11,327 )	25,563
Loss on inventory scrap	22,585	17,107
Others	<u>564</u>	<u>1,646</u>
	<u><u>\$ 1,865,206</u></u>	<u><u>\$ 1,569,086</u></u>

#### 12. Investments accounted for using the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment in subsidiaries	\$ 2,541,307	\$ 1,643,227
Investment in affiliated companies	<u>21,781</u>	<u>-</u>
	<u><u>\$ 2,563,088</u></u>	<u><u>\$ 1,643,227</u></u>

a. Investment in subsidiaries

<u>Name of Subsidiary</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Rich Point Global Corp.	\$ 510,067	\$ 350,930
Gudeng Venture Capital Co., Ltd.	967,379	718,138
We Solutions Technology Co., Ltd.	303,790	260,498
Jia Shuo Technology Co., Ltd. (Note)	343,515	275,762
Gudeng Inc.(USA)	96,175	37,899
Gudeng Aerospace Technologies Corporation	<u>320,381</u>	<u>-</u>
	<u>\$ 2,541,307</u>	<u>\$ 1,643,227</u>

<u>Name of Subsidiary</u>	<u>Ratio of equity held and voting right</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Rich Point Global Corp.	100%	100%
Gudeng Venture Capital Co., Ltd.	100%	100%
We Solutions Technology Co., Ltd.	83.33%	83.33%
Jia Shuo Technology Co., Ltd. (Note)	46.83%	50.10%
Gudeng Inc.(USA)	51%	100%
Gudeng Aerospace Technologies Corporation	100%	-

Note:Gudeng Automation Corporation changed its name to Gudeng Equipment Co., Ltd. on February 2023.

Please refer to Note 33 and Note 34 of the Company's consolidated financial statements for the disclosure of the establishment and disposal of the Company's subsidiaries.

Please refer to Note 41 for details on investments in subsidiaries indirectly held by the Company.

The share of profit or loss and other comprehensive income of investments in subsidiaries for the years ended December 31, 2023 and 2022 was recognized according to the each subsidiary's financial statements audited by the certified public accountant in the same period.

b. Investment in affiliated companies

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Individual insignificant associates	<u>\$ 21,781</u>	<u>\$ -</u>

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.

On June 9, 2023, the Company participated in the investment of TSS Holdings Limited (hereinafter referred to as TSS), acquiring 2,000 thousand ordinary shares of TSS by

cash at \$10 per share, for a total of NT\$20,000 thousand with a shareholding of 12.5%. Additionally, TSS holds a 45% equity interest in our subsidiary, Gudeng Inc. (USA), which is deemed to have a significant impact on the company.

### 13. Property, plant and equipment

#### Self-usage

	Self-owned land	Buildings	Machinery equipment	Leasehold improvements	Other equipment	Real property under construction	Total
<b>Cost</b>							
Balance on January 1, 2023	\$ 2,466,221	\$ 551,220	\$ 749,524	\$ 35,673	\$ 1,059,324	\$ 443,480	\$ 5,305,442
Addition	204,738	-	167,448	824	155,246	425,287	953,543
Disposal	( 29,490 )	-	( 24,634 )	-	( 30,065 )	-	( 84,189 )
Reclassification	-	-	58,631	-	58,591	-	117,222
Reclassified as investment property	( 2,556 )	( 5,973 )	-	-	-	-	( 8,529 )
Transfer in from investment properties	40,216	92,074	-	-	-	-	132,290
Balance on December 31, 2023	<u>\$ 2,679,129</u>	<u>\$ 637,321</u>	<u>\$ 950,969</u>	<u>\$ 36,497</u>	<u>\$ 1,243,096</u>	<u>\$ 868,767</u>	<u>\$ 6,415,779</u>
<b>Accumulated depreciation and impairment</b>							
Balance on January 1, 2023	\$ -	\$ 63,121	\$ 290,684	\$ 5,777	\$ 511,964	\$ -	\$ 871,546
Disposal	-	-	( 22,034 )	-	( 27,824 )	-	( 49,858 )
Depreciation expenses	-	12,460	74,801	3,826	140,139	-	231,226
Reclassified as investment property	-	( 703 )	-	-	-	-	( 703 )
Transfer in from investment properties	-	10,832	-	-	-	-	10,832
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 85,710</u>	<u>\$ 343,451</u>	<u>\$ 9,603</u>	<u>\$ 624,279</u>	<u>\$ -</u>	<u>\$ 1,063,043</u>
Net amount on December 31, 2023	<u>\$ 2,679,129</u>	<u>\$ 551,611</u>	<u>\$ 607,518</u>	<u>\$ 26,894</u>	<u>\$ 618,817</u>	<u>\$ 868,767</u>	<u>\$ 5,352,736</u>
<b>Cost</b>							
Balance on January 1, 2022	\$ 2,410,322	\$ 550,039	\$ 595,201	\$ 17,015	\$ 866,346	\$ 283,009	\$ 4,721,932
Addition	230,700	1,335	123,222	11,868	174,094	10,684	551,903
Disposal	-	-	( 22,042 )	-	( 8,449 )	-	( 30,491 )
Reclassification	-	4,346	53,143	6,790	27,333	149,787	241,399
Reclassified as investment property	( 174,801 )	( 4,500 )	-	-	-	-	( 179,301 )
Balance on December 31, 2022	<u>\$ 2,466,221</u>	<u>\$ 551,220</u>	<u>\$ 749,524</u>	<u>\$ 35,673</u>	<u>\$ 1,059,324</u>	<u>\$ 443,480</u>	<u>\$ 5,305,442</u>
<b>Accumulated depreciation and impairment</b>							
Balance on January 1, 2022	\$ -	\$ 52,430	\$ 246,683	\$ 2,923	\$ 417,227	\$ -	\$ 719,263
Disposal	-	-	( 13,719 )	-	( 8,352 )	-	( 22,071 )
Depreciation expenses	-	10,827	57,720	2,854	103,089	-	174,490
Reclassification	-	( 40 )	-	-	-	-	( 40 )
Reclassified as investment property	-	( 96 )	-	-	-	-	( 96 )
Balance on December 31, 2022	<u>\$ -</u>	<u>\$ 63,121</u>	<u>\$ 290,684</u>	<u>\$ 5,777</u>	<u>\$ 511,964</u>	<u>\$ -</u>	<u>\$ 871,546</u>
Net Balance on December 31, 2022	<u>\$ 2,466,221</u>	<u>\$ 488,099</u>	<u>\$ 458,840</u>	<u>\$ 29,896</u>	<u>\$ 547,360</u>	<u>\$ 443,480</u>	<u>\$ 4,433,896</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 11 years
Leasehold improvements	5 to 9 years
Other equipment	1 to 21 years

The 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.

As of December 31, 2023 and 2022, the Company had NT\$216,658 thousand and NT\$25,700 thousand in self-owned land, and the ownership was temporarily registered in the name of a third party, and the trustee had issued a settlement statement.

Please refer to Note 36 for the amount of property, plant and equipment pledged as collateral for loans.

The under construction of the property is mainly due to the construction of office buildings and employee dormitories.

#### 14. Lease Agreements

##### a. Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Buildings	\$ 10,045	\$ 14,297
Transportation equipment	<u>3,807</u>	<u>6,392</u>
	<u>\$ 13,852</u>	<u>\$ 20,689</u>
	<u>2023</u>	<u>2022</u>
Additions of right-of-use assets	<u>\$ 4,046</u>	<u>\$ 1,167</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 4,253	\$ 4,185
Transportation equipment	<u>5,215</u>	<u>6,760</u>
	<u>\$ 9,468</u>	<u>\$ 10,945</u>

##### b. Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease liabilities		
Current	<u>\$ 6,523</u>	<u>\$ 8,396</u>
Non-current	<u>\$ 7,832</u>	<u>\$ 12,920</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	1.50%	1.50%
Transportation equipment	1.50%-2.00%	1.50%-7.90%

##### c. Major lease activities and terms

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

##### d. Other lease information

	<u>2023</u>	<u>2022</u>
Short-term leases expenses	<u>\$ 12,678</u>	<u>\$ 11,840</u>
Total cash (outflow) for leases	<u>( \$ 22,774 )</u>	<u>( \$ 23,796 )</u>



The 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease commitments	<u>\$ 138</u>	<u>\$ 30</u>

## 15. Investment properties

	<u>Completed Investment Properties</u>
<u>Cost</u>	
Balance on January 1, 2023	\$899,099
Transfer in from property, plant and equipment	8,529
Reclassified to Property, Plant and Equipment	( <u>132,290</u> )
Balance on December 31, 2023	<u>\$775,338</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2023	\$ 56,339
Transfer in from property, plant and equipment	703
Reclassified to Property, Plant and Equipment	( \$ 10,832 )
Depreciation expenses	<u>7,741</u>
Balance on December 31, 2023	<u>\$ 53,951</u>
Net amount on December 31, 2023	<u>\$721,387</u>
<u>Cost</u>	
Balance on January 1, 2022	\$719,798
Transfer in from property, plant and equipment	<u>179,301</u>
Balance on December 31, 2022	<u>\$899,099</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2022	\$ 46,902
Transfer in from property, plant and equipment	96
Depreciation expenses	<u>9,341</u>
Balance on December 31, 2022	<u>\$ 56,339</u>
Net Balance on December 31, 2022	<u>\$842,760</u>

The total amount of lease payments to be collected in the future for investment property on operating lease for the years 2023 and 2022 is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Year 1	\$ 34,096	\$ 19,811
Year 2	<u>5,262</u>	<u>320</u>
	<u>\$ 39,358</u>	<u>\$ 20,131</u>

Investment properties are depreciated by straight-line basis using the service life as follows:

Main buildings	51 years
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The fair value of investment properties is measured by an independent appraisal company on December 31, 2023, using Level 3 input. The valuation is based on the cash flow method and the comparison method. Important unobservable inputs used include discount rates. The fair value obtained from the valuation is as follows:

	<u>December 31, 2023</u>
Fair Value	<u>\$ 1,198,400</u>

The Company held freehold interests in all of its investment properties. Please refer to Note 36 for the amount of investment property pledged as collateral for loans.

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

#### 16. Other Intangible Assets

	Patents	Computer Software	Golf membership card	Total
<u>Cost</u>				
Balance on January 1, 2023	\$ 97,425	\$ 64,298	\$ 8,763	\$ 170,486
Acquired separately	<u>2,500</u>	<u>47,688</u>	<u>-</u>	<u>50,188</u>
Balance on December 31, 2023	<u>\$ 99,925</u>	<u>\$ 111,986</u>	<u>\$ 8,763</u>	<u>\$ 220,674</u>
<u>Accumulated amortization and impairment</u>				
Balance on January 1, 2023	\$ 30,796	\$ 43,043	\$ -	\$ 73,839
Amortization expenses	<u>8,654</u>	<u>9,005</u>	<u>-</u>	<u>17,659</u>
Balance on December 31, 2023	<u>\$ 39,450</u>	<u>\$ 52,048</u>	<u>\$ -</u>	<u>\$ 91,498</u>
Net amount on December 31, 2023	<u>\$ 60,475</u>	<u>\$ 59,938</u>	<u>\$ 8,763</u>	<u>\$ 129,176</u>
<u>Cost</u>				
Balance on January 1, 2022	\$ 97,425	\$ 48,177	\$ 8,763	\$ 154,365
Acquired separately	<u>-</u>	<u>16,121</u>	<u>-</u>	<u>16,121</u>
Balance on December 31, 2022	<u>\$ 97,425</u>	<u>\$ 64,298</u>	<u>\$ 8,763</u>	<u>\$ 170,486</u>
<u>Accumulated amortization and impairment</u>				
Balance on January 1, 2022	\$ 22,467	\$ 32,233	\$ -	\$ 54,700
Amortization expenses	<u>8,329</u>	<u>10,810</u>	<u>-</u>	<u>19,139</u>
Balance on December 31, 2022	<u>\$ 30,796</u>	<u>\$ 43,043</u>	<u>\$ -</u>	<u>\$ 73,839</u>
Net Balance on December 31, 2022	<u>\$ 66,629</u>	<u>\$ 21,255</u>	<u>\$ 8,763</u>	<u>\$ 96,647</u>

Golf membership card of the parent company only company is a right of use and the management of the parent company only company considers that the parent company only 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 NT\$12,000 thousand and recognized as refundable deposits.

