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GUDENG PRECISION INDUSTRIAL CO., LTD.

2023
Annual Report

Dated: April 30, 2024

The Annual Report is available at

<https://mops.twse.com.tw>

Please visit the company website at

<https://www.gudeng.com>

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Gudeng Precision Industrial Co., Ltd.

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Vision and Core Values of the Company

Mission

Global Critical Material and Innovative Technology Provider.

Vision

Best partner with global leading semiconductor companies as support of critical materials and innovative technology.

Core Values

Partner with H.E.A.R.T., grow with P.A.S.S.I.ON.

Honesty & Integrity

Apply professional principles and morality, and assign high values to credibility and commitment.

Excellence

Learn and innovate. Keep pursuing growth for Gudeng and your personal development.

Accountability

Adopt the entrepreneurial spirit and think positively when facing challenges. Be responsible for results.

Relationship

Understand a customer's needs and provide the best solution efficiently under Gudeng's disciplines.

Teamwork

Cooperate with others to create synergy within the organization.

Chapter 1. Letter to Shareholders

Dear Shareholders,

We would like to express our sincere gratitude to all shareholders and thank all stakeholders for their continued unconditional support and concern for the company. We have entered a post-pandemic era and found out a way to coexist with Covid-19 in the pandemic prevention. When it comes to the development of science and technology, small changes can lead to vastly different outcomes. Taiwan's semiconductor industry plays an important role in the world. In addition to focusing on its own progress, it is obligated to cooperate with other countries on semiconductors, from materials, carriers, and equipment to precision testing, boosting the overall semiconductor industry. It is worth mentioning that Gudeng wafer carrier has achieved significant results in the past year, as we have kept building up the momentum in 2023. Not only has it rapidly expanded its market share in the Greater China market, but it has also obtained certification from its largest domestic customer and started mass production and shipment. This has even prompted other customers to follow suit, completely reversing Gudeng's previous disadvantage as a latecomer and firmly establishing itself as a leader. Upholding the spirit of co-creation, Gudeng will work closely with its customers and suppliers to develop quality and competitive mask and wafer carrier solutions featuring smart manufacturing, aiming to collectively create peak revenues for the group.

Looking at Gudeng's overall performance in 2023, it has been quite robust, mainly driven by two key factors: significant shipments of advanced process reticle carriers, particularly EUV PODs, in the first quarter, although there was a slight slowdown in demand in the second quarter due to global inventory adjustments, the production progress of advanced processes has not slowed down, and the overall demand for EUV reticle carriers remains high. Gudeng's wafer carrier business made a significant leap into the leading position, with 12-inch FOUPs penetrating the global supply chain and rapidly increasing shipments month by month. Currently, more than half of the capacity has been secured by key customers in Greater China, with continuous requests for capacity increases. Gudeng is actively expanding its production lines to meet the global demand for wafer carriers. The orders for the FOUP have extended into the end of 2024, bringing significant growth to the Group's performance through the simultaneous growth of FOUP and EUV POD. In addition, with high demand in the Greater China market, wafer carriers are in short supply and customers rush to make reservations. Gudeng is striving to supply goods. The Group's performance this year has been outstanding, and revenue and profit have reached new highs. After being awarded the National Talent Development Award, the highest honor in the field of "human resources", Gudeng University has been actively fostering the five key forces of learning. It plans competency courses according to stage demands to implement training for professional talent skills. In addition, Gudeng University offers specialized courses such as the longstanding Bill's Appointment training classes and management training courses personally taught by senior executives. These initiatives aim to cultivate values, workplace culture, management skills, and to pass down Gudeng's corporate spirit and culture. This is just the beginning. With the support of national resources, we will continue to invest in the cultivation of talents to enhance our national human capital and competitiveness. After being awarded the Sustainability Report Gold Medal at the Taiwan Corporate Sustainability Awards, Gudeng has once again achieved the Platinum Award in 2023. In addition to the "sustainability report" with transparent information disclosure, Gudeng is also committed to promoting its own sustainability efforts and the CSR concept,

so as to be aligned with key customers and serve as a model for other SMEs in the industry to pursue corporate growth.

Gudeng attaches great importance to independent technology, investing approximately 7% of its revenue annually into research and development expenses. It continues to accumulate research and development capacity and finally achieved a global leading position in the semiconductor advanced process reticle carrier series products. Through close cooperation with major semiconductor customers, we will continue to attack high-end process wafer carrier series products. Gudeng collaborates with multiple semiconductor suppliers across the upstream, midstream, and downstream sectors to build Taiwan's semiconductor national team and strengthen the concept of resilience in the semiconductor supply chain. This initiative has already achieved many outstanding results. By integrating key global materials and innovative technology services, over the past year, Gudeng has successfully overcome uncertainties stemming from industry cycles, economic development, and geopolitical factors. This effort has allowed Taiwan's semiconductor supply chain, under the leadership of major clients, to independently become a stable force. In the semiconductor materials sector, Gudeng collaborates with material suppliers on advanced composite material production lines, continuously researching and developing material solutions that can provide long-term stability and optimal cleanliness for customers. By aligning with customer specifications and leveraging expertise, Gudeng enhances AMC micro-contamination control. In terms of semiconductor equipment, Gudeng works closely with its subsidiary, Gudeng Equipment Co., Ltd., and partner manufacturers to provide comprehensive semiconductor equipment solutions, including cleaning machines, storage cabinets, etc., complemented by Gudeng's carriers. Lastly, through long-term cooperation with multiple foundries, Gudeng gradually establishes a complete off-site backup mechanism to provide supply assurance to global customers. This enables Taiwan to overcome regional influences, ensures quality, and earns the trust of major clients.

Gudeng's proud subsidiary, Gudeng Equipment Co., Ltd., is also preparing to go public. Gudeng Equipment Co. mainly engages in the design, manufacturing, sales, and maintenance services of semiconductor equipment and related components. Its primary focus is on providing automated solutions for EUV reticle and high-end process reticle handling technology. Its products include reticle cleaning, exchange, inspection, microenvironment storage, and intelligent warehouse management. With a strong patent portfolio, Gudeng Equipment has obtained multiple patents for inventions and new designs related to reticle equipment. Leveraging its excellent technical capabilities, Gudeng Equipment's products have been certified by several international giants and have entered the supply chains of leading global semiconductor manufacturers. Through its seamless collaboration within the domestic semiconductor supply chain, Gudeng complements and supports its partners, offering customers an irreplaceable one-stop solution. With stable business growth and excellent group performance, Gudeng continues to achieve impressive revenue results, fostering a win-win situation for all.

In 2023, the Group's consolidated revenue for the year was NT\$5.078 billion, which increased 13% compared to the previous year's consolidated revenue of NT\$4.494 billion; the gross profit margin was 48%, and the gross profit margin from the previous year was 49%. The after-tax net profit attributable to the owners of the Company was NT\$905 million, which decreased 3.01% compared to the previous year's net profit after tax of NT\$933 million, and the earnings per share were NT\$10.24. Gudeng achieved a growth rate of over 40% year-over-year in the first quarter of 2023. This

demonstrates that Gudeng's focused operational strategy in the semiconductor core business over the past two years has yielded optimal feedback and validation. After focusing on its semiconductor core business, Gudeng's performance has continued to rise. Particularly, its aerospace business has recently secured long-term orders from major clients. The steady growth of reticle carriers has also been a reliable cornerstone for Gudeng's upward trajectory. Advanced and mature process FOUFs, having been certified by major clients, are increasingly adopted by various fabs, expanding market share. Gudeng has now completed its product lineup for carriers, firmly establishing itself as a leader in the carrier market. The outlook in the new year is also promising.

► Operating Results in 2023

The volatile international situation has caused unstable supply and price of raw materials in the past year, indirectly resulting in short supply in the carrier market. Not only has international freight become a huge burden, but the supply was also delayed from time to time, making various countries accelerate the establishment of local supply chains to avoid the risk of disruption. The development of Taiwan's semiconductor industry is leading the world and the Greater China market has unlimited potential. Gudeng becomes the first choice to transfer orders in these two major markets due to its position. With the expansion of wafer fabs in Taiwan and Greater China, the demand for wafer carriers is strong. We have sufficient production capacity to provide carrier solutions with quality and value to our customers. With this advantage, Gudeng's revenue has repeatedly reached record highs and the outstanding performance of its main product lines helped it to deliver the best results in its history, which makes its operation this year immune to the off-peak season of semiconductors and the Group's revenue performance maintains double-digit growth. Gudeng has been wholeheartedly developing the technology of aerospace parts precision machining after formally passing the AS9100D aerospace certification. After close discussions and a lengthy development phase with our customers, small batch orders were completed in 2022. When rigorous quality stability testing was completed, a long-term order was finally obtained in 2023. It is expected that explosive growth will occur in 2024, making the technology become one of the stable revenue drivers for the next decade. Gudeng has invested a significant amount of resources in various fields, with an unwavering spirit to assist the Group in continuously breaking through bottlenecks and achieving sustained growth. The Company has taken its core technology of precision machining to the extreme, fully embodying its long-lasting business philosophy.