Amortization expenses are calculated by straight-line basis using the estimated service life as follows:

Computer Software	1 to 9 years
Patents	5 to 10 years

Amortization expenses summarized by function:

	2023	2022
Operating costs	\$ 3,401	\$ 7,238
General and administrative expenses	5,245	3,000
Research expenses	9,013	8,901
	<u>\$ 17,659</u>	<u>\$ 19,139</u>

#### 17. Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Advance payment	\$ 93,793	\$ 73,537
Tax overpaid retained for offsetting the future tax payable	13,367	12,698
Other prepayments	<u>14,286</u>	<u>17,045</u>
	<u>\$ 121,446</u>	<u>\$ 103,280</u>

#### 18. Other Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other current assets		
Temporary payments	<u>\$ 2,785</u>	<u>\$ 4,818</u>

#### 19. Borrowings

##### a. Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured loans</u>		
Bank loans	<u>\$ 100,000</u>	<u>\$ -</u>

The interest rates on revolving loans of banks was 2.05% as of December 31, 2023.

b. Long-term Borrowings

The Company's borrowings include:

	Maturity Date	Material terms and conditions	Effective interest rate	December 31, 2023	December 31, 2022
<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.	2.00	\$ 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.	2.00	36,072	38,019
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 204 installments starting from March 31, 2023, with monthly principal and interest amortized evenly.	2.00	684,906	712,861
Secured bank loans in New Taiwan Dollars of Bank of Panhsin	2025.2.21	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.	2.31	\$ 39,956	\$ 43,071
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.	2.00	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.	2.17	55,792	58,436
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.	1.90	728,000	728,000
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.	1.90	338,000	338,000
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.	2.00	4,390	4,390
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2024.6.30	The borrowing period was from July 5, 2022 to June 30, 2024 with principal due upon maturity.	2.00	4,390	4,390
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2029.10.4	The borrowing period was from October 4, 2022 to October 4, 2029 with principal and interests evenly split and paid monthly, and interests calculated monthly. It was fully repaid in advance in December 2023.	1.98	-	117,143
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2029.11.3	The borrowing period was from November 3, 2022 to November 3, 2029 with principal and interests evenly split and paid monthly, and interests calculated monthly. It was fully repaid in advance in December 2023.	1.98	-	166,000
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2024.6.30	The borrowing period was from December 5, 2022 to June 30, 2024 with principal due upon maturity.	2.00	3,460	3,460
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2024.6.30	The borrowing period was from February 17, 2023 to June 30, 2024 with principal due upon maturity.	2.00	6,920	-
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2024.6.30	The borrowing period was from March 31, 2023 to June 30, 2024 with principal due upon maturity.	2.00	3,460	-
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2024.6.30	The borrowing period was from June 5, 2023 to June 30, 2024 with principal due upon maturity.	2.00	10,380	-
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2024.6.30	The borrowing period was from August 4, 2023 to June 30, 2024 with principal due upon maturity.	2.00	4,320	-
Secured bank loans in New Taiwan Dollars of First Bank	2025.10.4	The borrowing period was from October 4, 2023 to October 4, 2025 with monthly interest and principal due upon maturity.	1.88	35,000	-

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	Maturity Date	Material terms and conditions	Effective interest rate	December 31, 2023	December 31, 2022
<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.	2.30	20,597	35,679
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.	2.30	10,469	18,131
Line of credit loans in New Taiwan Dollars of Taiwan Business Bank	2029.8.4	The borrowing period was from August 4, 2022 to August 4, 2029 with principal and interests evenly split and paid monthly, and interests calculated monthly. It was fully repaid in advance in October 2023.	2.03	-	142,857
Line of credit loans in New Taiwan Dollars of Taiwan Cooperative Bank	2024.8.4	The borrowing period was from August 4, 2022 to August 4, 2024 with monthly interest and principal due upon maturity. It was fully repaid in advance in October 2023.	1.88	-	80,000
Line of credit loans in New Taiwan Dollars of Taiwan Cooperative Bank	2024.10.4	The borrowing period was from October 4, 2022 to October 4, 2024 with monthly interest and principal due upon maturity. It was fully repaid in advance in October 2023.	1.88	-	50,000
Line of credit loans in New Taiwan Dollars of First Bank	2024.10.4	The borrowing period was from October 4, 2022 to October 4, 2024 with monthly interest and principal due upon maturity. It was fully repaid in advance in December 2023.	1.88	-	50,000
Line of credit loans in New Taiwan Dollars of Taiwan Cooperative Bank	2024.10.27	The borrowing period was from October 27, 2022 to October 27, 2024 with monthly interest and principal due upon maturity. It was fully repaid in advance in October 2023.	1.88	-	50,000
Line of credit loans in New Taiwan Dollars of First Bank	2024.10.27	The borrowing period was from October 27, 2022 to October 27, 2024 with monthly interest and principal due upon maturity. It was fully repaid in advance in December 2023.	1.88	-	150,000
Line of credit loans in New Taiwan Dollars of Hua Nan Commercial Bank	2028.3.17	The borrowing period was from March 17, 2023 to March 17, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.95	62,174	-
Line of credit loans in New Taiwan Dollars of Land Bank of Taiwan	2024.10.27	The borrowing period was from October 27, 2022 to October 27, 2024 with principal and interests evenly split and paid monthly, and interests calculated monthly.	2.11	100,000	-
Line of credit loans in New Taiwan Dollars of CTBC Bank	2026.9.1	The borrowing period was from September 1, 2023 to September 1, 2026 with a principal of NT\$5 million paid monthly, and interests calculated monthly.	2.10	\$ 285,000	\$ -
Line of credit loans in New Taiwan Dollars of Taiwan Cooperative Bank	2025.11.2	The borrowing period was from November 2, 2023 to November 2, 2025 with monthly interest and principal due upon maturity.	1.88	180,000	-
Line of credit loans in New Taiwan Dollars of First Bank	2025.10.4	The borrowing period was from October 4, 2023 to October 4, 2025 with monthly interest and principal due upon maturity.	1.88	<u>100,000</u>	<u>-</u>
Less: current portion matured in 1 year				3,127,286 ( 223,135)	3,204,437 ( 124,578)
Long-term Borrowings				<u>\$2,904,151</u>	<u>\$3,079,859</u>

Please refer to Notes 36 and 37 for the collateral of the above bank loans.

## 20. Corporate Bonds Payable

	December 31, 2023	December 31, 2022
Domestic unsecured convertible bonds	\$ 942,415	\$ 922,582
Less: current portion matured in 1 year	-	-
	<u>\$ 942,415</u>	<u>\$ 922,582</u>

### The fourth domestic secured convertible bonds

On October 18, 2023, the Company issued 10,000 units with 3-year issuance periods of NTD denominated unsecured convertible corporate bonds at a coupon rate of 0% with a principal amounted to \$1,000,000 thousand.

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the Company at \$374.9 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.

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 Company's ordinary shares exceeds 30% of the current conversion price for 30 consecutive business days, the 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 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.

The date when two years have passed since the issuance of the convertible corporate bonds is the benchmark date for bondholders to sell back the converted corporate bonds in advance. Forty business days before the date, the Company shall send a "Notice of Exercise of Put-back Option" by registered mail to redeem all of its bonds in cash at the face value of the bonds.

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 2.14%.

Movements of the master contracts of debt from the issuance date to December 31, 2023 are as follows:

	<u>Amount</u>
Issue proceeds on October 18, 2023 (less transaction costs of NT\$2,715 thousand)	\$ 997,285
Equity components (less transaction cost allocated to equity of NT\$154 thousand)	( 56,446 )
Derivatives components - put right	( 3,700 )
Derivatives components - redemption rights	<u>1,200</u>
Liability components on issuance date (Derivatives components - redemption rights)	938,339
Interests calculated at the effective interest rate of 2.14%	<u>4,076</u>
Liability components on December 31, 2023	<u><u>\$ 942,415</u></u>

### The third domestic secured convertible bonds

On July 7, 2022, the Company issued 10,000 units with 3-year issuance periods of NTD denominated unsecured convertible corporate bonds at a coupon rate of 0% with a principal amounted to \$1,000,000 thousand.

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the Company at \$231.4 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.

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 Company's ordinary shares exceeds 30% of the current conversion price for 30 consecutive business days, the 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 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.

The date when two years have passed since the issuance of the convertible corporate bonds is the benchmark date for bondholders to sell back the converted corporate bonds in advance. Forty business days before the date, the Company shall send a "Notice of Exercise of Put-back Option" by registered mail to redeem all of its bonds in cash at the face value of the bonds.

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 1.79%.

The contents of the conversion which was fully converted by the Company per the requests of the bond holders as of December 31, 2023 are as follows:

	<u>2023</u>
Total amount of requested conversion of bonds	\$ 964,800
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	( <u>42,478</u> )
premium on conversion	922,322
Add: capital surplus - share option	41,362
Financial liabilities at fair value through profit or loss	687
Less: discount on corporate bonds payable	( 37,968 )
Financial assets at fair value through profit or loss	( 4,082 )
Odd lot transferred into other revenue	( <u>30</u> )
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	<u>\$ 922,291</u>

Movements of the master contracts of debt from the issuance date to December 31, 2023 are as follows:

	<u>Amount</u>
Issue proceeds on July 7, 2022 (less transaction costs of NT\$5,280 thousand)	\$ 994,720
Equity components (less transaction cost allocated to equity of NT\$228 thousand)	( 42,872 )
Derivatives components - put right	( 4,500 )
Derivatives components - redemption rights	<u>700</u>
Liability components on issuance date (Derivatives components - redemption rights)	948,048
Interests calculated at the effective interest rate of 1.79%	8,300
Ordinary shares converted from corporate bonds payable	( <u>33,766</u> )
Liability components on December 31, 2022	<u>\$ 922,582</u>
Liability components on January 1, 2023	\$ 922,582
Interests calculated at the effective interest rate of 1.79%	4,250
Ordinary shares converted from corporate bonds payable	( <u>926,832</u> )
Liability components on December 31, 2023	<u>\$ -</u>

## 21. Note Payables and Trade Payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Trade payables</u>		
Arising from operations - unrelated parties	<u>\$ 327,347</u>	<u>\$ 214,675</u>
<u>Trade payables</u>		
Arising from operations - related parties (Note 35)	<u>\$ 45,520</u>	<u>\$ 30,994</u>



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

## 22. Other Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Equipment payment payable	\$ 120,279	\$ 68,371
Salaries and bonuses payable	102,871	155,980
Employee compensation payable	31,429	35,338
Directors remuneration payable	31,428	34,130
Interest payable	3,242	2,788
Vacation leave payment payable	17,919	16,388
Dividends payable	377,883	336,998
Others	<u>150,084</u>	<u>142,083</u>
	<u>\$ 835,135</u>	<u>\$ 792,076</u>
Other Liabilities		
Temporary received	\$ 237	\$ 142
Received on behalf of others	<u>2,372</u>	<u>3,151</u>
	<u>\$ 2,609</u>	<u>\$ 3,293</u>

## 23. Provisions

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Warranty	<u>\$ 68</u>	<u>\$ -</u>

Warranty provisions is the present value of the best estimate of the future economic benefits resulted from the 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.

## 24. Benefits after retirement plan

### a. Defined contribution plans

The pension system of the "Labor Pension Act" applicable to the Company was a defined contribution plan under government administration, and 6% of the employees' monthly salaries is contributed to their personal accounts at the Bureau of Labor Insurance.

b. Defined benefit plans

The pension system conducted by the Company of the Company under the “Labor Standards Act” of our country is a defined benefit retirement plan administered by the government. The payment of the employee’s pension is based on the length of service and the average salary of six months before the approved retirement date. Those companies contribute monthly an amount equal to 2% of the employees’ monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan under the name of The Supervisory Committee of Workers’ Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made before the end of March of the following year. The exclusive account is administered by the Bureau of Labor Funds of the Ministry of Labor, and the Company retains no rights that may influence its investment and administration strategies.

The amount of defined benefit plan included in the parent company only balance sheet is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 32,692	\$ 31,214
Fair value of plan assets	( <u>1,517</u> )	( <u>5,104</u> )
Net defined benefit liabilities	<u>\$ 31,175</u>	<u>\$ 26,110</u>

The changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
January 1, 2023	<u>\$ 31,214</u>	( <u>\$ 5,104</u> )	<u>\$ 26,110</u>
Interest expenses (income)	<u>531</u>	( <u>88</u> )	<u>443</u>
Recognized in profit or loss	<u>531</u>	( <u>88</u> )	<u>443</u>
Re-measurement on the net defined benefit liability			
Actuarial losses – changes in financial assumptions	1,576	-	1,576
Actuarial losses - experience adjustments	<u>3,280</u>	<u>18</u>	<u>3,298</u>
Recognized in other comprehensive income	<u>4,856</u>	<u>18</u>	<u>4,874</u>
Contributions from employer	-	( <u>252</u> )	( <u>252</u> )
Benefits paid	( <u>3,909</u> )	<u>3,909</u>	-
December 31, 2023	<u>\$ 32,692</u>	( <u>\$ 1,517</u> )	<u>\$ 31,175</u>

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	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	<u>\$ 31,658</u>	<u>( \$ 4,700 )</u>	<u>\$ 26,958</u>
Interest expenses (income)	<u>153</u>	<u>( 23 )</u>	<u>130</u>
Recognized in profit or loss	<u>153</u>	<u>( 23 )</u>	<u>130</u>
Re-measurement on the net defined benefit liability			
Actuarial gains recognized from changes in financial assumptions	( 727 )	-	( 727 )
Actuarial (gains) losses - experience adjustments	<u>271</u>	<u>( 369 )</u>	<u>( 98 )</u>
Recognized in other comprehensive income	<u>( 456 )</u>	<u>( 369 )</u>	<u>( 825 )</u>
Contributions from employer	-	( 153 )	( 153 )
Benefits paid	<u>( 141 )</u>	<u>141</u>	<u>-</u>
December 31, 2022	<u>\$ 31,214</u>	<u>( \$ 5,104 )</u>	<u>\$ 26,110</u>

The amounts recognized in profit or loss for the defined benefit plans are summarized by function as follows:

	2023	2022
General and administrative expenses	<u>\$ 443</u>	<u>\$ 130</u>

The Company is exposed to the following risks due to the pension system under the “Labor Standards Act”:

- 1) Investment risk: Through its own use and entrusting operation, Bureau of Labor Funds, MOL invested labor pension funds in domestic (foreign) equity and debt securities and bank deposits. But the allocated amounts of the Company’s plan assets shall not be lower than the gain calculated by the average interest rate on a two-year time deposit.
- 2) Interest rate risk: The decline in government bond interest rate will increase the present value of the obligation on the defined benefit plan, while the return on plan assets will increase. The net effect on the present value of the obligation on defined benefit plan is partially offset by the return on plan assets.
- 3) Salary risk: The calculation of the present value of defined benefit obligation is in reference to the plan participants’ future salary. Hence, the increase in plan

participants' salary will increase the present value of the defined benefit obligation.

The present value of the defined benefit obligation of the Company is determined by a qualified actuary. The significant assumptions on the measurement date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.1580%	1.7000%
Expected rates of salary increase	4.0000%	4.0000%

Mortality rate is based on Taiwan life insurance experience life table of 2021.

Turnover rate is based on the data obtained from the materials of employee turnover experiences provided by the Company after taking into account of future trends, and it is applied prospectively.

If there are reasonable and possible changes in material actuarial assumptions while all other assumptions remain unchanged, the amount of increase (decrease) in the present value of the defined benefit obligation is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.5% increase	( <u>\$ 1,457</u> )	( <u>\$ 1,435</u> )
0.5% decrease	<u>\$ 1,538</u>	<u>\$ 1,523</u>
Expected rates of salary increase		
0.5% increase	<u>\$ 1,474</u>	<u>\$ 1,463</u>
0.5% decrease	( <u>\$ 1,413</u> )	( <u>\$ 1,394</u> )

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The expected amount of contribution within 1 year	<u>\$ 262</u>	<u>\$ 159</u>
The average maturity period of defined benefit obligations	9.3 years	9.7 years

## 25. Equity

### a. Ordinary share capital and share capital collected in advance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Nominal shares (in thousand shares)	<u>150,000</u>	<u>150,000</u>
Nominal share capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of shares issued and payments received in full (in thousand shares)	<u>94,184</u>	<u>84,097</u>
Share capital issued	<u>\$ 941,844</u>	<u>\$ 840,973</u>
Share capital collected in advance	<u>\$ 1,128</u>	<u>\$ 1,521</u>

On August 30, 2023, the Board of Directors resolved a capital increase in cash to issue 5,800 thousand of new shares with a par value of NT\$10 per share, and issued on premiums for NT\$300 per share. The above-mentioned capital increase in cash had been reported and approved for effectiveness by the Securities and Futures Bureau, Financial Supervisory Commission on September 25, 2023, and the ex-rights date of the capital increase was October 24, 2023 resolved by the Board of Directors, and the change of registration was completed on January 2, 2024.

In 2023, the Company's corporate bonds were converted into 4,287 ordinary shares, with a par value of NT\$10 per share, totaling NT\$42,871 thousand.

As of December 31, 2023 and 2022, the bond holders of the Company's unsecured convertible corporate bonds had requested to convert into 113 thousand and 152 thousand ordinary shares, of which were recorded as share capital collected in advance amounted to NT\$1,128 thousand and NT\$1,521 thousand respectively, and the registration of the change was made after new shares issued on the ex-rights date of the capital increase according to the law.

### b. Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Used to offset deficit, distribute cash, or replenish share capital (1)</u>		
Premium on issuance of shares	\$ 4,412,831	\$ 2,696,145
Premium on conversion of convertible corporate bonds	1,231,476	309,185
Treasury shares transactions	200,461	200,461
Changes in net equity values of associates and joint venture accounted for using the equity method	1,082	1,188
Difference between equity value and book value of subsidiaries' actual acquisition or disposal	86,856	-
<u>Not to be used for any purposes</u>		
Stock option	<u>56,446</u>	<u>41,362</u>
	<u>\$ 5,989,152</u>	<u>\$ 3,248,341</u>

- 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 Incorporation, 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 Incorporation, 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, which is stipulated in the Company's Articles of Incorporation, please refer to Note 27 (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 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 2021 as follows:

	<u>From July 1 to December 31, 2021</u>	<u>From January 1 to June 30, 2021</u>
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 (NT\$)	<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.

The Board of Directors of the Company has decided on the surplus distribution plan for the year 2022 as follows:

	<u>From July 1 to December 31, 2022</u>	<u>From January 1 to June 30, 2022</u>
Date of the resolution of the Board of Directors Meeting	March 29, 2023	November 9, 2022
Legal reserve	<u>\$ 45,417</u>	<u>\$ 47,775</u>
Special reserve	<u>( \$ 10,427 )</u>	<u>\$ 151,184</u>
Cash dividends	<u>\$ 346,353</u>	<u>\$ 336,998</u>
Cash dividend per share (NT\$)	<u>\$ 4.0</u>	<u>\$ 4.0</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 24, 2023.

The Board of Directors of the Company has decided on the surplus distribution plan for the year 2023 as follows:

	<u>From July 1 to December 31, 2023</u>	<u>From January 1 to June 30, 2023</u>
Date of the resolution of the Board of Directors Meeting	March 6, 2024	November 8, 2023
Legal reserve	<u>\$ 42,317</u>	<u>\$ 48,184</u>
Special reserve	<u>\$ -</u>	<u>( \$ 146,666 )</u>
Cash dividends	<u>\$ 330,040</u>	<u>\$ 377,883</u>
Cash dividend per share (NT\$)	<u>\$ 3.5</u>	<u>\$ 4.27</u>

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, while the remaining earnings distribution items await resolution at the shareholders' meeting to be held on May 24, 2024.

d. 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 during the year	( 449 )	-	-	( 449 )
Number of shares on December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

In June 2022, the Company transferred treasury stocks to employees with transferred treasury stocks of 120 thousand shares at a total buy-back cost of NT\$4,086 thousand. The record date of the employee shares subscription for these treasury stocks was April 29, 2022 and the date to deliver the shares to employees was June 10, 2022.

In July 2022, the Company transferred treasury shares to employees with transferred treasury shares of 259 thousand shares at a total buy-back cost of NT\$8,819 thousand. The record date of the employee shares subscription for these treasury shares was May 27, 2022 and the date to deliver the shares to employees was July 1, 2022.

The Company received NT\$15,289 thousand for the transfer of treasury stock and also recognized capital surplus - treasury shares transaction of NT\$97,300 thousand on the date of share delivery to employees, please refer to Note 30.

Treasury stocks 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.

## 26. Revenue

	2023	2022
Revenue from customer contracts		
Sales revenue of commodities	\$ 3,231,981	\$ 2,971,579
Other operating revenue	<u>263,652</u>	<u>188,399</u>
	<u>\$ 3,495,633</u>	<u>\$ 3,159,978</u>



a. Explanation from 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 has 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 Company recognizes revenue and trade receivable at that point in time.

b. Balance of contracts

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 10)	<u>\$ 721,928</u>	<u>\$ 853,281</u>	<u>\$ 542,842</u>
Contract liabilities – Unearned sales revenue			
Sales of commodities	\$ 87,059	\$ 81,359	\$ 962
Others	<u>13</u>	<u>4,175</u>	<u>1,614</u>
	<u><u>\$ 87,072</u></u>	<u><u>\$ 85,534</u></u>	<u><u>\$ 2,576</u></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 as follows.

	2023	2022
<u>From beginning contract liabilities</u>		
Sales of commodities	\$ 69,581	\$ 962
Others	<u>4,175</u>	<u>1,614</u>
	<u><u>\$ 73,756</u></u>	<u><u>\$ 2,576</u></u>

c. Breakdown of revenue from customer contracts

Please refer to Statement IX for information on the breakdown of revenue.

**27. Net income before tax**

a. Interest income

	2023	2022
Bank deposits	<u>\$ 24,858</u>	<u>\$ 2,609</u>
Imputed interest on deposits	86	61
Loans to related parties	<u>450</u>	<u>105</u>
	<u><u>\$ 25,394</u></u>	<u><u>\$ 2,775</u></u>

b. Other income

	2023	2022
Rental income		
Investment properties	\$ 35,719	\$ 36,243
Other rental	<u>6,266</u>	<u>6,065</u>
	<u>41,985</u>	<u>42,308</u>
Dividend income		
Investments in equity instruments at fair value through other comprehensive income	<u>35,847</u>	<u>25,209</u>
Others	<u>28,780</u>	<u>7,537</u>
	<u><u>\$ 106,612</u></u>	<u><u>\$ 75,054</u></u>

c. Other gains and (losses)

	2023	2022
Gain of financial assets and financial liabilities		
Financial assets and liabilities mandatorily classified as at fair value through profit or loss	\$ 9,261	\$ 4,383
Gain on disposal of property, plant and equipment	3,447	769
Net gain (loss) on foreign exchange	( 136 )	46,128
Gain on lease amendment	76	-
Others	<u>( 3,636 )</u>	<u>( 189 )</u>
	<u><u>\$ 9,012</u></u>	<u><u>\$ 51,091</u></u>

d. Finance costs

	2023	2022
Interest on bank loans	\$ 84,036	\$ 54,456
Interest on convertible corporate bonds	8,326	8,300
Interest on lease liabilities	290	486
Imputed interest on deposits	58	34
Less: Amount included in the cost of key assets	<u>( 8,589 )</u>	<u>( 10,684 )</u>
	<u><u>\$ 84,121</u></u>	<u><u>\$ 52,592</u></u>

Information on interest capitalization is as follows:

	2023	2022
Amount of capitalized interest	\$ 8,589	\$ 10,684
Capitalized interest rate	1.81%	1.42%

e. Depreciation and amortization expenses

	<u>2023</u>	<u>2022</u>
Depreciation expenses		
summarized by function		
Operating costs	\$ 173,202	\$ 138,703
Operating expenses	<u>75,233</u>	<u>56,073</u>
	<u>\$ 248,435</u>	<u>\$ 194,776</u>
Amortization expenses		
summarized by function		
Operating costs	\$ 3,401	\$ 7,238
Operating expenses	<u>14,258</u>	<u>11,901</u>
	<u>\$ 17,659</u>	<u>\$ 19,139</u>

f. Employee benefits expenses

	<u>2023</u>	<u>2022</u>
Benefits after retirement		
Defined contribution plans	\$ 21,663	\$ 16,487
Defined benefit plans (Note 24)	<u>443</u>	<u>130</u>
	22,106	16,617
Share-based payment		
Equity settlement	37,726	77,497
Other employee benefits	<u>681,277</u>	<u>669,369</u>
Total employee benefit expenses	<u>\$ 741,109</u>	<u>\$ 763,483</u>
Summarized by function		
Operating costs	\$ 342,456	\$ 317,029
Operating expenses	<u>398,653</u>	<u>446,454</u>
	<u>\$ 741,109</u>	<u>\$ 763,483</u>

g. Remunerations of employees and directors

The Company allocates the employees' compensation and remuneration of directors 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 in the current year. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 were resolved by the board of directors on March 6, 2024 and March 8, 2023, respectively, as follows:

Estimated ratio

	<u>2023</u>	<u>2022</u>
Employees' compensation	3%	3.106%
Remuneration of directors	3%	3%

Amount

	2023		2022	
	Cash	Stock	Cash	Stock
Employees' compensation	\$ 31,429	\$ -	\$ 35,338	\$ -
Remuneration of directors	31,428	-	34,130	-

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

There was no difference between the actual amount paid of employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021 and the amount recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

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

**28. Income tax**

a. Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	2023	2022
Current income tax		
Incurred for the year	\$ 131,002	\$ 160,531
Adjustments from prior years	( 24,704 )	( 20,001 )
Investment Deduction	( 26,244 )	-
	<u>80,054</u>	<u>140,530</u>
Deferred income tax		
Incurred for the year	( 313 )	( 5,374 )
Income tax expense recognized in profit or loss	<u>\$ 79,741</u>	<u>\$ 135,156</u>

The adjustment of accounting income and current income tax expense is as follows

	<u>2023</u>	<u>2022</u>
Net income before tax	<u>\$ 984,747</u>	<u>\$ 1,068,227</u>
Income tax expenses of net income before tax calculated at the legal tax rate	\$ 196,949	\$ 213,645
Non-deductible tax expense	1,864	1,854
Tax-free income	( 67,581 )	( 59,286 )
Debenture issuance cost	( 543 )	( 1,056 )
Current income tax expense from previous years adjusted in the year	( 24,704 )	( 20,001 )
Investment Deduction	( <u>26,244</u> )	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 79,741</u>	<u>\$ 135,156</u>

b. Current income tax liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax liabilities		
Income tax payable	<u>\$ 23,035</u>	<u>\$ 135,690</u>

c. Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2023

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Ending balance</u>
Deferred tax assets			
Temporary difference			
Unrealized loss on inventories for price loss	\$ 25,080	( \$ 2,267 )	\$ 22,813
Unrealized loss on transactions with subsidiaries	346	-	346
Vacation leave payment payable	3,277	307	3,584
Allowance for doubtful debts over limit	207	-	207
Unrealized loss on exchange	<u>-</u>	<u>2,016</u>	<u>2,016</u>
	<u>\$ 28,910</u>	<u>\$ 56</u>	<u>\$ 28,966</u>

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	Beginning balance	Recognized in profit or loss	Ending balance
<u>Deferred tax liabilities</u>			
Temporary difference			
Unrealized loss on transactions with subsidiaries	( \$     329 )	( \$     17 )	( \$     346 )
Defined benefit retirement plan	(       204 )	38	(       166 )
Unrealized exchange gains	(       236 )	236	-
	( <u>\$     769</u> )	( <u>\$     257</u> )	( <u>\$     512</u> )

2022

	Beginning balance	Recognized in profit or loss	Ending balance
<u>Deferred tax assets</u>			
Temporary difference			
Unrealized loss on inventories for price loss	\$ 19,967	\$ 5,113	\$ 25,080
Unrealized loss on transactions with subsidiaries	346	-	346
Vacation leave payment payable	2,342	935	3,277
Allowance for doubtful debts over limit	207	-	207
Unrealized loss on exchange	399	( 399 )	-
	( <u>\$ 23,261</u> )	( <u>\$ 5,649</u> )	( <u>\$ 28,910</u> )

<u>Deferred tax liabilities</u>			
Temporary difference			
Unrealized loss on transactions with subsidiaries	( \$     294 )	( \$     35 )	( \$     329 )
Defined benefit retirement plan	(       200 )	(       4 )	(       204 )
Unrealized exchange gains	-	( 236 )	( 236 )
	( <u>\$     494</u> )	( <u>\$     275</u> )	( <u>\$     769</u> )

d. Income tax assessments

The annual income tax return of a profit-seeking enterprise of the Company have been assessed by the tax authorities, except for 2022, through the 2021 annual income tax return of a profit-seeking enterprise.