The star product of Gudeng's mask transmission series: EUV extreme ultraviolet mask transmission box has passed the ASML certification of the world's largest semiconductor equipment manufacturer. Under the premise of continuous development of R&D technology and full production capacity to meet customers' high-end process development needs, Gudeng will maintain its position as a leading semiconductor vehicle manufacturer in the next decade. In 2022, Gudeng's EUV extreme ultraviolet reticle delivery box has met the needs of high-end semiconductor customers, and steadily improved the shipment level and production capacity, in order to be more closely connected with the global development of EUV technology high-end customer processes. In order to be more closely connected with the global development of EUV technology high-end customer process, the key process uses the same testing and cleaning equipment as the customer's factory process. Gudeng invested in purchasing advanced process vehicles with Brooks M1000 washing machine as standard equipment. This equipment is now in stable production and serves as the standard device for cleaning quality control before the shipment of Gudeng's advanced process products. It ensures that the quality

and cleanliness requirements of Gudeng's EUV vehicles are consistent with customers by linking and simulating the real usage conditions of customers, customized EUV carriers exclusive top-level production base to provide customers with the best quality assurance of global advanced manufacturing processes, and can help Gudeng to be more sophisticated in vehicle manufacturing capabilities and become a professional leader in all-round advanced vehicle solutions. In 2023, as Gudeng's EUV POD production reached the mature mass production stage, the shipment volume has consistently reached new highs year by year, driving the overall revenue of the core business to unprecedented levels. Gudeng continues to contribute to the global semiconductor industry, aligning with the evolution of advanced processes. In the near future, Gudeng's EUV POD collaboration with ASML will further enhance efficiency, under the leadership of major clients in Taiwan, leading to the advancement of industry technology.

The customer demand derived from geopolitics and the strong demand resulting from the semiconductor industry's recovery after inventory digestion have led to a continuous influx of orders for wafer carriers. In China, Taiwan, and overseas markets, Gudeng has become the standard product for most new fabs. Additionally, leveraging its capacity efficiency and product quality advantages, Gudeng is gradually gaining market share from competitors in the United States and Japan. Order visibility is not only high but has also reached a state of supply shortage. Faced with the Greater China market, Gudeng's footprint has rapidly expanded, with a track record spanning both domestic and international markets. In particular, we have established close partnerships with more than 20 leading semiconductor manufacturers in the market. For 8-inch and 12-inch wafer carriers, we have expanded our territory to Chinese semiconductor manufacturers in China and have completed product testing and verification. We have achieved order delivery in both existing and new plants. Gudeng has thus become a key wafer carrier supplier for semiconductor fabs in Mainland China. In order to better serve Chinese semiconductor customers and provide faster service, Gudeng not only has technical and sales teams based in Shanghai, but also, considering the high order visibility, Gudeng is actively expanding its production capacity and has decided to invest 100% equity in Kunshan Kawaguchi Plastic Industry Co., Ltd. and its reinvested companies under it. Gudeng and Kunshan Kawaguchi have a long-standing cooperative relationship. In the past, Gudeng has assisted in the subcontracting projects of the entry-level carriers for masks, which has cultivated stable manufacturing capabilities and quality. It is Gudeng's long-term production base in the Greater China region. The purpose of this letter of intent is to integrate the resources of both parties to meet the increasing order volume in the Greater China region and to cooperate with business expansion plans, thereby obtaining an important production base to meet the needs of local customers. In the future, Gudeng will have a stable shipping and storage base in Greater China region, which will greatly reduce transportation risks and improve response efficiency. This will elevate Gudeng's global service capabilities to a new level.

The subsidiary, Gudeng Equipment Co., Ltd., has been highly praised by major clients for its primary products, which include carrier storage cabinets and cleaning machines. From its initial emergence to take off since its independent operation, the subsidiary has finally yielded significant results. Its semiconductor carrier storage system and mask cleaning and switching equipment have gradually entered the major semiconductor plants, and become the standard for mass production lines, with outstanding revenue performance. In addition, with the new generation of the semiconductor industry focusing on big data and smart manufacturing, Gudeng continues to introduce the concept of automation and intelligence into its carrier and equipment products, combining them into a complete

solution to the smart factory and contributing to the development of intelligence. Gudeng Equipment's revenue exceeded NT\$1 billion in 2023, and the revenue of 2024 is expected to be greater.

With decades of experience in independent R&D, we have created a successful model of mask transfer solutions and replicated it in the wafer carrier series. Both of these products have become essential for the new process. With the rapid development of advanced processes, Gudeng is confident to become a leader in this field. To balance Gudeng's industrial development and create future operational dual cores, Gudeng has ventured into the aerospace industry, achieving remarkable success thus far. Gudeng's rapid response and product sampling speed have earned recognition from major clients, further enabling the provision of a more diverse range of product requirements. This has led to continuous revenue growth, with Gudeng aiming to challenge for hundred-million revenue in 2024, and has already secured long-term orders. Gudeng diligently focuses on every detail, extending the rigorous attitude of semiconductor precision processing to the precision processing techniques of aerospace components. Collaborating with various hidden champions in the aerospace industry, Gudeng actively builds the aerospace supply chain. The benefits from Gudeng's reticle boxes, wafer carriers, and aerospace confidential processing components collectively drive the group's revenue and upgrade the industry's technology.

► Future Outlook

Recent global industry turmoil and policy changes in various countries have affected growth momentum. As an integral part of the industry, Gudeng cannot remain unaffected. However, Gudeng's successive achievements demonstrate the global competitiveness of Taiwan's resilient supply chain. In addition to the mature mask boxes and wafer boxes series that have supported its growth for over two decades, Gudeng's early deployment of advanced process-related products is also playing a stabilizing role. These products, used for advanced process carriers in the next decade, are not affected by short-term economic fluctuations. Furthermore, amidst the supply chain disruption caused by the US-China tech war, Gudeng's outstanding resilience and ability to respond quickly to the needs of major customers have significantly helped reduce the risk of supply chain instability and material shortages for customers. As a result, Gudeng's revenue has seen substantial growth, thanks to the results of its long-term investment in research and development to establish independent technology. The FOUP wafer carrier product line, which has been deeply researched and developed for many years, has become another stable source of revenue growth. This has led to the growth of both revenue and profits in 2023.

The breakthrough achieved in various regions of the world has brought Gudeng strong growth momentum and see brilliant performances in revenue of the carrier product lines of wafers and reticle boxes, especially in the Greater China market, where the accumulated revenue saw considerable and significant increase in 2023. The projected growth in 2024 is even more promising. A large number of orders from American and Japanese wafer carrier manufacturers have been transferred to Gudeng, which will directly contribute to its main business income. In response to the rapid growth in demand in the future, Gudeng has planned new carrier production bases to meet the customer demands as much as possible, so as to mitigate the risk of supply chain disruption and geopolitical impact and to ensure the continuous and stable expansion of key customers. The development and demand for wafer and mask carriers will be extremely considerable in the foreseeable future. It is necessary to think ahead about the capacity expansion strategy of the production base in the next decade. Upholding the

principle of risk diversification and remote backup, it is imperative to expand the plant in northern Taiwan for Gudeng, as well as to make new plans in southern Taiwan, to continue to support the rising demands for masks and wafer carriers and the new development of aerospace enterprise.

After focusing on its main business semiconductor, Gudeng's performance continues to go up. Specifically, apart from the aerospace enterprise having gained momentum and the steady growth of mask carriers enterprise, the advanced and mature process FOUP has been adopted by key customers and gradually expanded its market share. The Company will continue to devote time and effort in wafer carriers. In a nutshell, Gudeng has delivered excellent results throughout the year and set high standards. The key product series will together bring leaping growth to the Group's performance. The three major financial indicators have also strengthened simultaneously, with net and gross margins rising. All these have demonstrated that the Group's financial and operating structure has become more stable and sounder as it strengthens the integration of resources in the semiconductor supply chain and continues to expand its scale of operations, which is conducive to the Group's long-term development and planning. In order to reach new heights, Gudeng has set the tone for the new year to develop high-revenue markets and fully serve key semiconductor customers. The Company intends to focus on advanced process products and meet the global customer demand for carriers. Although it is impossible for us to stay out of the torrent of the industry, Gudeng's own products are gradually leading the world in technology and becoming irreplaceable; the Company also believes in the long-term trend of "dualization" in the global supply chain. Leveraging Taiwan's small and medium-sized enterprises' flexible production efficiency and the advantage of local real-time service, Gudeng implements lean production and smart manufacturing internally. The Company believes that no matter how the general climate of the industry changes in the future, it will be able to move forward firmly and reach new operational peaks.

Best wishes to all shareholders

Good health

Good luck

Gudeng Precision Industrial Co., Ltd.

Chairman 邱銘乾

Chapter 2. Company Profile

I. Date of Incorporation

Approved and registered on March 20, 1998.