**29. Earnings per Share**

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

Net income for the year

	<u>2023</u>	<u>2022</u>
Net income used for calculating basic earnings per share	\$ 905,006	\$ 933,071
Impacts of potential ordinary shares with dilution effect:		
Valuation gain or loss on after-tax interest of convertible corporate bonds and conversion options	<u>4,224</u>	<u>1,616</u>
Net income used for calculating diluted earnings per share	<u>\$ 909,230</u>	<u>\$ 934,687</u>

Number of Shares

Unit: Thousand shares

	<u>2023</u>	<u>2022</u>
Weighted average of ordinary shares used for calculating basic earnings per share	88,370	83,944
Impacts of potential ordinary shares with dilution effect:		
Convertible corporate bonds	1,743	2,108
Employees' compensation	<u>106</u>	<u>146</u>
Weighted average of ordinary shares used for calculating dilutive earnings per share	<u>90,219</u>	<u>86,198</u>

If the 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.

### 30. Share-based Payment Agreement

#### a. Employees stock option plan

The Company granted 580 stock options to its employees in October 2023.

The information on employee stock options is as follows:

	2023	
Employees stock options	Unit (Thousands)	Weighted average Exercise Price (NT\$)
Outstanding at the beginning of the year	-	\$ -
Granted for the year	580	300
Exercised in the year	( 440 )	300
Expiration for the year	( 140 )	
Outstanding at the end of the year	-	
Exercisable, ending	-	
Weighted-average fair value of the stock options for the year (NT\$)	\$ 85.8	

The Company priced the granted employee share options granted in October 2023 by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	October 2023
Market value on the grant date	NT\$382
Exercised price	NT\$300
Expected volatility	55.46%
Duration	48 days
Expected rate of dividend	0%
Risk-free interest rate	0.1721%

Cost of compensation recognized for the year ended December 31, 2023 amounted to NT\$37,726 thousand.

#### b. The second transfer of treasury stocks to employees in 2022

The regulations of transfer of treasury stocks 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 stocks 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 stocks is as follows:



	2022	
Employee share options of treasury stocks	Unit (Thousands)	Weighted-average exercise price (NT\$)
Outstanding at the beginning of the year	-	\$ -
Granted for the year	259	34.05
Exercised for the year	( 259 )	34.05
Outstanding at the end of the year	<u>-</u>	
Weighted-average fair value of the employee share options of treasury shares granted for the year (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 stocks transferred to employees
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 year ended December 31, 2022 amounted to NT\$55,789 thousand.

c. The first transfer of treasury stocks to employees in 2022

The regulations of transfer of treasury stocks 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 stocks 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 stocks is as follows:

	2022	
Employee share options of treasury stocks	Unit (Thousands)	Weighted-average exercise price (NT\$)
Outstanding at the beginning of the year	-	\$ -
Granted for the year	120	34.05
Exercised for the year	( <u>120</u> )	34.05
Outstanding at the end of the year	<u><u>-</u></u>	
Weighted-average fair value of the employee share options of treasury shares granted for the year (NT\$)	<u><u>\$ 180.9</u></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 stocks transferred to employees
Number of Shares	<u>120 thousand shares</u>
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 year ended December 31, 2022 amounted to NT\$21,708 thousand.

d. The first transfer of treasury stocks to employees in 2021

The regulations of transfer of treasury stocks 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 stocks at the subscription price of NT\$34.05. Recipients include employees that meet specific conditions within the Company.

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

	2021	
Employee share options of treasury stocks	Unit (Thousands)	Weighted-average exercise price (NT\$)
Outstanding at the beginning of the year	70	\$ -
Granted for the year	-	34.05
Exercised for the year	( 70 )	34.05
Outstanding at the end of the year	<u>-</u>	
Weighted-average fair value of the employee share options of treasury shares granted for the year (NT\$)	<u>\$ 282.9</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 stocks 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%

### **31. Partially Acquisition of Disposal of investment in subsidiaries - no impact on control**

The Company disposed 3.37% of its shareholding in Jia Shuo Technology Co., Ltd. (hereinafter referred to as “Jia Shuo Technology”) in June 2023, resulting in a decrease in shareholding ratio from 50.10% to 46.73%. Additionally, in November and December 2023, the Company did not acquire shares of Jia Shuo Technology in proportion to the shareholding ratio, resulting in an increase in the shareholding ratio from 46.73% to 46.83%.

As the above-mentioned transaction for the year ended December 31, 2023 did not change the control over the subsidiary, the Company treated the transaction as an equity transaction.

	(November 7 and December 7, 2023) Gudeng Equipment Co., Ltd.	(June 16, 2023) Gudeng Equipment Co., Ltd.
Cash consideration received (paid)	(\$ 5,872 )	\$ 113,538
Carrying amount of the subsidiary's net assets to be transferred out (into) of the non-controlling interest with calculations based on the changes in equity	664	( 21,474 )
Difference in equity transactions	( \$ 5,208 )	\$ 92,064
<u>Adjustment account for difference in equity transactions</u>		
Capital surplus - Difference between equity price and book value of subsidiaries' actual acquisition or disposal	( \$ 5,208 )	\$ 92,064

In September 2023, the Company did not acquired shares of the subsidiary Gudeng Inc. (USA) issued for cash in proportion to the shareholding ratio, resulting in a decrease in the shareholding ratio from 100% to 51%. Additionally, the Company's subsidiary, We Solutions, acquired 0.50% of its shareholding in Bor Sheng in June 2023, resulting in an increase in the shareholding ratio from 93% to 93.50%.

As the above-mentioned transaction for the year ended December 31, 2023 did not change the control over the subsidiary, the Company treated the transaction as an equity transaction.

	September 30, 2023 Gudeng Inc. (USA)	(June 30, 2023) Bor Sheng
Cash consideration paid	\$ -	( \$ 450 )
Carrying amount of the subsidiary's net assets to be transferred into (out of) non-controlling interest with calculations based on the changes in equity	( 16,658 )	389
Adjustments to other equity items to owners of the Company		
- Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive gains and losses	4,491	-
Difference in equity transactions	( \$ 12,167 )	( \$ 61 )
<u>Adjustment account for difference in equity transactions</u>		
Unappropriated earnings	( \$ 12,167 )	( \$ 61 )

On December and November, 2022, the consolidated company did not acquired shares of Gudeng Equipment in proportion to the shareholding ratio resulting in a decrease in the shareholding ratio from 50.93% to 50.10%.

As the above-mentioned transaction for the year ended December 31, 2022 did not change the control over the subsidiary, the Company treated the transaction as an equity transaction.

	(December 28, 2022) Gudeng Equipment Co., Ltd.	(November 30, 2022) Gudeng Equipment Co., Ltd.
Cash consideration paid	(\$ 3,213 )	(\$ 60,501 )
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>2,893</u>	<u>60,024</u>
Difference in equity transactions	(\$ <u>320</u> )	(\$ <u>477</u> )

Adjustment account for difference in equity  
transactions

Unappropriated earnings	(\$ <u>320</u> )	(\$ <u>477</u> )
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On November, 2022, the Company did not acquire shares of We Solutions in accordance with its shareholding ratio, resulting in the shareholding ratio decreased from 100% to 83.33%. On September, 2022, the Company's subsidiary We Solutions did not acquired shares of Shuoting in proportion to the shareholding ratio resulting in an increase in the shareholding ratio from 69.15% to 70.43%.

As the above-mentioned transaction for the year ended December 31, 2022 did not change the control over the subsidiary, the Company treated the transaction as an equity transaction.

	(November 25, 2022) We Solutions	September 29, 2022 (Shuoting)
Cash consideration paid	\$ -	(\$ 21,000 )
Debt-to-equity swaps	-	( 11,505 )
Carrying amount of the subsidiary's net assets to be transferred out of (into) non-controlling interest with calculations based on the changes in equity	( <u>797</u> )	<u>32,337</u>
Difference in equity transactions	(\$ <u>797</u> )	(\$ <u>168</u> )

Adjustment account for difference in equity  
transactions

Capital surplus - recognized changes in percentage of ownership interests in subsidiaries	<u>\$ -</u>	<u>\$ 325</u>
Unappropriated earnings	(\$ <u>797</u> )	(\$ <u>493</u> )

### 32. Information on cash flows

#### Non-cash Transactions

For the years ended December 31, 2023 and 2022, the Company conducted the following financing activities in non-cash transactions:

- a. The cash dividend for the first half of the year of Gudeng Company approved by the Board of Directors has not been distributed as of December 31, 2023 and 2022 (refer to Notes 22 and 25).
- b. As of December 31, 2023, the Company has not yet collected NT\$32,722 thousand from the sale of its self-own land in 2023. This amount is recognized as other receivables. (Refer to Note 10)

### 33. Capital Risk Management

The 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 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 Company.

### 34. 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 Company.

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

#### 1) Fair Value Hierarchy

##### December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Derivatives	\$ _____	\$ 1,000	\$ _____	\$ 1,000
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Investments in equity instruments				
- Domestic publicly traded shares	\$ 16,897	\$ 398,437	\$ _____	\$ 415,334
<u>Financial liabilities at fair value</u> <u>through profit or loss</u>				
Derivatives	\$ _____	\$ 3,300	\$ _____	\$ 3,300

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Derivatives	\$ -	\$ 2,605	\$ -	\$ 2,605
Domestic publicly traded shares	8,370	-	-	8,370
Total	<u>\$ 8,370</u>	<u>\$ 2,605</u>	<u>\$ -</u>	<u>\$ 10,975</u>
<u>Financial assets at fair value</u>				
<u>through other comprehensive income</u>				
Investments in equity instruments				
- Domestic publicly traded shares	<u>\$ -</u>	<u>\$ 251,124</u>	<u>\$ -</u>	<u>\$ 251,124</u>
<u>Financial liabilities at fair value</u>				
<u>through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 1,447</u>	<u>\$ -</u>	<u>\$ 1,447</u>

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2023 and 2022.

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

Financial Instruments

Classification	Valuation Techniques and Inputs
Domestic publicly traded securities	Private equity investments of the Company are financial commodities that have an active market but cannot be sold subject to a lock-up period, and the Company determines the fair value of such financial commodities based on the relevant market price.
Derivatives - options to redeem 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>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily at fair value through profit or loss	\$ 1,000	\$ 10,975
Financial assets at amortized cost (Note 1)	3,022,797	1,917,011
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	415,334	251,124
<u>Financial liabilities</u>		
Measured at fair value through profit or loss		
Held for trading	3,300	1,447
Measured at amortized cost (Note 2)	5,401,780	5,214,505

Notes1: The balance refers to financial assets at amortized cost, including cash and cash equivalents, notes receivable and trade receivables (including related parties), other receivable (including related parties), financial assets at amortized cost, and refundable deposits.

Notes2: The balance refers to the financial liabilities measured at amortized cost, including short-term borrowings, 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 Company's main financial instruments include equity instrument investment, trade receivables, trade payables, corporate bonds payables, and borrowings. Financial risks relates to operations of the above mentioned financial instruments. Including market risk (including foreign exchange rates, interest rates and other price risks), credit risk and liquidity risk.

1) Market Risks

The 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 Company's exposure to market risks of financial instruments and how such exposure is managed and measured.

i. Exchange Rate Risks

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

Please refer to Note 40 for the carrying amount of monetary assets and monetary liabilities of the Company denominated in non-functional currencies on the balance sheet date.

Sensitivity analysis

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

The following table details the sensitivity analysis of the 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 Company on exchange rate risks. It represents management's assessment on reasonably possible scope of foreign exchange rates.

	<u>Effect of USD currency</u>			<u>Effect of JPY currency</u>		
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Gains and losses	\$ 4,655	\$ 6,937	(i)	\$ 237	\$ 763	(ii)

(a) It is mainly derived from USD-denominated bank deposits, receivables, and payables that are still outstanding on the balance sheet date of the Company without cash flow hedging.