II. Company History

- (I) Status of mergers and acquisitions, reinvestment affiliated companies, and reorganizations during the most recent year and up to the date of annual report publication:

Gudeng Venture Capital Co., Ltd. handled a cash capital increase of NT\$300 million, established a new subsidiary Gudeng Aerospace with a capital of NT\$160 million, established GUDENG Co., Ltd. with a capital of JPY 9.9 million, and increased cash capital in Shanghai Gudeng by RMB 50 million, all of which were fully subscribed by the Company. Gudeng Inc. increased its capital by USD 4.142 million, and the Company's shareholding ratio was adjusted to 58.48%.

Gudeng Venture Capital Co., Ltd. handled a cash capital increase of NT\$360,000,000 in the fiscal year of 2022 until the date of annual report publication, all of which was fully subscribed by the Company.

- (II) Substantial transfer or replacement of the shareholding of directors, supervisors, or major shareholders holding more than 10% of the shares, or changes in management rights, or major changes in the management or businesses and other significant events that have serious impact on the rights of shareholders and the company during the most recent year and up to the date of annual report publication: None.

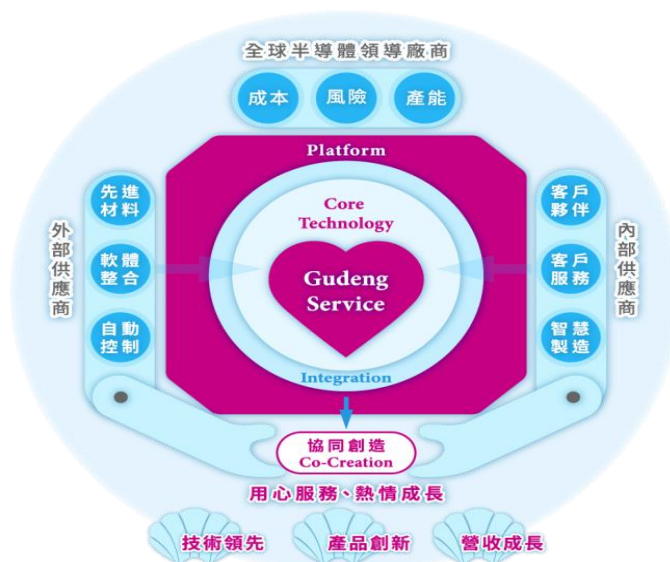
- (III) Development History:

Gudeng was established in 1998 and focused on CNC machining of plastic shell molds at the beginning. In the second year, it entered the field of front-end yellow light process of semiconductor equipment and parts to develop components for yellow light photolithography process, and has established close relations with customers to provide them with mask handling solutions. **Up to now, Gudeng has been the market leader of high-order mask handling solutions.**

In 2008, Gudeng started to provide wafer handling solutions. From the beginning, Gudeng has positioned itself as the “integrated service provider of innovative technologies for key materials around the world”, **becoming the first and only one manufacturer participating in the international research and development of 18-inch semiconductor equipment process in Taiwan**, which marks a critical and important step for global semiconductor manufacturers to develop the next generation of 18-inch (450mm) process technology, and also demonstrates the business results of Gudeng from continuous development and innovation. Because of this, Gudeng has generated revenue of billions of NT\$, and transformed from a traditional mold factory to a world-class semiconductor manufacturer in Taiwan, creating a unique position in the industry.

Throughout our history of development, we have upheld technological leadership and product innovation, as well as long-term professional cooperation partnership with customers, gradually building a unique “Innovative Service Business Model” (see Figure

1). Talking “Partner with H.E.A.R.T., grow with P.A.S.S.I.ON.” as the core value, we have achieved the innovation of “Co-Creation” and connect an integrated supply platform for advanced industrial processes. **With this “Innovative Service Business Model”, Gudeng serves customers in a more flexible and efficient manner, and won “The 1st National Industrial Innovation Award - Excellent Innovative Small and Medium-sized Enterprise”.**



(Figure 1)

全球半導體 領導廠商	成本	風險	產能	外部供應商	先進材料	軟體整合	自動控制
Leading international semiconductor company	Cost	Risk	Production capacity	External supplier	Advanced materials	Software integration	Automatic control
內部供應商	客戶夥伴	客戶服務	智慧製造	用心服務、熱 情成長	技術領先	產品創新	營收成長
Internal supplier	Customer partners	Customer service	Smart manufacturing	Dedication to service leads to passionate growth	Technology leadership	Product innovation	Revenue growth

We firmly believe that **“only when we truly listen to the needs of our customers, we can create value for our valued customers at all times beyond their expectations, which is the original point of innovation and the starting point for the sustainability of Gudeng”**. In the future, we will continue to uphold such commitment as a “preferred partner of key material innovation technology for leading global semiconductor manufacturers”.

The important developments of the Company over the years are as follows:

Year	Milestone
1998	<ul style="list-style-type: none"> ► Founded in Hsin Chuang Dist. on March 20, the Company focuses on plastic casing mould fabrication and processing. ► Capital funding: NTD 5 million
2000	<ul style="list-style-type: none"> ► Entering into the field of semiconductor front-end process equipment and parts,

Year	Milestone
	starting to develop yellow-light micro-motion process components
2001	<ul style="list-style-type: none"> ▶ Recognized by TSMC, the Company became its first local supplier of component parts and components for yellow-light micro-film production in Taiwan. ▶ Capital funding: NTD 10 million ★ ISO 9001:2000 Certification
2002	<ul style="list-style-type: none"> ▶ Capital funding: NT\$ 30 million
2003	<ul style="list-style-type: none"> ▶ The Group formally produced semiconductor front-end 6-inch mask box in mass.
2005	<ul style="list-style-type: none"> ▶ The Group successfully developed a mask cleaning machine to enter the manufacturing of semiconductor front-end equipment. ★ The 13th SMEs Innovation Research Award
2006	<ul style="list-style-type: none"> ▶ The Group won a certificate of appreciation from TSMC. ▶ Capital funding: NTD 76 million ★ ISO 9001:2000 Certification
2007	<ul style="list-style-type: none"> ▶ The Group strategically cooperated with Daifuku Japan for equipment development. ▶ The Group implemented SAP ERP system. ▶ Capital funding: NTD 143 million ★ Enterprise Electronic Certification, Ministry of Economic Affairs ★ The 16th National Awards of Outstanding SMEs ★ The 30th Youth Entrepreneur Award
2008	<ul style="list-style-type: none"> ▶ The Group invested in research and development of 18-inch wafer which is the first and only Taiwanese company to participate in research and development of international 18-inch semiconductor manufacturing process ▶ Capital funding: NTD 200 million ★ ISO 9001:2000 Certification ★ The 11th Little Giant Award
2009	<ul style="list-style-type: none"> ▶ Emerging stock market public listing ▶ 18-inch wafer products passed the development plan of by the Ministry of Economic Affairs ▶ Capital funding: NTD 280 million ★ ISO 9001:2008 Quality Management Certificate ★ ISO 14001:2004 EMS International Certification ★ Certification of Taiwan Intellectual Property Management System (TIPS) ★ Industrial Innovation Awards 2009 ★ The 17th Industrial Technology Development Award, Ministry of Economic Affairs
2010	<ul style="list-style-type: none"> ▶ Capital funding: NTD 322 million

Year	Milestone
	<ul style="list-style-type: none"> ▶ Over-the-counter (“OTC”) public listing ▶ Gudeng Venture Capital Co., Ltd. established ▶ Shanghai Gudeng Trading Co., Ltd. established
2011	<ul style="list-style-type: none"> ▶ Capital funding: NTD 415 million ★ The 21st National Quality Award ★ 1st National Industrial Innovation Awards – Excellence SME Award ★ The 18th Industrial Innovation Awards
	<ul style="list-style-type: none"> ▶ Branch in Southern Taiwan Science Park established ▶ Acquired Wujiang Xinchuang Automobile Trading Co.,Ltd. as subsidiary ▶ The world’s first release of 450mm FOUP and 450mm MAC products
2012	<ul style="list-style-type: none"> ▶ The world’s first completed 18-inch wafer transmission solution production line ▶ Capital funding: NTD 543 million ★ OHSAS-18001 Occupational Safety and Health Management Certification ★ The 20th Taiwan Excellence Awards
	<ul style="list-style-type: none"> ▶ Capital : NTD 625 million
2013	<ul style="list-style-type: none"> ★ OHSAS-18001 Occupational Safety and Health Management Certification ★ ISO 9001:2008 Quality Management Certificate ★ ISO 14001:2004 EMS International Certification
	<ul style="list-style-type: none"> ★ The 22nd Taiwan Excellence Awards ★ Evaluation and certification of corporate governance system ★ Suzhou Kunju Trading Co., Ltd. established
2014	<ul style="list-style-type: none"> ★ Reinvested in We Solutions Technology Co., Ltd ★ In-depth verification of Taiwan Intellectual Property Management System (TIPS) ★ OHSAS-18001 Occupational Safety and Health Management Certification ★ ISO 9001:2008 Quality Management Certificate ★ ISO 14001:2004 EMS International Certification
2015	<ul style="list-style-type: none"> ▶ Construction of Tainan Shu Gu Plant started
	<ul style="list-style-type: none"> ▶ Gudeng Automation Co., Ltd. established (Now renamed as Gudeng Equipment)
2016	<ul style="list-style-type: none"> ▶ Awarded as Company with Distinction in Alternative Military Service ★ Capital funding: NTD 659 million
2017	<ul style="list-style-type: none"> ▶ Construction of Tainan Shu Gu Plant completed ▶ Capital funding: NTD 706 million
2018	<ul style="list-style-type: none"> ★ New generation of EUV POD certified by ASML
2019	<ul style="list-style-type: none"> ★ A-Grade Certification of Taiwan Intellectual Property Management System (TIPS)
2020	<ul style="list-style-type: none"> ▶ Capital funding: NTD 741 million ▶ Aerospace AS9100D certification obtained
2021	<ul style="list-style-type: none"> ★ Capital funding: NTD 841 million

Year	Milestone
2022	★ The 6th Taiwan Mittelstand Award
	▶ Construction of We Solutions Building started
	★ RBA 200 Platinum Level Certificate obtained
	★ ISO 27001 certification obtained
	★ SGS ISO 30401 Knowledge Management Certificate
	★ 2022 National Talent Development Awards
	★ 15th Taiwan Corporate Sustainability Awards (TCSA) - Gold Award
	★ ISO 14064-1 Greenhouse Gas Accounting
	★ ISO 50001 Energy Management System Certification
2023	▶ Capital of NT\$ 883 million
	★ 16th Taiwan Corporate Sustainability Awards (TCSA) - Platinum Award
	★ Commonwealth Excellence in Corporate Social Responsibility Award
	▶ Emerging stock market public listing for Gudeng Equipment Co., Ltd.
2024	★ Production base in Kunshan, China established
	▶ Capital of NT\$ 942 million
	★ The 27th National Quality Award

(IV) Main Products and Services

Gudeng has developed major product lines: Reticle handling solutions, wafer handling solutions, substrate handling solutions, equipment, and other related services to create high and innovative value. In addition, Gudeng officially set foot in the aerospace field in 2020, extending its core technology of precision machining to different industries and applications.

The important uses or functions of the product lines are as follows:

Type of Product	Important Uses or Functions
Reticle Handling Solutions	To provide the best protection for masks against static electricity, micro-pollution, and particle generation during production, use and handling: ■ EUV POD ■ Low moisture absorption RSP 200 ■ Full-size mask box series ■ Low moisture absorption POD series ■ SMIF high-order POD series ■ LCD 85 large size mask box ■ OHT MRSP POD series
Wafer Handling Solutions	To prevent wafers from contamination by tiny dust particles in semiconductor process equipment and conveyor system or when they are stored and ensure complete protection of them during all stages of the process:

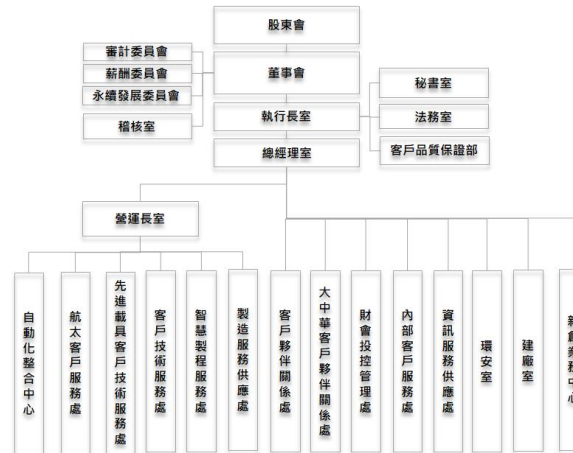
Type of Product	Important Uses or Functions
	<ul style="list-style-type: none"> ■ 18-inch 450mm FOUP ■ 18-inch 450mm MAC ■ 12-inch 300mm FOUP ■ Light cassette automatic transfer box ■ 510 PANEL FOUP ■ 243 PANEL FOUP ■ PLP 300 automatic transfer box ■ 8-inch Lot Box ■ 8-inch Glass Box ■ 8-inch Cassette ■ 6-inch Wafer Box ■ 2/4/6-inch LED/solar wafer carrier ■ Other series of wafer box
Substrate Handling Solutions	<ul style="list-style-type: none"> ■ 510x510 Panel FOUP ■ 510x515 Panel FOUP ■ 510x515 Horizontal Panel Shipper ■ 243 Panel FOUP ■ Light cassette automatic transfer box ■ PLP 300 automatic transfer box
Equipment	<p>Provision of clean storage environment for masks:</p> <ul style="list-style-type: none"> ■ Mask micro-pollution prevention with nitrogen/cleaning equipment filled with ultra-clean gas ■ High cleanliness mask stocker ■ Mask cleaner ■ Gas blowing type mask cleaner ■ Inflatable mask stocker ■ PGV
Other Services	<p>Providing recycling, cleaning and maintenance services for products, as well as sales of fixtures, purchased products, plastic products, molds, and spare parts. Micro-contamination testing, ion testing and other testing services are included.</p> <ul style="list-style-type: none"> ■ Cleaning of mask/wafer carriers ■ Micro-contamination testing ■ Ion testing ■ Precision machining of parts and components
Aerospace Industry	<p>Providing pipe fittings for undercarriages and other related parts of aviation hydraulic systems.</p>

Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organization

Gudeng Precision Industrial Co., Ltd.



股東會	董事會	執行長室	總經理室	審計委員會	薪酬委員會
Shareholders' Meeting	Board of Directors	CEO Office	General Manager's Office	Audit Committee	Remuneration Committee
永續發展委員會	稽核室	秘書室	法務室	客戶品質保證部	營運長室
Sustainable Development Committee	Audit Office	Secretariat Office	Legal Affairs Office	Customer Quality Assurance Department	COO Office
自動化整合中心	航太客戶服務處	先進載具客戶技術服務處	客戶技術服務處	智慧製造服務處	製造服務供應處
Automation Integration Center	Aerospace Customer Service Department	Advanced Carrier Customer Technical Service Department	Customer Technical Service Department	Smart Manufacturing Process Department	Manufacturing Service Department
客戶夥伴關係處	大中華客戶夥伴關係處	財會投控管理處	內部客戶服務處	資訊服務供應處	環安室
Customer Relations Department	Greater China Customer Relations Department	Financial Operations Management Department	Internal Customer Service Department	Information Service Provision Department	Environmental Safety Office
建廠室	Plant Construction Office	新創業務中心	Startup Operation Center		

(II) Department Functions

Department	Functions
Chairman's Office	<ol style="list-style-type: none"> 1. To formulate the Company's mission, core values, future vision, strategic objectives and organizational culture to ensure the sustainable operation of the Company. 2. To plan and complete the decision on the Company's major investment cases to enhance the Company's profitability and mid to long-term development.
Audit Office	<ol style="list-style-type: none"> 1. To plan and promote audit business strategies and annual plans to improve the overall operation of the Company and reduce operational risks. 2. To provide recommendations for improvement in a timely manner and assist the Board and the Manager to fulfill their obligations; to conduct ad-hoc audits based on the Company's policies and the needs of supervisors.
CEO Office	<ol style="list-style-type: none"> 1. To implement the Company's mission, core values, future vision, strategic goals and organizational culture. 2. To develop the Company's long-term operating strategies and lead the implementation of each business unit to ensure the best interests of shareholders. 3. Responsible for the annual budget and financial test objectives of the Company to ensure the achievement of annual performance targets. 4. Responsible for the decision-making of major investment cases of the Company so as to enhance the profitability and mid- to long-term development.
General Manager's Office	<ol style="list-style-type: none"> 1. To implement the Company's medium and long-term strategies and operation plans. 2. To plan and develop the Company's organizational management and establish a reliable and proper operating system to effectively facilitate the implementation of various strategic plans. 3. To select and cultivate high-level leadership talent pool mechanism to ensure that the Company's development needs are adequate and appropriate.
COO Office	<ol style="list-style-type: none"> 1. To analyze the current operation status, formulate short, medium and long-term action plans, establish strategic partnerships with key customers, and ensure a high level of competitive advantage among our peers. 2. Responsible for the annual budget and targets of the R&D, sales and production related business to ensure the achievement of annual performance targets for enhancing the Company's profitability and mid to long-term development. 3. To maintain and protect the Company's image and external relationship.
Customer Relations Department	<ol style="list-style-type: none"> 1. To plan global business strategies and targets and achieve annual revenue targets. 2. To build customer relationships and supervise the team to resolve customer issues in a timely manner in order to meet customers' needs quickly.