(b) It is mainly derived from JPY-denominated bank deposits, receivables, and payables that are still outstanding on the balance sheet date of the Company without cash flow hedging.

ii. Interest Rate Risks

The Company has been exposed to interest rate risk through its fixed and floating-rate borrowings.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
With interest rate risk of fair value		
- Financial assets	\$ -	\$ -
- Financial liabilities	956,770	943,898
Interest rate risk with cash flows		
- Financial assets	2,203,933	1,033,438
- Financial liabilities	3,230,528	3,207,225

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 Company is the 25 basis points

increase or decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

If interest rates increased/decreased by 0.25% and all other variables were held constant, the Company's pre-tax net profit for the years ended December 31, 2023 and 2022 would decrease/increase by NT\$2,566 thousand and NT\$5,434 thousand, respectively.

iii. Other Price Risks

The Company has equity price exposure arising from the investments in publicly traded equity securities. The management of the Company manages 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 years ended December 31, 2023 and 2022 would have increased/ decreased by \$0 thousand and \$837 thousand, respectively, due to a increase/ decrease in the fair value of financial assets at fair value through profit or loss. The profit and loss before tax for 2023 and 2022 would be increased/decreased by NT\$41,533 thousand and NT\$25,112 thousand, respectively due to the increase/decrease in the fair value of the financial asset measured at fair value through other comprehensive income.

2) Credit Risks

Credit risk refers to the risk of financial loss of the Company caused by the counterparty's default of contractual obligations. As of the balance sheet date, the 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 Company is mainly from:

- i. The carrying amount of financial assets recognized in the parent company only Balance Sheets.
- ii. The amount of contingent liabilities generated from providing a financial guarantee by the Company.

The policies adopted by the 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 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 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 Company's credit risk is significantly reduced. Therefore, the credit risk is limited.

The Company's credit risks are majorly concentrated on the biggest client, and the ratio of trade receivables from the above mentioned client as of December 31, 2023 and 2022 were 49%.

### 3) Liquidity Risks

The Company manages and maintains sufficient positions in cash and cash equivalents to support the operations and to mitigate the impact of cash flow fluctuations. The management of the 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 Company. Please refer to the following (2) description of financing lines for the unused financing lines of the Company as of the end of the years ended December 31, 2023 and 2022.

#### i. 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 Company can be required to pay. Therefore, the 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.

### December 31, 2023

	Less than 1 year	1 to 2 years	2 to 3 years	3 years and above	Total
<u>Non-derivative financial liabilities</u>					
Trade payables	\$ 372,867	\$ -	\$ -	\$ -	\$ 372,867
Other payables	846,899	-	-	-	846,899
Lease liabilities	6,690	5,962	1,965	-	14,617
Guarantee deposits	-	9,071	-	-	9,071
Other current liabilities	2,609	-	-	-	2,609
Borrowings	326,377	550,215	127,758	2,226,178	3,230,528
Convertible corporate bonds	-	-	1,000,000	-	1,000,000
	<u>\$1,555,442</u>	<u>\$ 565,248</u>	<u>\$1,129,723</u>	<u>\$2,226,178</u>	<u>\$5,476,591</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>\$ 6,690</u>	<u>\$ 5,962</u>	<u>\$ 1,965</u>	<u>\$ -</u>	<u>\$ -</u>

### December 31, 2022

	Less than 1 year	1 to 2 years	2 to 3 years	3 years and above	Total
<u>Non-derivative financial liabilities</u>					
Trade payables	\$ 245,669	\$ -	\$ -	\$ -	\$ 245,669
Other payables	829,820	-	-	-	829,820
Lease liabilities	8,666	6,413	4,874	1,850	21,803
Guarantee deposits	-	9,209	-	-	9,209
Other current liabilities	3,293	-	-	-	3,293
Borrowings	127,366	571,865	143,044	2,364,950	3,207,225
Convertible corporate bonds	-	-	964,800	-	964,800
	<u>\$1,214,814</u>	<u>\$ 587,487</u>	<u>\$1,112,718</u>	<u>\$2,366,800</u>	<u>\$5,281,819</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>\$ 8,666</u>	<u>\$ 6,413</u>	<u>\$ 4,874</u>	<u>\$ 1,850</u>	<u>\$ -</u>

#### ii. Financing line

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit line of unsecured bank overdraft (to be extended with agreement between two parties)		
Amount used	\$ 858,240	\$ 576,667
Amount unused	<u>1,149,360</u>	<u>900,000</u>
	<u>\$ 2,007,600</u>	<u>\$ 1,476,667</u>

(Continued on the next page)

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	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit line of secured bank loans (to be extended with agreement between two parties)		
Amount used	\$ 2,369,046	\$ 2,627,770
Amount unused	<u>692,500</u>	<u>1,209,260</u>
	<u>\$ 3,061,546</u>	<u>\$ 3,837,030</u>

### 35. Related parties transaction

In addition to those disclosed in other notes, the transactions between the Company and related parties are as follows:

a. Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
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
Laien Parts Technology Co., Ltd. (hereinafter “Laien Parts”)	Substantial related party
Symtek Automation Asia Co., Ltd. (hereinafter “Symtek”)	Substantial related party
JIN HUI Technology Co., Ltd. (hereinafter “JIN HUI”)	Associates
YAHOO System Technology Co., Ltd. (hereinafter “YAHOO”)	Associates
Gudeng Venture Capital Co., Ltd. (hereinafter “Gudeng Venture”)	The Company’s subsidiary
We Solutions Technology Co., Ltd. (hereinafter “We Solutions”)	The Company’s subsidiary
Jia Shuo Technology (hereinafter “Jia Shuo Technology”)	The Company’s subsidiary
Shanghai Gudeng Trading Co., Ltd. (hereinafter “Shanghai Gudeng”)	The Company’s subsidiary
Sun Park Development Limited (hereinafter “SP”)	The Company’s subsidiary
Rich Point Global Corp. (hereinafter “RP”)	The Company’s subsidiary
Jia Shuo Construction, Inc. (hereinafter “Jia Shuo Construction”)	The Company’s subsidiary
Gudeng Inc. (hereinafter “Gudeng USA”)	The Company’s subsidiary
Shuoting Precision Industry Co., Ltd. (hereinafter “Shuoting”)	The Company’s subsidiary
Hengyang Green Energy Co., Ltd. (hereinafter “Hengyang”)	The Company’s subsidiary
Gudeng Aerospace Technologies Corporation. (hereinafter “Gudeng Aerospace”)	The Company’s subsidiary
Kunshan Dachuan Plastic Industry Co., Ltd. (hereinafter “Dachuan”)	The Company’s subsidiary

b. Operating Revenue

Item	Name of related party	2023	2022
Sales revenue	Shanghai Gudeng	\$ 205,675	\$ 194,289
	Jia Shuo Technology	10,578	9,502
	Shuoting	8,584	-
	Dachuan	9,125	-
	YAHU	12	-
		<u>\$ 233,974</u>	<u>\$ 203,791</u>

The purchase price of the Company for related parties are equivalent to those for general clients.

c. Purchase

Name of related party	2023	2022
We Solutions	\$ 185,543	\$ 179,823
Shuoting	24,857	5,867
Jia Shuo Technology	128	1,672
Shanghai Gudeng	362	154
JIN HUI	<u>33,068</u>	<u>23,867</u>
	<u>\$ 243,958</u>	<u>\$ 211,383</u>

The products purchased by the consolidated company are mainly custom-made and do not have comparable counterparts.

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

Item	Name of related party	December 31, 2023	December 31, 2022
Trade receivables - related parties	Shanghai Gudeng	\$ 74,046	\$ 159,616
	Jia Shuo Technology	2,046	1,689
	Shuoting	5,874	-
	YAHU	13	-
	Dachuan	<u>16,709</u>	<u>-</u>
		<u>\$ 98,688</u>	<u>\$ 161,305</u>
Other receivable - related parties		\$ -	\$ 77
	SP		
	RP	-	304
	Jia Shuo Technology	220	111
	Gudeng USA	-	193
	JIN HUI	10	7
	Onore King	-	2
	Shanghai Gudeng	1,449	-
	Symtek	12,098	-
	Hengyang	<u>16</u>	<u>-</u>
		<u>\$ 13,793</u>	<u>\$ 694</u>

No guarantee has been collected for the outstanding receivables from related parties. No expected credit impairment loss was set aside for receivables from related parties for the years ended December 31, 2023 and 2022.

e. Payable to related party (excluding loans to related parties)

Item	Name of related party	December 31, 2023	December 31, 2022
Trade payable - related parties	We Solutions	\$ 33,426	\$ 14,850
	Jia Shuo Technology	-	101
	Shuoting	433	6,161
	Shanghai Gudeng	185	59
	JIN HUI	11,466	9,823
	Dachuan	10	-
		<u>\$ 45,520</u>	<u>\$ 30,994</u>
Other payable - related parties	Shanghai Gudeng	\$ 7,136	\$ 29,318
	Gudeng USA	7,870	11,214
		<u>\$ 15,006</u>	<u>\$ 40,532</u>

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

f. Prepayments

Name of related party	December 31, 2023	December 31, 2022
Shuoting	\$ 100	\$ -
Jia Shuo Technology	13,500	-
YAHOO	4,050	-
	<u>\$ 17,650</u>	<u>\$ -</u>

g. Lease agreements as a lessee

Lease expenses

Lessor	Underlying subject	Rental and payment method of rent	Lease expenses	
			2023	2022
Sheng Jie	Employee dorm	The monthly rent for each room is NT\$134 thousand, which shall be paid on a monthly basis.	<u>\$ 1,632</u>	<u>\$ 1,457</u>
Yun Sheng	Warehouse	The monthly rent for each room is NT\$150 thousand, which shall be paid on a monthly basis.	<u>\$ 1,800</u>	<u>\$ 1,350</u>

h. Lease agreements as a lessor

- 1) The total amount of lease payments received in the future is summarized as follows:

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Gudeng Venture	\$ 480	\$ 480
Jia Shuo Technology	14,261	3,574
Jia Shuo	6	6
Sheng Jie	12	8
Yun Sheng	12	8
Jin Peng	12	8
Onore King	12	12
Hengyang	192	-
Gudeng Aerospace	18	-
	<u>\$ 15,005</u>	<u>\$ 4,096</u>

- 2) Rental income is summarized as follows:

<u>Name of related party</u>	<u>Underlying subject</u>	<u>Rental and payment method of rent</u>	<u>2023</u>	<u>2022</u>
Gudeng Venture	Office	Rent amounted to \$40 thousand per month with monthly payment.	\$ 480	\$ 480
Jia Shuo Technology	Pant and clean room	Rent amounted to NT\$297 thousand per month with monthly payment.	3,571	4,009
Jia Shuo Technology	Office	Rent amounted to NT\$1 thousand per month with monthly payment.	12	12
Jia Shuo	Office	Rent amounted to NT\$1 thousand per month with monthly payment.	\$ 12	\$ 12
Sheng Jie	Office	Rent amounted to NT\$1 thousand per month with monthly payment.	12	12
Yun Sheng	Office	Rent amounted to NT\$1 thousand per month with monthly payment.	12	12
Jin Peng	Office	Rent amounted to NT\$1 thousand per month with monthly payment.	12	12
Onore King	Office	Rent amounted to NT\$1 thousand per month with monthly payment.	12	14
Hengyang	Office	Rent amounted to NT\$2.5 thousand per month with monthly payment.	91	-
Gudeng Aerospace	Office	Rent amounted to NT\$16 thousand per month with monthly payment.	<u>12</u>	<u>-</u>
			<u>\$ 4,226</u>	<u>\$ 4,563</u>



3) Guarantee deposits is summarized as follows:

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Jia Shuo Technology	\$ 596	\$ 669
Jia Shuo	2	2
Sheng Jie	2	2
Yun Sheng	2	2
Jin Peng	2	2
	<u>\$ 604</u>	<u>\$ 677</u>

4) Imputed interest on deposits is summarized as follows:

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Jia Shuo Technology	<u>\$ 9</u>	<u>\$ 9</u>

i. Loans to related parties

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Shuoting	<u>\$ 27,061</u>	<u>\$ -</u>

Interest income

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Gudeng Venture	\$ -	\$ 105
Shuoting	450	-
	<u>\$ 450</u>	<u>\$ 105</u>

j. Other Related Party Transactions

1) Service fees

<u>Item</u>	<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Operating expenses	Shanghai Gudeng	\$ 112,178	\$ 71,587
	Gudeng USA	47,967	27,580
		<u>\$ 160,145</u>	<u>\$ 99,167</u>

2) Other income

<u>Item</u>	<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Other income	Jia Shuo	\$ 2,275	\$ 1,373
	Technology		
	We Solutions	57	61
	Jia Shuo	15	-
	JIN HUI	118	118
	Laien Parts	74	-
	Symtek	200	-
		<u>\$ 2,739</u>	<u>\$ 1,552</u>

3) Other expenditures

Item	Name of related party	2023	2022
Sales expenses	Jia Shuo	\$ -	( \$ 165 )
	Technology	( 68 )	-
	Bor Sheng	( \$ 68 )	( \$ 165 )
General and administrative expenses	We Solutions	\$ -	( \$ 291 )
	Gudeng USA	( 424 )	-
		( \$ 424 )	( \$ 291 )
Research expenses	We Solutions	( \$ 33 )	\$ -
	Shuoting	( 60 )	-
		( \$ 93 )	\$ -

k. Remuneration of key management

	2023	2022
Short-term employee benefits	\$ 64,146	\$ 65,070
Share-based payment	1,991	-
	<u>\$ 66,137</u>	<u>\$ 65,070</u>

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

**36. Pledged Assets**

The following assets were pledged as collateral for financing loans:

	December 31, 2023	December 31, 2022
Pledged time deposits (recognized as financial assets measured at amortized cost - current)	\$ -	\$ 5,000
Pledged deposits (recognized as financial assets measured at amortized cost - non-current)	-	2,546
Self-owned land	2,575,918	2,213,521
Buildings, net	519,040	452,118
Investment properties	721,387	842,760
	<u>\$ 3,816,345</u>	<u>\$ 3,515,945</u>

### **37. Significant Contingent Liabilities and Unrecognized Contract Commitments**

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

#### **a. Significant Commitments**

- 1) As of December 31, 2023, guarantee notes issued by the Company for financing facilities applied from financial institutions (including long-term and short-term borrowings) amounted to NT\$681,900 thousand.
- 2) The Company has contracted with each vender for commitments to purchase of equipment and land with an aggregate contract price of NT\$289,560 thousand, of which \$195,887 thousand (recorded as prepayments for equipment) has been paid as of December 31, 2023 and the remaining balance of NT\$93,673 thousand has not been paid.