Department	Functions
	<ol style="list-style-type: none"> 3. To assess and develop new customers in new markets to develop new business opportunities. 4. To manage the operating performance of the agents to ensure market expansion.
Greater China Customer Relations Department	<ol style="list-style-type: none"> 1. To plan business strategies and objectives in Greater China and achieve annual revenue targets. 2. To build customer relationships and supervise the team to resolve customer issues in a timely manner in order to meet customers' needs quickly. 3. To assess and develop new customers in new markets to develop new business opportunities. 4. To manage the operating performance of the agents to ensure market expansion.
Advanced Carrier Customer Technical Service Department	<ol style="list-style-type: none"> 1. To lead and manage the research and development of advanced carrier series products and achieving annual product research and development targets. 2. To understand the technical needs of domestic and overseas customers and establish product and technology roadmap. 3. To strengthen the trust relationship and meet customer needs quickly. 4. To continue the optimization of the process of design development in order to enhance the efficiency of product development.
Customer Technical Service Department	<ol style="list-style-type: none"> 1. To lead and manage the R&D of the carrier consumable series products and achieve the annual product R&D targets. 2. To understand the technical needs of domestic and overseas customers and establish product and technology roadmap. 3. To assist business units in strengthening trust relationship to meet customer needs quickly. 4. To continue the optimization of the process of design development in order to enhance the efficiency of product development and quality.
Aerospace Customer Service Department	<ol style="list-style-type: none"> 1. To lead and manage the certification development of aerospace products and to achieve the annual product research and development objectives. 2. To understand the technical needs of domestic and overseas customers and establish product and technology roadmap. 3. To plan and establish relevant quality management strategies, quality standards, quality standards and processes in the aerospace field.
Smart Manufacturing Process Department	<ol style="list-style-type: none"> 1. With the aim of maximizing production capacity, the Company will be responsible for introducing new production technology into the manufacturing area in order to speed up the expansion of R&D and mass production. 2. To Implement the standardized production processes to maintain product yield, production capacity control and quality.
Manufacturing Service Department	<ol style="list-style-type: none"> 1. To allocate resources, control quality and costs in accordance with the production plan and coordinate with relevant departments for production

Department	Functions
	<p>and sales so as to facilitate smooth production and completion of orders.</p> <p>2. To maintain stable operation of factory discipline and machinery as well as to provide a safe and sound working environment.</p>
Automation Integration Center	<p>1. To integrate production, equipment, energy, and production planning, and through smart management, to analyze the operation of automation systems and equipment in order to reduce costs, improve product quality and production efficiency.</p> <p>2. To combine automatic detection and monitor of factory equipment in order to conduct risk management and prevent major issues from occurring.</p>
Financial Operations Management Department	<p>1. To review the overall operating performance of the Company and provide suggestions on merger and acquisition assessment, financial professional consultation and financial analysis of senior executives, with a view to effectively providing senior executives with references for decision making.</p> <p>2. To plan and execute the agenda for discussion at the Board meetings and Shareholders' meetings to implement corporate governance for ESG vision promotion, assisting in the achievement of the Company's operational objectives and ensuring the maximum interests of our SDGs blueprint of the shareholders.</p> <p>3. To track the cost drivers and formulate proactive cross-departmental cost plans to achieve the Group's goal of lean production and intelligent manufacturing.</p>
Internal Customer Service Department	<p>1. To formulate and promote the operational strategies of human resources, procurement and general affairs of the Company, and to create an organizational culture that encourages innovation and pursue excellence in order to help achieve operational goals.</p> <p>2. To plan human resources strategies, review the optimal organizational structure of the Company, attract and retain talents, and continue to maintain organizational competitiveness.</p> <p>3. To plan the supply chain management strategies to meet the procurement requirements for production and meet the requirements for the quality of imported materials of quality assurance units.</p>
Information Service Provision Department	<p>1. To plan information strategies to build an information platform that meets business needs and help address the Company's operational objectives and the information needs of each unit.</p> <p>2. To continuously implement technology innovation, ensure information security and compliance, and provide technical support to ensure the smooth operation of all systems in the Company.</p>
Customer Quality Assurance Department	<p>1. To plan and establish the overall quality management strategies, quality standards, quality standards and processes of the Company.</p> <p>2. To regularly review the effectiveness of the implementation of quality standards in order to strengthen internal quality control.</p> <p>3. To plan and implement quality-related education and training and propose</p>

Department	Functions
	<p>improvement systems to enhance quality management capabilities.</p> <p>4. To study environmental protection and quality management trends and provide professional advice to raise the Company's quality awareness.</p>
Environmental Safety Office	<p>1. To develop objectives and policies regarding environmental health and safety management plans.</p> <p>2. To establish applicable environmental safety and health standards and carry out planning and implementation of environmental safety and health management matters in accordance with regulations and the Company's operational requirements.</p> <p>3. To execute, assist, and guide the implementation of environmental safety and health management matters, and review the results of implementation.</p>
Legal Affairs Office	<p>1. To ensure that the Company complies with relevant laws, regulations, and regulatory requirements.</p> <p>2. To manage contracts, handle litigation and non-litigation matters to protect the Company's legal rights and interests.</p> <p>3. To propose suggestions on relevant laws and regulations for business operations to assist senior management in making informed decisions and provide assistance in handling legal consultations for the Company.</p> <p>4. To engage in intellectual property risk assessment and management in order to protect the Company's legal rights and interests in intellectual property and avoid related risks, and to explore the Company's key technologies to strategically enhance the value of products.</p>
Plant Construction Office	<p>1. Requirements consolidation, supervision, design planning, and contracting for new construction projects and all kinds of projects.</p> <p>2. Development strategy preparation, real estate revitalization, marketing and sales of business and dormitory sites.</p>

II. Information of Director, General Manager, Deputy General Manager, Associates, heads of departments and branch managers

(I) Information of Directors

(1) Information of Directors

March 31, 2024

Title	Nationality/ Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or Relatives within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
Chairman	R.O.C.	Ming-Chien Chiu	Male 54 years old	2021.07.30	Three years	1998.03.16	6,614,237	7.86%	6,708,527	7.11%	3,508,527	3.72%	0	0.00	Ph.D., Graduate Institute of Information Management, National Chengchi University EMBA, Guanghua School of Management, Peking University EMBA, National Taipei University	Concurrent position in the Company: CEO Chairman, Gudeng Equipment Co., Ltd. Chairman, We Solutions Technology Co., Ltd. Chairman, Jia Shuo Construction Co., Ltd. Chairman, Hengyang Green Energy Co., Ltd. Chairman, Fu Rui Sheng Industrial Co., Ltd. Chairman, Bor Sheng Industry Co., Ltd. Chairman, Partner One Limited Chairman, JYR Aviation Components Co, Ltd. Director, Gudeng Venture Capital Co., Ltd. Director, Suting Precision Industry Co., Ltd. Director, AIS Analytical Instruments Inc. Director, Symtek Automation Asia Co., Ltd. Representative, Shanghai Gudeng Trading Co., Ltd. Representative, Gudeng INC Gudeng Investment Co., Ltd. Representative Supervisor, TSS Holdings Ltd. Representative of GUDENG Co., Ltd.	None	None	None	1. The Chairman concurrently serves as the CEO of the Company, as the Chairman possesses management expertise and practical knowledge of the industry, making substantial and significant contributions to the Company's operations. 2. The important resolutions of the Company are implemented after being resolved by the Board of Directors, and more than half of the Directors do not hold concurrent positions as employees or managers.
Vice Chairman	R.O.C.	Tien-Jui Lin	Male 56 years old	2021.07.30	Three years	1998.03.16	4,518,053	5.37%	6,278,853	6.66%	1,660,506	1.76%	0	0.00	EMBA, China Europe International Business School EMBA, National Chengchi University Master of Global	Concurrent position in the Company: General Manager Chairman, Gudeng Venture Capital Co., Ltd.	None	None	None	None

Title	Nationality/ Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or Relatives within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
															Entrepreneurship, National Chengchi University	Chairman, Gudeng Investment Limited Chairman, Gudeng Aerospace Co, Ltd. Director, We Solutions Technology Co., Ltd. Director, Gudeng Equipment Co., Ltd. Director, Fu Rui Sheng Industrial Co., Ltd. Director, Bor Sheng Industrial Co., Ltd. Director, Suting Precision Industry Co., Ltd. Supervisor, AIS Analytical Instruments Inc. Director, JYR Aviation Components Co, Ltd. Representative, Sun Park Development Limited				
Director	R.O.C.	Chung-Peng Huang	Male 53 years old	2021.07.30	Three years	2009.01.17	757,532	0.90%	795,181	0.84%	142,433	0.15%	0	0.00	Completed the Science and Technology Class of National Chengchi University Associate Degree, Department of Mechanical Engineering, Oriental Institute of Technology Deputy Manager, Development Department, Botsu Enterprise Co., Ltd. Chairman and General Manager, Suzhou Wu Jiang Start-up Head of Suzhou Kun Ju Trading Co., Ltd.	Concurrent position in the Company: N/A Director, Gudeng Precision Industrial Co., Ltd. Supervisor, Gudeng Venture Capital Co., Ltd. Head of Shanghai Sun Park Development Limited Director, Rich Point Global Corp. Director and General Manager, We Solutions Technology Co., Ltd. Supervisor, Fu Rui Sheng Industrial Co., Ltd. Director, Bor Sheng Industrial Co., Ltd. Supervisor, Suting Precision Industry Co., Ltd. Supervisor, JYR Aviation Components Co, Ltd.	None	None	None	None
Director	R.O.C.	Chih-Fang Wei	Male 55 years old	2021.07.30	Three years	2018.05.29	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor of Japanese Language and Literature, Soochow University Representative, BEAUTY WORKS INC. Consultant, Good Neighbor Food	Concurrent position in the Company: N/A Manager, Dafeng Development and Construction Engineering Co., Ltd. Director, Hengyang Green Energy Co., Ltd.	None	None	None	None

Title	Nationality/ Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or Relatives within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
															Co., Ltd.					
Independent Director	R.O.C.	Kuang-Hui Chiu	Male 69 years old	2021.07.30	Three years	2017.06.02	104,568	0.12%	111,806	0.12%	26,388	0.03	0	0.00	Ph.D. in Computer Management & Decision Making, National Tsing Hua University Head of the Department of Business Administration, National Taipei University Director, Electronic Commerce Research Center, National Taipei University Acting Director, Technology R&D Department, Institute for Information Industry	Concurrent position in the Company: N/A	None	None	None	None
Independent Director	R.O.C.	Wen-Hao Lo	Male 56 years old	2021.07.30	Three years	2015.05.28	31,153	0.14%	32,684	0.03%	2,000	0.00	0	0.00	Master of Business Administration, National Chengchi University Representative of Legal Person Director & General Manager, Magic Technology Co., Ltd. Representative of Legal Person Director, Magic Electronics Technology Corporation Chairman, Tongshuo Investment Co., Ltd. Director, Global Magic Technology Co., Ltd. Director, Magic Technology Co., Ltd. Director, IST Group Technology Co., Ltd.	Concurrent position in the Company: N/A Chairman, Tongshuo Investment Co., Ltd. Director, Global Magic Technology Co., Ltd. Director, Magic Technology Co., Ltd. Director, IST Group Technology Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Hui-Sen Hu	Male 54 years old	2021.07.30	Three years	2021.07.30	0	0.00	0	0.00	0	0.00	0	0.00	EMBA, Department of Information Management, National Taiwan University Director, Friends of the Police Association of the Republic of China Executive Director, Taiwan Electrical and Electronic Manufacturers' Association Executive Director, Sino-	Concurrent position in the Company: N/A Director and General Manager, Shinfox Energy Co., Ltd. Director and General Manager, FIT Holding Co., Ltd. Chairman, Foxwell Energy Corporation Ltd. Chairman, Foxwell Power Co., Ltd.	None	None	None	None

Title	Nationality/ Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or Relatives within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
															Indonesia Cultural and Economic Association Executive Director, Tsinghua University Taiwan Alumni Headquarters Policy Consultant, Taiwan Chamber of Commerce and Industry Vice Chairman, PVGSA Vice Chairman, The Renewable Energy Business Association of the Republic of China	Chairman, Xin Xin Natural Gas Corporation Chairman, Kunshan Jiuwei Information Tech Co. Ltd. Chairman, Jiuwei Power Co., Ltd. Chairman, Elegant Energy TECH Co., Ltd. Chairman, Yuan Shan Forest Natural Resources Co., Ltd. Chairman, Eastern Rainbow Green Energy Environmental Technology Co., Ltd. Chairman, Shih Fong Power Co., Ltd. Chairman, Singapore Shinfox Far East Company Pte Ltd Director, SFI Electronics Co., Ltd. Director, Unicon Vision Corp. Director, APEX Wind Power Equipment Manufacturing Co., Ltd. Independent Director, EBM Technologies Inc.				
Independent Director	R.O.C.	Chia-Hung Chin	Male 88 years old	2023.05.24	One year	2023.05.24	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor of Public Administration, Tamkang University Chairman, Taipei City Oil Trade Association Honorary Chairman, The Manufacturers United General Association of Industrial Park of R.O.C. National Policy Advisor to the President, Office of the President Policy Advisor to the Mayor, Taoyuan City Government	Concurrent position in the Company: N/A Chairman, Yi-Chiu Group Chairman, Yi-Chiu Holdings Co., Ltd. Chairman, Yi-Chiu Chemical & Technical Co., Ltd. Chairman, Ezoil International Corporation Chairman, Tai Yi Fong Co., Ltd. Chairman, Yi Chun Green Technology Co., Ltd. Chairman, Fabu Greentech. Inc. Chairman, ECL International Co. Ltd. Chairman, Uwell Biopharma Inc. Director, Tai Ci Co. Ltd. Director, Kang Chuang Asset Development Co., Ltd. Director, Shieh Chi Chemical	None	None	None	None

Title	Nationality/ Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or Relatives within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
																Industry Co., Ltd. Director, Coastal Performance International Co., Ltd. Director, Taiwan Fuel & Energy Supply Co., Ltd. Director, Yi Tzeng Co., Ltd. Director, Jenn Chou Stevedore Co., Ltd. Director, Century Wind Power Co., Ltd.				

(2) Substantial Shareholders of Corporate Shareholders: N/A.

(3) Major Shareholders of Major Corporate Shareholder: N/A.

(4) Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

March 31, 2024

Qualification Name	Professional Qualifications	Experience (Note 1)	Status of Independence (In line with Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Ming-Chien Chiu	Having work experience in the areas of commerce, law, finance, accounting or other necessary for the business. Used to be an instructor or higher position in a department of commerce, law, finance, accounting or other academic department related to the business needs in a public or private junior college, college or university	Chairman, Gudeng Equipment Co., Ltd. Chairman, We Solutions Technology Co., Ltd. Chairman, Jia Shuo Construction Co., Ltd. Chairman, Hengyang Green Energy Co., Ltd. Chairman, Fu Rui Sheng Industrial Co., Ltd. Chairman, Bor Sheng Industry Co., Ltd. Chairman, Partner One Limited Chairman, JYR Aviation Components Co, Ltd. Director, Gudeng Venture Capital Co., Ltd. Director, Suting Precision Industry Co., Ltd. Director, AIS Analytical Instruments Inc. Director, Symtek Automation Asia Co., Ltd. Representative, Shanghai Gudeng Trading Co., Ltd. Representative, Gudeng INC Gudeng Investment Co., Ltd. Representative Supervisor, TSS Holdings Ltd. Assistant Professor, Nan Ya Institute of Technology	(6), (7), (8), (9), (11), (12)	0
Tien-Jui Lin	Having work experience in the areas of commerce, law, finance, accounting or other necessary for the business.	Chairman, Gudeng Venture Capital Co., Ltd. Chairman, Gudeng Investment Limited Chairman, Gudeng Aerospace Co, Ltd. Director, We Solutions Technology Co., Ltd. Director, Gudeng Equipment Co., Ltd. Director, Fu Rui Sheng Industrial Co., Ltd. Director, Bor Sheng Industrial Co., Ltd. Director, Suting Precision Industry Co., Ltd. Supervisor, AIS Analytical Instruments	(6), (7), (8), (9), (10), (11), (12)	0

Qualification Name	Professional Qualifications	Experience (Note 1)	Status of Independence (In line with Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		Inc. Director, JYR Aviation Components Co, Ltd. Representative, Sun Park Development Limited		
Chung-Peng Huang	Having work experience in the areas of commerce, law, finance, accounting or other necessary for the business.	Deputy Manager, Development Department, Botsu Enterprise Co., Ltd. Chairman and General Manager, Suzhou Wu Jiang Start-up Head of Suzhou Kun Ju Trading Co., Ltd.	(5), (6), (7), (8), (9), (10), (11), (12)	0
Chih-Fang Wei	Having work experience in the areas of commerce, law, finance, accounting or other necessary for the business.	Manager, Dafeng Development and Construction Engineering Co., Ltd. Director, Hengyang Green Energy Co., Ltd. Representative, BEAUTY WORKS INC. Consultant, Good Neighbor Food Co., Ltd.	(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12)	0
Kuang-Hui Chiu	Used to be an instructor or higher position in a department of commerce, law, finance, accounting or other academic department related to the business needs in a public or private junior college, college or university	Head of the Department of Business Administration, National Taipei University Director, Electronic Commerce Research Center, National Taipei University Acting Director, Technology R&D Department, Institute for Information Industry	(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12)	0
Wen-Hao Lo	Having work experience in the areas of commerce, law, finance, accounting or other necessary for the business.	Director and General Manager, Magic Technology Co., Ltd. Legal person director representative, Magic Technology Co., Ltd. Chairman, Tongshuo Investment Co., Ltd. Director, Global Magic Technology Co., Ltd. Director, Magic Technology Co., Ltd.	(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12)	0