#### **b. Contingency**

The Company's patent of Republic of China No. I238804 has been infringed upon by Entegris Inc. (hereinafter referred to as Entegris) and seven others without authorization, resulting in damages to the Company. The Company has filed a lawsuit for damages in the Intellectual Property Court, requesting a joint compensation of NT\$100 million from the aforementioned individuals. The court has rejected the appeal, deeming that the claimant is not qualified after hearing the case, and the Company has declared an appeal against this judgment. The appeal is currently under review.

Entegris 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. After the court trial, it was ruled that there was no infringement of patent rights. The Company intends to appeal against this judgment. On January 31, 2024, during the second instance proceedings, Entegris made a statement in court to withdraw the lawsuit. Gudeng has also agreed to withdraw the lawsuit. The plaintiff filed a withdrawal notice on February 16, and the case is now closed.

Entegris has filed a lawsuit against the Company in the Intellectual Property Court of the Intellectual Property and Commercial Court, alleging infringement of the patent of Republic of China No. I606534 or I515159. They are requesting damages of NT\$30 million from the Company. The Company received a transcript of complaint on September 12, 2023 and it is currently undergoing the first instance proceedings in the Intellectual Property Court.

The above-mentioned cases have not yet been certain, and it has no significant impact on the operation of finance and business sales function through evaluation.

**38. Other Matters: None.**

**39. Significant Events after the Balance Sheet Date: None.**

**40. Information on Foreign Currency Assets and Liabilities with Significant Effect**

The information on Foreign Currency Assets and Liabilities with Significant Effect of the Company is as follows:

**December 31, 2023**

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying Amount</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 20,237	30.705 (USD:NTD)	\$ 621,381
JPY	115,047	0.2172 (JPY:NTD)	24,988
			<u>\$ 646,369</u>
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
USD	3,132	30.705 (USD:NTD)	\$ 96,175
RMB	117,880	4.327 (RMB:NTD)	510,067
			<u>\$ 606,242</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	5,078	30.705 (USD:NTD)	\$ 155,920
JPY	5,826	0.2172 (JPY:NTD)	1,265
RMB	1,691	4.327 (RMB:NTD)	7,317
			<u>\$ 164,502</u>

**December 31, 2022**

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying Amount</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 23,997	30.71 (USD:NTD)	\$ 736,947
JPY	328,379	0.2324 (JPY:NTD)	76,315
			<u>\$ 813,262</u>
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
USD	1,234	30.71 (USD:NTD)	\$ 37,899
RMB	79,612	4.408 (RMB:NTD)	350,930
			<u>\$ 388,829</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	1,409	30.71 (USD:NTD)	\$ 43,267
RMB	6,758	4.408 (RMB:NTD)	29,790
			<u>\$ 73,057</u>

The (unrealized) gain or loss on foreign currency exchange with significant impact are as follows:

Foreign currency	2023		2022	
	Exchange rate	Net gain (loss) on exchange	Exchange rate	Net gain (loss) on exchange
USD	30.705 (USD:NTD)	( \$ 7,800 )	30.71 (USD:NTD)	\$ 1,399
JPY	0.2172 (JPY:NTD)	( 176 )	0.2324 (JPY:NTD)	-
RMB	4.327 (RMB:NTD)	104	4.408 (RMB:NTD)	( 216 )
		( \$ 7,872 )		\$ 1,183

#### 41. Supplementary Disclosures

a. Information on significant transactions and b. reinvestment:

No.	Item	Description
1	Loans to others.	Table 1
2	Endorsements/guarantees to others.	Table 2
3	MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD. (excluding investment in subsidiaries, associates, and joint ventures)	Table 3
4	The cumulative purchase or sale of the same securities amounted to NT\$300 million or 20% and above of the paid-in capital.	Table 4
5	The amount of property acquired reached NT\$300 million or 20% and above of the paid-in capital.	Table 9
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.	Table 5
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	Investee information	Table 6

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 7
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:	
	a) Purchase amount and percentage, ending balance and percentage of payables.	Table 8
	b) Sales amount and percentage, ending balance and percentage of receivables.	Table 8
	c) The amount of property transactions and the amount of profit or loss generated.	None
	d) The ending balance and the purpose of bill endorsement, or provision of collateral.	Table 2
	e) The maximum balance, ending balance, Interest rate interval and total amount of current interest of financing.	Table 1
	f) Other transactions that have a significant effect on the current profit or loss or financial situation, such as the provision or acceptance of services.	Table 8

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 10)

Table 1

**Gudeng Precision Industrial Co., Ltd.****Financing provided to others****From January 1 to December 31, 2023**

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 (Note 3)	Total financing limits (Note 3)	Note
													Name	Value			
0	Gudeng Precision Industrial Co., Ltd.	We Solutions Technology Co., Ltd.	Other receivable - related parties	Y	\$ 30,000	\$ -	\$ -	3%	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 3,247,698	\$ 3,247,698	
0	Gudeng Precision Industrial Co., Ltd.	We Solutions Technology Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	3,247,698	3,247,698	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Venture Capital Co.,Ltd..	Other receivable - related parties	Y	30,000	-	-	3%	2	-	Operating capital	-	None	-	3,247,698	3,247,698	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Venture Capital Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	3,247,698	3,247,698	
0	Gudeng Precision Industrial Co., Ltd.	Shuoting Precision Industry Co., Ltd.	Other receivable - related parties	Y	50,000	50,000	27,000	3%	2	-	Operating capital	-	Promissory note	50,000	3,247,698	3,247,698	
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivable - related parties	Y	245,640 (USD 8,000)	245,640 (USD 8,000)	-	3%	2	-	Operating capital	-	Promissory note	245,640 (USD 8,000)	3,247,698	3,247,698	
0	Gudeng Precision Industrial Co., Ltd.	Jiurun Precision Technology Co., Ltd.	Other receivables	N	25,000	25,000	-	3%	2	-	Operating capital	-	None	-	3,247,698	3,247,698	
1	Shanghai Gudeng Trading Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	Other receivable - related parties	Y	30,289 (RMB 7,000)	- (RMB -)	- (RMB -)	3%	2	-	Operating capital	-	None	- (RMB -)	3,247,698	3,247,698	
2	Suzhou Kunju Trading Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivable - related parties	Y	30,289 (RMB 7,000)	- (RMB -)	- (RMB -)	3%	2	-	Operating capital	-	None	- (RMB -)	3,247,698	3,247,698	
3	Gudeng Venture Capital Co., Ltd.	Gudeng Precision Industrial Co., Ltd.	Other receivable - related parties	Y	30,000	-	-	3%	2	-	Operating capital	-	None	-	3,247,698	3,247,698	
3	Gudeng Venture Capital Co., Ltd.	Hengyang Green Energy Co., Ltd.	Other receivable - related parties	Y	20,000	-	-	3%	2	-	Operating capital	-	None	-	3,247,698	3,247,698	
3	Gudeng Venture Capital Co., Ltd.	Gudeng Precision Industrial Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	3,247,698	3,247,698	
3	Gudeng Venture Capital Co., Ltd.	Hengyang Green Energy Co., Ltd.	Other receivable - related parties	Y	20,000	20,000	-	3%	2	-	Operating capital	-	Promissory note	20,000	3,247,698	3,247,698	
4	We Solutions Technology Co., Ltd.	Fu Rui Sheng Industrial Co., Ltd.	Other receivable - related parties	Y	15,000	-	-	3%	2	-	Operating capital	-	None	-	145,819	145,819	
4	We Solutions Technology Co., Ltd.	Shuoting Precision Industry Co., Ltd.	Other receivable - related parties	Y	15,000	15,000	15,000	3%	2	-	Operating capital	-	Promissory note	15,000	145,819	145,819	
5	Gudeng Investment Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivable - related parties	Y	245,640 (USD 8,000)	245,640 (USD 8,000)	92,568 (RMB 21,393)	3%	2	-	Operating capital	-	Promissory note	245,640 (USD 8,000)	3,247,698	3,247,698	

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 (December 31, 2023) 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 (December 31, 2023) 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 (December 31, 2023) 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 (December 31, 2023) 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 reviewed 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 reviewed 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.****Endorsements/guarantees to others****From January 1 to December 31, 2023**

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 (Note 3)	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)											
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	(3)	\$ 1,623,849	\$ 768,139 (RMB137,500) (USD 5,640)	\$ 768,139 (RMB137,500) (USD 5,640)	\$ 688,426	\$ -	11.86	\$ 4,059,622	Y	N	Y	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Inc. (USA)	(3)	1,623,849	30,705 (USD 1,000)	30,705 (USD 1,000)	-	-	0.47	4,059,622	Y	N	N	
0	Gudeng Precision Industrial Co., Ltd.	Shuoting Precision Industry Co., Ltd.	(3)	1,623,849	50,000	50,000	-	-	0.77	4,059,622	Y	N	N	
1	Suzhou Kunju Trading Co., Ltd.	Gudeng Investment Co., Ltd.	(3)	1,623,849	21,635 (RMB 5,000)	-	-	-	-	4,059,622	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 (December 31, 2023).
  - (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 (December 31, 2023).
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 (December 31, 2023).

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.



**Gudeng Precision Industrial Co., Ltd.****Marketable securities held at the end of the period****December 31, 2023**

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.	Substantial related party	Purchase of financial assets at fair value through other comprehensive income - non-current	4,161,692	<u>\$ 415,334</u>	5.53	<u>\$ 415,334</u>	Note 2
Gudeng Venture Capital Co., Ltd.	Listed companies							
	Symtek Automation Asia Co., Ltd.	Substantial related party	Financial assets at fair value through profit or loss - current	1,459,713	\$ 152,540	1.94	\$ 152,540	—
	Asia Neo Tech Industrial Co., Ltd.	—	Purchase of financial assets at fair value through other comprehensive income - non-current	2,819,000	<u>148,844</u>	8.73	<u>148,844</u>	—
					<u>\$ 301,384</u>		<u>\$ 301,384</u>	
	Non-publicly traded company							
	Yinsmart Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - current	25,000	\$ -	5.00	\$ -	—
	NanoClean Materials Co., LTD.	—	Purchase of financial assets at fair value through other comprehensive income - non-current	1,000,000	4,020	10.00	4,020	—
	MontJade Engineering Co., Ltd.	—	"	751,472	7,883	3.36	7,883	—
	Jiurun Precision Technology Co., Ltd.	—	"	932,000	29,032	16.00	29,032	—
	Origin Precision Technology Co., Ltd.	—	"	590,000	5,021	19.67	5,021	—
	Certain Micro Application Technology Inc.	—	"	1,595,495	<u>42,009</u>	8.62	<u>42,009</u>	—
					<u>\$ 87,965</u>		<u>\$ 87,965</u>	
Kunshan Dachuan Plastic Industry Co., Ltd.	Non-guaranteed financial products of China Construction Bank	—	Financial assets at fair value through profit or loss - current	-	<u>\$ 13,555</u>		<u>\$ 13,555</u>	—
Bor Sheng Industrial Co., Ltd.	Non-publicly traded company							
	Ting Shan Enterprise Co., Ltd.	—	Financial assets at fair value through profit or loss - current	300,000	<u>\$ -</u>	9.58	<u>\$ -</u>	—
Fu Rui Sheng Industrial Co., Ltd.	Non-publicly traded company							
	Ting Shan Enterprise Co., Ltd.	—	Financial assets at fair value through profit or loss - current	357,950	<u>\$ -</u>	11.43	<u>\$ -</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: Some of them are 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 marketable securities held by the Company have no situations by loans with collateral provided or other conditions restricted by agreements unless disclosed in the notes.