Qualification Name	Professional Qualifications	Experience (Note 1)	Status of Independence (In line with Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		Director, Tonal Home Appliance Co., Ltd.		
Hui-Sen Hu	Having work experience in the areas of commerce, law, finance, accounting or other necessary for the business.	Director and General Manager, Shinfox Energy Co., Ltd. Director and General Manager, FIT Holding Co., Ltd. Chairman, Foxwell Energy Corporation Ltd. Chairman, Foxwell Power Co., Ltd. Chairman, Xin Xin Natural Gas Corporation Chairman, Kunshan Jiuwei Information Tech Co. Ltd. Chairman, Jiuwei Power Co., Ltd. Chairman, Elegant Energy TECH Co., Ltd. Chairman, Yuan Shan Forest Natural Resources Co., Ltd. Chairman, Eastern Rainbow Green Energy Environmental Technology Co., Ltd. Chairman, Shih Fong Power Co., Ltd. Chairman, Singapore Shinfox Far East Company Pte Ltd Director, SFI Electronics Co., Ltd. Director, Unicon Vision Corp. Director, APEX Wind Power Equipment Manufacturing Co., Ltd. Independent Director, EBM Technologies Inc.	(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12)	1
Chia-Hung Chin	Having work experience in the areas of commerce, law, finance, accounting or other necessary for the business.	Chairman, Yi-Chiu Group Chairman, Yi-Chiu Holdings Co., Ltd. Chairman, Yi-Chiu Chemical & Technical Co., Ltd. Chairman, Ezoil International Corporation Chairman, Tai Yi Fong Co., Ltd. Chairman, Yi Chun Green Technology Co., Ltd. Chairman, Fabu Greentech. Inc. Chairman, ECL International Co. Ltd. Chairman, Uwell Biopharma Inc. Director, Tai Ci Co. Ltd. Director, Kang Chuang Asset Development Co., Ltd. Director, Shieh Chi Chemical Industry	(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12)	0

Qualification Name	Professional Qualifications	Experience (Note 1)	Status of Independence (In line with Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		Co., Ltd. Director, Coastal Performance International Co., Ltd. Director, Taiwan Fuel & Energy Supply Co., Ltd. Director, Yi Tzeng Co., Ltd. Director, Jenn Chou Stevedore Co., Ltd. Director of Century Wind Power Co., Ltd.		

Note 1: The above directors and independent directors are not under any of the categories stated in Article 30 of the Company Act.

Note 2: Note: The independence status of the directors during the two years prior to their election and during their term of office. (Those who meet the requirements are disclosed in the table above)

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of affiliated companies. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total outstanding shares of the Company or ranks among the top 5 corporate shareholders in the terms of share volume held or is assigned according to the Item 1 or 2, Article 27 of the Company Act. (This does not apply in cases where the person is an Independent Director of the Company, its parent or subsidiary established in pursuant to this law or local laws).
- (6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of Aurora's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).
- (7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of Aurora (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).
- (8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with Aurora (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of Aurora and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, at Aurora and its parent or subsidiary or a subsidiary of the same parent).
- (9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for Aurora or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not a spouse or a relative within the second degree of kinship to any other director of Aurora.
- (11) Not under any of the categories stated in Article 30 of the Company Act.
- (12) Not a governmental or judicial person or a representative thereof as defined in Article 27 of the Company Act.

(5) Diversity and Independence of the Board of Directors:

1. Diversity of the Board of Directors:

- A. The Company adopted the "Corporate Governance Code" in the 13th meeting of the 4th Board of Directors on September 4, 2013, and currently set a diversity policy in Chapter 3 "Strengthening the Functions of the Board of Directors". The nomination and selection of members of

the Board of Directors of the Company, in addition to complying with the Company's Articles of Incorporation and adopting the candidate nomination system, shall meet the following two standards:

- a. Basic qualification and value: gender, age, nationality and culture.
- b. Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing or technology), professional skills and working experience in the industry.

The members of the Board of Directors shall have the capabilities as follows:

- a. Business judgment ability.
- b. Accounting and financial analysis ability.
- c. Operational management ability.
- d. Crisis management ability.
- e. Knowledge of the industry.
- f. International market perspective.
- g. Leadership.
- h. Decision-making ability.

B. Diversification status among 8 members of the 7th Board of Directors is as follows:

Diversified Core Competences												
	Nationality	Serving Concurrently as Employees of the Company	Gender	Age Range	Business Judgment	Accounting and Financial Analysis	Business Management	Crisis Management	Knowledge of the Industry	International Market Perspective	Leadership	Decision-making Ability
Ming-Chien Chiu	R.O.C.	V	Male	50-60	V		V	V	V	V	V	V
Tien-Jui Lin	R.O.C.	V	Male	50-60	V	V	V		V	V	V	V
Chung-Peng Huang	R.O.C.		Male	50-60	V		V		V		V	
Chih-Fang Wei	R.O.C.		Male	50-60	V		V			V		
Kuang-Hui Chiu	R.O.C.		Male	60-70	V		V	V		V		
Wen-Hao Lo	R.O.C.		Male	50-60	V		V	V		V	V	V
Hui-Sen Hu	R.O.C.		Male	50-60	V	V	V	V	V	V	V	V
Chia-Hung Chin	R.O.C.		Male	80-90	V	V	V	V	V	V	V	V

The composition of the 7th Board of Directors of the Company is as follows: 25% of directors serve as employees, 50% are independent directors; no female directors elected; 2 director is over 60 years old and 6 are between 50 and 60 years old. The Company takes into account gender equality in the composition of Board of Directors, and plans to increase the number of female directors during the next re-election of Board members.

2. Independence of the Board of Directors:

The Company's Board of Directors consists of eight members, four of whom are independent directors, accounting for a proportion of 50% in the Board of Directors' seats. For the independence of the Board of Directors, please refer to "Information of Directors" and "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors". In addition, the

Company has established an Audit Committee to replace the Supervisory Committee and none of the seven members of the Board of Directors is related to each other within the meaning of spouse or second degree of kinship. Therefore, there is no such relationship under any of the categories stated in Paragraphs 3 and 4, Article 26-3 of the Company Act.

(II) Information of Director, General Manager, Deputy General Manager, Associates, heads of departments and branch managers:

March 26, 2024; Unit: Shares; %

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Managerial Officers who Are Spouses or Relatives within the Second Degree of Kinship			Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
Chairman & CEO	R.O.C.	Ming-Chien Chiu	Male	1998.03.16	6,708,527	7.11%	3,508,527	3.72%	-	-	Ph.D., Graduate Institute of Information Management, National Chengchi University EMBA, Guanghua School of Management, Peking University EMBA, National Taipei University	Concurrent position in the Company: CEO Chairman, Gudeng Equipment Co., Ltd. Chairman, We Solutions Technology Co., Ltd. Chairman, Jia Shuo Construction Co., Ltd. Chairman, Hengyang Green Energy Co., Ltd. Director, Gudeng Venture Capital Co., Ltd. Chairman, Fu Rui Sheng Industrial Co., Ltd. Chairman, Bor Sheng Industry Co., Ltd. Director, Suting Precision Industry Co., Ltd. Director, AIS Analytical Instruments Inc. Director, Symtek Automation Asia Co., Ltd. Chairman, JYR Aviation Components Co., Ltd. Gudeng Investment Co., Ltd. Representative Chairman, Partner One Limited Representative, Shanghai Gudeng Trading Co., Ltd. Executive Director, Suzhou Kun Ju Trading Co., Ltd. Representative of Gudeng INC Supervisor, TSS Holdings Ltd.	None	None	None	1. The Chairman concurrently serves as the CEO of the Company, as the Chairman possesses management expertise and practical knowledge of the industry, making substantial and significant contributions to the Company's operations. 2. The important resolutions of the Company are implemented after being resolved by the Board of Directors, and more than half of the Directors do not hold concurrent positions as employees or managers.
Vice Chairman & General Manager	R.O.C.	Tien-Jui Lin	Male	2010.05.24	6,278,853	6.66%	1,660,506	1.76%	-	-	EMBA, China Europe International Business School EMBA, National Chengchi University Master of Global Entrepreneurship, National Chengchi University Department of Mechanical Engineering, Hwa Hsia Institute of Technology	Concurrent position in the Company: General Manager Chairman, Gudeng Venture Capital Co., Ltd. Chairman, Gudeng Investment Limited Chairman, Gudeng Aerospace Co., Ltd. Director, We Solutions Technology Co., Ltd. Director, Gudeng Equipment Co., Ltd. Director, Fu Rui Sheng Industrial Co., Ltd. Director, Bor Sheng Industrial Co., Ltd. Director, Suting Precision Industry Co., Ltd. Supervisor, AIS Analytical Instruments Inc. Director, JYR Aviation Components Co., Ltd. Representative, Sun Park Development Limited	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Managerial Officers who Are Spouses or Relatives within the Second Degree of Kinship			Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relationship	
COO Office Deputy General Manager	R.O.C.	En-Nien Sheng	Female	2012.05.01	111,635	0.12%	-	-	-	-	Master of Human Resources and Labor Relations, University of Wisconsin-Milwaukee Section Chief, Department of Human Resources, Wah Lee Industrial Corp.	Supervisor, We Solutions Technology Co., Ltd Director and General Manager, Gudeng Venture Capital Co., Ltd. Director, JYR Aviation Components Co, Ltd.	None	None	None	None
Deputy General Manager, Customer Partnership Department	R.O.C.	Ya-Wen Lin	Female	2015.01.01	106,563	0.11%	-	-	-	-	EMBA, National Taipei University Vice President, Department of New Products, Topco Scientific Co., Ltd.	Director, We Solutions Technology Co., Ltd.	None	None	None	None
Assistant Manager, Advanced Carrier Customer Technical Service Department	R.O.C.	Chia-He Chuang	Male	2016.04.11	119,883	0.13%	-	-	-	-	Master of Information Management, Nanhua University Director, Brilliant Network & Automation Integrated System Co. Ltd. Assistant Manager, Department of Manufacturing, Taiwan Semiconductor Manufacturing Company	None	None	None	None	None
Assistant Manager and Accounting Supervisor	R.O.C.	Po-An Lai	Male	2016.01.01	39,000	0.04%	-	-	-	-	Bachelor of Accountancy, National Taipei University Assistant Manager, Deloitte & Touche Financial Director, Wu Jiang Start-up Automobile Trading Co., Ltd. in Suzhou	Director, We Solutions Technology Co., Ltd. Supervisor, JYR Aviation Components Co, Ltd.	None	None	None	None