Table IV

**Gudeng Precision Industrial Co., Ltd.**  
**The cumulative purchase or sale of the same securities amounted to NT\$300 million or 20% and above of the paid-in capital**  
**From January 1 to December 31, 2023**  
Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning		Buy		Sell				Other adjustment items (Note)	End of the Period	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling price	Carrying Cost	Gain (Loss) on disposal		Number of Shares	Amount
Gudeng Precision Industrial Co., Ltd.	Gudeng Aerospace Technologies Corporation	Investments accounted for using the equity method	Gudeng Aerospace Technologies Corporation	Subsidiaries	-	\$ -	16,000,000	\$ 320,000	-	\$ -	\$ -	\$ -	\$ 381	16,000,000	\$ 320,381
Rich Point Global Corp.	Sun Park Development Limited	Investments accounted for using the equity method	Sun Park Development Limited	Subsidiaries	-	115,741 (RMB 26,257 )	-	219,360 (RMB 49,900 )	-	-	-	-	53,278	-	388,379 (RMB 89,757 )
Sun Park Development Limited	Shanghai Gudeng Trading Co., Ltd.	Investments accounted for using the equity method	Shanghai Gudeng Trading Co., Ltd.	Subsidiaries	-	79,322 (RMB 17,995 )	-	219,360 (RMB 49,900 )	-	-	-	-	62,043	-	360,725 (RMB 83,366 )
Shanghai Gudeng Trading Co., Ltd.	Kunshan Chuankou Plastic Industry Co., Ltd.	Investments accounted for using the equity method	Jin Long Global Co., Ltd.	-	-	-	-	472,892 (RMB 107,500 )	-	-	-	-	8,794	-	481,686 (RMB 111,321 )

Note: It includes the share of gains and losses of subsidiary recognized by adopting equity method and unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive gains and losses.

**Gudeng Precision Industrial Co., Ltd.****Amount of purchases or sales with related parties reached to NT\$100 million or 20% and above of the paid-in capital****From January 1 to December 31, 2023**

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

Buyer/Seller	Name of Counterparty	Relationship	Transaction Status				Abnormal Transaction Situation and Reasons		Notes/ Trade Receivable (Payable)		Note
			Purchase (Sale)	Amount	Ratio to Total Purchase (Sales)	Credit Terms	Unit Price	Credit Terms	Balance	Ratio to Total Notes or Trade Receivable (payable)	
Gudeng Precision Industrial Co., Ltd. "	Shanghai Gudeng Trading Co., Ltd.	The same affiliate	Sales	\$ 205,675	6	120 days	-	-	\$ 74,046	10	
	We Solutions Technology Co., Ltd.	"	Purchase	185,543	18	35 days	-	-	( 33,426 )	( 9 )	

Note 1: If the trading conditions of related parties are different from general trading conditions, the situation and reasons for the differences should be described in the Unit Price and Credit Terms columns.

Note 2: In case of advance receipt (payment), the reasons, contractual terms, amount and difference from the general transaction shall be stated in the Remarks column.

Note 3: 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.

**Gudeng Precision Industrial Co., Ltd.****Names, Locations and Relevant Information of Investee Companies****From January 1 to December 31, 2023**

Unit: In Thousands of New Taiwan Dollars and Foreign Currency, 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	\$ 388,571	\$ 289,824	-	100	\$ 510,067	\$ 69,933	\$ 69,933	Note 1
	Gudeng Venture Capital Co., Ltd.	8F-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Venture capital and management consulting business	877,000	777,000	56,700,000	100	967,379	47,800	47,800	Note 1
	We Solutions Technology Co., Ltd.	No. 207, Fuxing 2nd Rd., Zhubei City, Hsinchu County	Trading, repair, and maintenance of various precision instruments	248,825	248,825	25,000,000	83.33	303,790	56,480	47,067	Note 1
	Jia Shuo Technology Co., Ltd.	No. 106, Sec. 2, Fuxing 3rd Rd., Zhubei City, Hsinchu County	Manufacture, trading, repair, and maintenance of various precision instruments	86,566	99,074	12,782,268	46.83	343,515	228,243	110,642	Note 1
	Gudeng Inc. (USA)	1798 Technology DR, #298 San Jose, CA, 95110	Engaged in various electronic component businesses	USD 2,652	USD 850	2,652,000	51	96,175	17,050	17,445	Note 1
	Gudeng Aerospace Technologies Corporation	10F, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Retail, wholesale, and manufacturing of aircraft and their components.	320,000	-	16,000,000	100	320,381	381	381	Note 1
	TSS Holdings Limited	4F, No. 172, Sec. 2, Minsheng E. Road, Zhongshan District, Taipei City	Investment and management consulting business	20,000	-	2,000,000	12.5	21,781	( 3,076 )	( 384 )	Note 1
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 63,920	RMB 14,020	-	100	RMB 89,757	RMB 13,601	RMB 13,601	Note 1
	Gudeng Investment Co., Ltd.	TMF Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	RMB 22,549	RMB 50,549	-	100	RMB 27,510	RMB 2,155	RMB 2,155	Note 1
Gudeng Venture Capital Co., Ltd.	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	165,100	135,100	16,510,000	100	157,637	( 3,033 )	( 3,033 )	Note 1
	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	34.41	51,485	11,352	3,922	Note 1
	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	78,806	53,940	24,298,415	30.64	61,754	( 11,962 )	( 3,142 )	Note 1
	Hengyang Green Energy Co., Ltd.	2F, No. 50, Yongkehuan Rd., Wangxing Vil., Yongkang Dist., Tainan City	Piping works and electrical installations	153,000	63,000	15,300,000	45	144,865	( 9,710 )	( 4,370 )	Note 1
	YAHOO System Technology Co., Ltd.	1F, Building 4, No. 96-31, Section I, Fu En Li Industrial Park Road, Xitun District, Taichung	Equipment engineering and mechanical equipment manufacturing	26,601	-	752,911	21.05	30,967	20,744	4,367	Note 1

(Continued on the next page)

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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			
Jia Shuo Technology Co., Ltd.	Showa Precision 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	3,451,424	100	69,897	3,576	2,733	Note 1
	Gudeng Inc. (USA)	1798 Technology DR, #298 San Jose, CA, 95110	Engaged in various electronic component businesses	USD 208	-	208,000	4	7,543	17,050	( 32 )	Note 1
We Solutions Technology Co., Ltd.	Fu Rui Sheng Industrial Co., Ltd.	16F-3, No. 598, Sec. 1, Dunhua Rd., Houzhuang Vil., Beitun Dist., Taichung City	Investment and management consulting business	\$ 96,551	\$ 96,551	3,218,361	54.94	\$ 105,368	\$ 5,480	\$ 3,011	Note 1
	Shuoting Precision Industry Co., Ltd.	1F, No. 8, Ln. 64, Sec. 2, Gansu Rd., Dahe Vil., Xitun Dist., Taichung City	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	76,365	44,860	7,636,509	70.43	53,258	( 16,382 )	( 8,754 )	Note 1
	Bor Sheng Industrial Co., Ltd.	No. 2, Ln. 146, Fuyi Rd., Yixin Vil., Taiping Dist., Taichung City.	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	450	-	9,000	0.5	404	10,794	27	Note 1
Fu Rui Sheng Industrial Co., Ltd.	Shuoting Precision Industry Co., Ltd.	1F, No. 8, Ln. 64, Sec. 2, Gansu Rd., Dahe Vil., Xitun Dist., Taichung City	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	-	31,505	-	-	-	( 16,382 )	( 2,784 )	Note 1
	Bor Sheng Industrial Co., Ltd.	No. 2, Ln. 146, Fuyi Rd., Yixin Vil., Taiping Dist., Taichung City.	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	16,740	16,740	1,674,000	93	75,134	10,794	10,038	Note 1

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

**Gudeng Precision Industrial Co., Ltd.****Information on Investments in Mainland China****From January 1 to December 31, 2023**

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

Name of 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 Shareholding (%) of the direct or indirect investment of the Company	Investment Profit (Loss) Recognized in Current Period (Note 2)	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	\$ 30,705 (USD 1,000)	\$ 213,400 (USD 6,950)	\$ -	\$ 244,105 (USD 7,950)	\$ 68,011 (RMB 15,471)	100	\$ 68,011 (RMB 15,471) (2)B	\$ 360,725 (RMB 83,366)	\$ -	
Suzhou Kunju Trading Co., Ltd.	Sales of automobiles, after-sales services and technical consulting services related to automobile repair	-	(2) Investor company: Sun Park Development Limited	37,092 (USD 1,208)	-	-	37,092 (USD 1,208)	( 7,526) (RMB -1,712)	- Note 4	( 7,526) (RMB -1,712) (2)B	- (RMB -)	-	
Kunshan Chuankou Plastic Industry Co., Ltd.	Wholesale, import and export of plastic products, power products and hardware & electric materials	-	(1) Investor company: Shanghai Gudeng Trading Co., Ltd.	-	-	-	-	16,797 (RMB 3,821)	100	16,797 (RMB 3,821) (2)B	481,686 (RMB 111,321)	-	
Kunshan Dachuan Plastic Industry Co., Ltd.	Wholesale, import and export of plastic products, power products and hardware & electric materials	-	(1) Investor company: Kunshan Chuankou Plastic Industry Co., Ltd.	-	-	-	-	13,619 (RMB 3,098)	100	13,619 (RMB 3,098) (2)B	176,905 (RMB 40,884)	-	

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 281,197 (USD 9,158)	NTD 495,928 (USD 7,950) (RMB 58,198)	NTD 4,871,546 (USD 158,656)

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 30.705; RMB spot exchange rate of 4.327; RMB profit and loss exchange rate of 4.396 on December 31, 2023).

Note 4: On September 14, 2023, the Company's registration was canceled, and the Company lost control.

Gudeng Precision Industrial Co., Ltd.

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 December 31, 2023

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

Name of 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	\$ 205,675	6	Same as normal clients	Same as normal clients	Same as normal clients	\$ 74,046	10	\$ -	
〃	Service fees	112,178	11	Same as normal clients	Same as normal clients	Same as normal clients	( 7,136 )	2	-	

Gudeng Precision Industrial Co., Ltd.  
Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital  
2023

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	2023.3.8	\$ 205,700	Payment in accordance with the property sale and purchase contract	Natural person	Non-related party	-	-	-	-	Referred to transactions based on market conditions and property valuation reports from real estate appraisers	Self-usage in operation	-



Table X

**Gudeng Precision Industrial Co., Ltd.****Information on Major Shareholders****December 31, 2023**

Unit: Share

Name of Major Shareholders	Shareholding	
	Number of Shares Held	Percentage of Ownership
Ming-Lang Zhuang	8,150,219	8.64%
Ming-Chien Chiu	6,708,527	7.11%
Tien-Jui Lin	6,298,853	6.67%

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 parent company only 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.

## §STATEMENTS OF MAJOR ACCOUNTING SUBJECTS§

ITEM	CODE / INDEX
Major Accounting Items in Assets, Liabilities and Equity	
Statement of Cash and Cash Equivalents	Statement I
Statement of Financial Assets Measured at Amortized Cost	Note 9
- Current	
Statement of Trade Receivable	Statement II
Statement of Other Receivable	Note 10
Statement of Inventories	Statement III
Statement of Prepayments	Note 17
Statement of Other Current Assets	Note 18
Statement of financial assets at fair value through other	Statement IV
comprehensive income - non-current	
Statement of Financial assets at amortized cost -	Note 9
non-current	
Statement of Changes in Investments accounted for using	Statement V
the equity method	
Statement of Changes in Property, Plant and Equipment	Note 13
Statement of Changes in Accumulated Depreciation of	Note 13
Property, Plant and Equipment	
Statement of Changes in Investment Properties	Note 15
Statement of Changes in Accumulated Depreciation of	Note 15
Investment Properties	
Statement of Changes in Right-of-use Assets	Statement VI
Statement of Changes in Accumulated Depreciation of	Statement VI
Right-of-use Assets	
Statement of Changes in Intangible Assets	Note 16
Statement of Deferred Income Tax Assets	Note 28
Statement of Trade Payable	Statement VII
Statement of Other Payable	Note 22
Statement of Other Current Liabilities	Note 22
Statement of Lease liabilities	Statement VIII
Statements of Profit or Loss Items	
Statement of Operating Revenue	Statement IX
Statement of Operating costs	Statement X
Statement of Operating Expenses	Statement XI
Statement of Finance Costs	Note 27
Summary of Employee Benefits, Depreciation, Depletion	Statement XII
and Amortization Expenses Incurred in the Current	
Period by Function	

**Gudeng Precision Industrial Co., Ltd.****Statement of Cash and Cash Equivalents****December 31, 2023**

Unit: Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Item	Summary	Amount
Cash		
Cash on hand		\$ 492
Petty cash		111
Bank deposits		
Checks and demand deposits		1,581,261
Foreign currency demand deposits	Including USD 7,545 thousand @30.705	<u>260,618</u>
	JPY 114,798 thousand @0.2172	<u>1,841,879</u>
		<u><u>\$ 1,842,482</u></u>

**Gudeng Precision Industrial Co., Ltd.****Statement of Trade Receivable****December 31, 2023**

Unit: In Thousands of New Taiwan Dollars

Name of client	Amount
Related party	
Shanghai Gudeng	\$ 74,046
Jia Shuo Technology	2,046
Shuoting	5,874
YAHOO	13
Dachuan	<u>16,709</u>
	<u>\$ 98,688</u>
Non-related party	
Taiwan Semiconductor Manufacturing Co. Ltd.	280,737
Intel Corporation	54,265
Shanghai Integrated Circuit Equipment & Materials Industry Innovation Center Co., Ltd.	43,372
Semiconductor Manufacturing South China Corporation	43,406
Others (Note)	<u>204,521</u>
	626,301
Less: allowance for loss	( <u>3,061</u> )
	<u>\$ 623,240</u>

Note: The balance of each client does not exceed 5% of the balance of this account.

**Gudeng Precision Industrial Co., Ltd.****Statement of Inventories****December 31, 2023**

Unit: In Thousands of New Taiwan Dollars

Item	Amount	
	Cost	Market value (Note)
Raw materials	\$ 362,311	\$ 341,674
Semi-finished products	345,894	1,291,993
Work in process	107,968	317,354
Finished products	400,614	846,961
Commodities	<u>11,976</u>	8,341
	1,228,763	
Less: Allowance for write-downs of inventories for price loss and obsolescence	( <u>114,067</u> )	
	<u><u>\$1,114,696</u></u>	

Note: The market price is calculated based on the net realizable value.

**Gudeng Precision Industrial Co., Ltd.****Statement of financial assets at fair value through other comprehensive income - non-current  
2023**

Unit: Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Name of financial product	Beginning balance		Increase for the year		Gain of financial assets (Notes 1 and 2)	Ending balance		Provision of collateral or pledge provided
	Number of Shares	Fair Value	Number of Shares	Amount		Number of Shares	Fair Value	
Publicly traded placement shares								
Symtek	4,000,000	\$ 251,124	-	\$ -	\$ 147,313	4,000,000	\$ 398,437	None
Publicly traded shares								
Symtek	-	-	161,692	15,037	1,860	161,692	16,897	None
Total	<u>4,000,000</u>	<u>\$ 251,124</u>	<u>161,692</u>	<u>\$ 15,037</u>	<u>\$ 149,173</u>	<u>4,000,000</u>	<u>\$ 415,334</u>	

Note 1: Gain of financial assets recorded as other equity item

Note 2: The fair value was calculated based on the closing price of December 31, 2023 and liquidity reductions were taken into consideration.

Gudeng Precision Industrial Co., Ltd.  
Statement of Changes in Investments in long-term ownership accounted for using the equity method  
2023  
Unit: Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

	Beginning balance		Increase for the year		Decrease during the year		Stock Cash dividends distribution		Appropriation of earnings	Changes in equity of ownership of subsidiaries and changes in other comprehensive income	Investment Profit (Loss) (Note 1)	Adjustment in cumulative translation	Ending balance			Market price or net balance of equity (Note 2)			Provision of collateral or pledge provided
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount					Number of Shares	Ratio of shareholding %	Amount	Unit price (Dollar)	Total price	Valuation basis	
Non-publicly traded company																			
Rich Point	-	\$ 350,930	-	\$ 98,747	-	\$ -	-	\$ -	\$ -	\$ -	\$ 69,933	( \$ 9,543 )	-	100	\$ 510,067	-	\$ 510,067	Equity method	None
Gudeng Venture	55,700,000	718,138	1,000,000	100,000	-	-	-	-	-	101,441	47,800	-	56,700,000	100	967,379	17.06	967,379	Equity method	None
We Solutions	25,000,000	260,498	-	-	-	-	-	-	-	( 3,775 )	47,067	-	25,000,000	83.33	303,790	12.15	303,790	Equity method	None
Jia Shuo (Note 3)	11,302,701	275,762	25,000	5,871	919,000	( 21,474 )	2,373,567	-	( 22,605 )	( 4,501 )	110,642	( 180 )	12,782,268	46.83	343,515	26.87	343,515	Equity method	None
Gudeng Inc.	850,000	37,899	1,802,000	57,240	-	-	-	-	-	( 14,730 )	17,445	( 1,679 )	2,652,000	51.00	96,175	36.27	96,175	Equity method	None
Gudeng Aerospace	-	-	16,000,000	320,000	-	-	-	-	-	-	381	-	16,000,000	100	320,381	20.02	320,381	Equity method	None
TSS	-	-	2,000,000	20,000	-	-	-	-	-	2,596	( 384 )	( 431 )	2,000,000	12.50	21,781	10.89	21,781	Equity method	None
		<u>\$ 1,643,227</u>		<u>\$ 601,858</u>		<u>( \$ 21,474 )</u>		<u>\$ -</u>	<u>( \$ 22,605 )</u>	<u>\$ 81,031</u>	<u>\$ 292,884</u>	<u>( \$ 11,833 )</u>			<u>\$ 2,563,088</u>		<u>\$ 2,563,088</u>		

Note 1: Except for TSS, all financial statements for the year ended December 31, 2023 are calculated and audited by certified public accountants.  
Note 2: Net values of equity interest were calculated based on the financial statements of investee companies and ratio of shareholding of the Company.  
Note 3: Gudeng Automation Corporation changed its name to Gudeng Equipment Co., Ltd. on February 2023.

**Gudeng Precision Industrial Co., Ltd.****Statement of Changes in Right-of-use Assets****From January 1 to December 31, 2023**

Unit: In Thousands of New Taiwan Dollars

Item	Buildings	Transportation equipment	Total
<b>Cost</b>			
Beginning balance	\$ 20,923	\$ 26,507	\$ 47,430
Addition	-	4,046	4,046
Disposal	-	( 19,722 )	( 19,722 )
Ending balance	<u>\$ 20,923</u>	<u>\$ 10,831</u>	<u>\$ 31,754</u>
<b>Accumulated depreciation</b>			
Beginning balance	\$ 6,626	\$ 20,115	\$ 26,741
Depreciation expenses	4,252	5,216	9,468
Disposal	-	( 18,307 )	( 18,307 )
Ending balance	<u>\$ 10,878</u>	<u>\$ 7,024</u>	<u>\$ 17,902</u>
Ending net balance	<u>\$ 10,045</u>	<u>\$ 3,807</u>	<u>\$ 13,852</u>



**Gudeng Precision Industrial Co., Ltd.****Statement of Trade Payable****December 31, 2023**

Unit: In Thousands of New Taiwan Dollars

Name of client	Amount
Related party	
We Solutions Technology Co., Ltd.	\$ 33,426
Jinhui Technology Co., Ltd.	11,466
Shuoting Precision Industry Co., Ltd.	433
Kunshan Dachuan Plastic Industry Co., Ltd.	10
Shanghai Gudeng Trading Co., Ltd.	185
	<u>\$ 45,520</u>
Non-related party	
Asia Neo Tech Industrial Co., Ltd.	\$ 65,702
Jiurun Precision Technology Co., Ltd.	64,566
Nytex Composites Co., Ltd.	41,152
Bottlemate & BeautyPro Inc.	27,775
Others (Note)	128,152
	<u>\$ 327,347</u>

Note: The balance of each client does not exceed 5% of this account.

## Statement VIII

Gudeng Precision Industrial Co., Ltd.

## Statement of Lease liabilities

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Lease duration	Discount rate	Ending Balance	Note
Transportation equipment	Company car	2017/7/30-2026/2/3	1.5%-2.0%	\$ 3,815	
Buildings	Plant	2021/6/1-2026/5/31	1.5%	<u>10,540</u>	
				<u>\$ 14,355</u>	

**Gudeng Precision Industrial Co., Ltd.****Statement of Operating Revenue****2023**

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Sales revenue, net	
Mask handling solutions - carrier	\$ 2,261,658
Wafer handling solutions - carrier	956,823
Machinery equipment	13,500
Semiconductor manufacturing raw materials and consumables	81,115
Others	182,537
	<u>\$ 3,495,633</u>

**Gudeng Precision Industrial Co., Ltd.****Statement of Operating costs****2023**

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Raw materials (including semi-finished goods), beginning	\$ 640,806
Add: Materials purchased for the year	976,410
Less: Raw materials (including semi-finished goods), ending	( 708,205 )
Transferred various expenses	( 37,000 )
Losses	( 1,175 )
Scrap	( 14,859 )
Raw materials used in the period	855,977
Director labor	197,055
Processing expenses	125,335
Manufacturing overheads	702,127
Manufacturing costs	1,880,494
Add: Work-in-process, beginning	56,611
Less: work-in-process, ending	( 107,968 )
Transferred various expenses	( 12,920 )
Work-in-process costs	1,816,217
Finished products, beginning	249,891
Add: Materials purchased for the year	211,983
Less: Finished products, ending	( 400,614 )
Transferred various expenses	( 19,432 )
Losses	( 167 )
Scrap	( 7,726 )
Manufacturing Cost of goods sold	1,850,152
Stock in hand, beginning	13,805
Less: Stock in hand, ending	( 11,976 )
Purchase and sales costs	1,829
Sales costs	1,851,981
Maintenance cost	1,471
Other operating costs	
Add: Loss on inventory scrap	22,585
Inventories loss	1,342
Less: Revenue from leftover materials sold	( 846 )
Recovery benefit of inventory impairment	( 11,327 )
	11,754
Operating costs	<u>\$ 1,865,206</u>

**Gudeng Precision Industrial Co., Ltd.****Statement of Operating Expenses****2023**

Unit: In Thousands of New Taiwan Dollars

Item	Selling and marketing expenses	General and administrative expenses	Research and development expenses	Total
Salary expenditures (including pension)	\$ 53,425	\$ 207,568	\$ 103,189	\$ 364,182
Sample expenses	24,638	-	-	24,638
Depreciation	1,370	31,968	41,895	75,233
Service fees	162,004	-	-	162,004
Labor fees	1,118	39,804	948	41,870
Mold expenses	-	-	15,332	15,332
Other expenses (Note)	<u>49,014</u>	<u>150,534</u>	<u>113,435</u>	<u>312,983</u>
	<u>\$ 291,569</u>	<u>\$ 429,874</u>	<u>\$ 274,799</u>	<u>\$ 996,242</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

**Gudeng Precision Industrial Co., Ltd.****Summary of Employee Benefits and Depreciation Expenses Incurred in the Current Period by Function  
For the Years Ended 2023 and 2022**

Unit: Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

	2023			2022		
	Operation costs	Operation Expenses	Total	Operation costs	Operation Expenses	Total
Employee benefits expenses (Note)						
Salary expenses	\$ 294,651	\$ 319,793	\$ 614,444	\$ 283,636	\$ 373,367	\$ 657,003
Labor insurance and National Health Insurance expense	24,317	29,108	53,425	18,318	16,999	35,317
Pension expense	11,190	10,915	22,105	8,067	8,550	16,617
Remuneration of directors	-	33,474	33,474	-	34,762	34,762
Other employee benefits expenses	12,298	5,363	17,661	7,008	12,776	19,784
	<u>\$ 342,456</u>	<u>\$ 398,653</u>	<u>\$ 741,109</u>	<u>\$ 317,029</u>	<u>\$ 446,454</u>	<u>\$ 763,483</u>
Depreciation expenses	<u>\$ 173,202</u>	<u>\$ 75,233</u>	<u>\$ 248,435</u>	<u>\$ 138,703</u>	<u>\$ 56,073</u>	<u>\$ 194,776</u>
Amortization expenses	<u>\$ 3,401</u>	<u>\$ 14,258</u>	<u>\$ 17,659</u>	<u>\$ 7,238</u>	<u>\$ 11,901</u>	<u>\$ 19,139</u>

- As of December 31, 2023 and 2022, the number of employees of the Company was 664 and 622, respectively. The number of directors who did not concurrently serve as employees were both 4.
- For companies whose shares are listed on the TWSE/TPEX, the following information should also be additionally disclosed:
  - The average employee benefits expenses were \$1,072 thousand for the year.  $([\text{Total employee benefit expenses for the current year} - \text{Total directors' remuneration}] / [\text{Number of employees for the current year} - \text{Number of directors who do not serve as employees}])$   
The average employee benefits expenses were \$1,179 thousand for the prior year.  $([\text{Total employee benefit expenses for the previous year} - \text{Total directors' remuneration}] / [\text{Number of employees for the previous year} - \text{Number of directors who do not serve as employees}])$
  - The average employees' salary expenses were \$931 thousand for the year.  $(\text{Total employee salary expenses for the current year} / [\text{Number of employees for the current year} - \text{Number of directors who do not serve as employees}])$   
The average employees' salary expenses were \$1,063 thousand for the prior year.  $(\text{Total employee salary expenses for the previous year} / [\text{Number of employees for the previous year} - \text{Number of directors who do not serve as employees}])$
  - The change in the average employees' salary expenses was (12.42%).  $(\text{The average employee salary expense for the current year} - \text{The average employee salary expense for the previous year}) / \text{The average employee salary expense for the previous year}$
  - Compensation policy of the Company are as follows:
    - The Board of Directors shall be authorized to determine the remuneration for all Directors of the Company in accordance with the Articles of Incorporation based on level of participation in the company's operation, values of their contribution to the company, and industry's prevailing rates regardless of profits or losses and risk of future.
    - Remuneration of Directors of the Company is determined in accordance with the Articles of Incorporation, submitted to the Board of Directors for approval and reported to the shareholders' meeting.
    - The Company has established a Remuneration Committee to review the reasonableness of the policies, systems, standards, and structure of remuneration on a regular basis, and to integrate operational performance with the performance of employees; The remuneration of the Officers of the Company is determined by the Remuneration Committee on the basis of the operating team's operating performance and achievement of targets with reference to the job scope of the position and evaluation of the contribution to the operating objectives of the Company, approved by the Board of Directors and reported to the shareholders' meeting.