(III) Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, General Manager, and Deputy General Managers

(1) Remuneration Paid to Directors and Independent Directors (Names and Remuneration thereof to be Disclosed Individually)

December 31, 2023 (Unit: NT\$ thousand; 1,000 shares)

December 31, 2023 (Unit: NT\$ thousand, 1,000 shares)

Title	Name	Remuneration Paid to Directors								Total A, B, C, D as % of EAIT		Relevant Remuneration Received by Directors who Are Also Employees								Total A, B, C, D, E, F, G % of EAIT		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Compensation (A)		Severance Pay and Pension (B)		Remuneration of Directors (C)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)						
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
Cash	Stock															Cash	Stock					
Chairman	Ming-Chien Chiu	0	0	0	0	7,230	7,788	160	430	7,390 0.82%	8,218 0.91%	17,218	17,218	0	0	6,290	0	6,297	0	30,898 3.41%	31,733 3.51%	None
Director	Tien-Jui Lin	0	0	0	0	7,230	7,788	160	430	7,390 0.82%	8,218 0.91%	14,703	14,703	0	0	6,290	0	6,290	0	28,383 3.14%	29,211 3.23%	None
Director	Chung-Peng Huang	0	0	0	0	4,400	4,958	160	312	4,560 0.50%	5,270 0.58%	0	4,456	0	0	0	0	0	0	4,560 0.50%	9,726 1.07%	None
Director	Chih-Fang Wei	0	0	0	0	2,730	2,730	160	160	2,890 0.32%	2,890 0.32%	0	0	0	0	0	0	0	0	2,890 0.32%	2,890 0.32%	None
Independent Director	Kuang-Hui Chiu	0	0	0	0	2,730	2,730	352	352	3,082 0.34%	3,082 0.34%	0	0	0	0	0	0	0	0	3,082 0.34%	3,082 0.34%	None
Independent Director	Wen-Hao Lo	0	0	0	0	2,730	2,730	352	352	3,082 0.34%	3,082 0.34%	0	0	0	0	0	0	0	0	3,082 0.34%	3,082 0.34%	None
Independent Director	Hui-Sen Hu	0	0	0	0	2,730	2,730	304	304	3,034 0.34%	3,034 0.34%	0	0	0	0	0	0	0	0	3,034 0.34%	3,034 0.34%	None
Independent Director	Chia-Hung Chin <small>(Note 1)</small>	0	0	0	0	1,648	1,648	208	208	1,856 0.21%	1,856 0.21%	0	0	0	0	0	0	0	0	1,856 0.21%	1,856 0.21%	None

Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: None.

Note 1: Independent director Chia-Hung Chin acceded to office on May 24, 2023.

(2) Remuneration paid to the Supervisors: Not applicable.

(3) Remuneration Paid to the CEO, General Manager and Deputy General Managers

December 31, 2023 Unit: NT\$ thousand: 1,000 shares

Title	Name	Salaries (A)		Severance Pay and Pension (B)		Bonus and Allowance(C)		Employee Compensation (D)				Total A, B, C, D as % of EAIT (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company’s Subsidiary
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
								Cash Dividend	Stock Dividend	Cash Dividend	Stock Dividend			
CEO	Ming- Chien Chiu	12,468	12,468	0	0	4,750	4,750	6,290		6,290		23,508 2.60%	23,508 2.60%	None
General Manager	Tien-Jui Lin	11,453	11,453	0	0	3,250	3,250	6,290		6,290		20,993 2.32%	20,993 2.32%	None
Deputy General Manager	En-Nien Sheng	3,677	3,677	0	0	2,767	2,767	1,290	0	1,290	0	7,734 0.85%	7,734 0.85%	None
Deputy General Manager	Ya-Wen Lin	2,826	2,826	0	0	2,745	2,745	1,460	0	1,460	0	7,031 0.78%	7,031 0.78%	None

(4) Name of Managerial Officers Paid from Employee Bonus and Status of Payment:

December 31, 2023; Unit: NT\$ thousand

	Title	Name	Stock	Cash	Total	Proportion to Earnings after Tax(%)
Managerial Officers	Chairman & CEO	Ming-Chien Chiu	0	17,550	17,550	1.94%
	Vice Chairman & General Manager	Tien-Jui Lin				
	Deputy General Manager	En-Nien Sheng				
	Deputy General Manager	Ya-Wen Lin				
	Assistant Manager	Chia-He Chuang				
	Assistant Manager and Accounting Supervisor	Po-An Lai				

(IV) Separate comparisons and descriptions of total remuneration, as a percentage of after-tax net income stated in the individual financial reports, as paid by the Company and all other companies included in the consolidated financial statements during the past two fiscal years to directors, supervisors, general manager, and deputy general managers, with analysis and description of remuneration policies, standards and packages, and procedure for determining remuneration, and link to business performance and future risks:

(1) Analysis of total remuneration, as a percentage of after-tax net income stated in the individual financial reports, as paid by the Company and all other companies included in the consolidated financial statements, to the directors, supervisors, general manager, and deputy general managers during the past two fiscal years:

Proportion of Total Remuneration to Net Income After Tax	2023		2022	
	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements
Director	8.58%	9.32%	10.77%	11.23%
Supervisor	N/A	N/A	N/A	N/A
Remuneration Paid to the CEO, General Manager and Deputy General Managers	6.55%	6.55%	9.22%	9.22%

- (2) The Company's remuneration policies, criteria and mix, procedures for determining remuneration, and their linkage to performance evaluation and correlation to future risk exposure:

Remuneration policies, criteria and mix:

The directors' remuneration is based on a combination of the Board of Directors' consideration of their experience, professional competence, management skills, and positions held, as well as financial and non-financial performance goals to reflect their responsibilities and performance. The proposed remuneration shall consist of business execution expenses, travel expenses, and remuneration from the distribution of earnings.

Procedure for setting remuneration:

The remuneration of directors and executives is determined based on their contributions to the Company, reference to industry standards, and consideration of future risks. According to regulations, the Remuneration Committee of the Company is responsible for regularly evaluating and determining the remuneration, which is then submitted to the Board of Directors for approval. According to the Company's Articles of Incorporation, if there is a profit for the year, no more than 3% should be allocated for director remuneration. The distribution of employee remuneration follows the standards set in the Articles of Incorporation, and it is subject to approval by the Board of Directors and reported to the Shareholders' Meeting.

The correlation between remuneration and business performance:

The remuneration of the Directors and Managers of the Company is determined based on their positions, contributions, and performance, encompassing the achievement of the Company's operational goals and individual annual goals. The Company's goals include both financial and non-financial indicators, while individual annual goals include operational goals and ESG indicators (including sub-material reclaimed rate and waste reproduction, among other sustainable business goals).

The correlation between remuneration and future risks:

In addition to referring to the relevant industry standards and the Company's business performance, the payment criteria, structure and system of the remuneration of the Company's Directors and Managers will also be reviewed and adjusted in a timely manner according to the actual operating conditions and changes in the relevant laws and regulations. All adjustments will be made after considering various risk factors to ensure a balance between sustainable business operations and risk management.

III. Status of Corporate Governance

- (I) Operations of the Board of Directors:

A total of ten (10) meetings [A] of the Board of Directors were held in the most recent year (2023). The attendance of Directors and Supervisors was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Note
Chairman	Ming-Chien Chiu	10	0	100%	
Vice Chairman	Tien-Jui Lin	10	0	100%	
Director	Chung-Peng Huang	10	0	100%	
Director	Chih-Fang Wei	10	0	100%	
Independent Director	Wen-Hao Lo	10	0	100%	
Independent Director	Kuang-Hui Chiu	10	0	100%	
Independent Director	Hui-Sen Hu	10	0	100%	
Independent Director	Chia-Hung Chin	6	1	85.71%	Elected on May 24, 2023; the number of required attendances for the meetings is 7.

Other matters to be recorded:

- I. The items included in Article 14-3 of the Securities and Exchange Act and other comments objected or retained by other Independent Directors on record or the resolutions of the Board of Directors in a written statement should indicate the date, period, content of the motion, opinions of all Independent Directors and how the company handles the opinion of the Independent Directors: please refer to the Explanation of important resolutions of the Board of Directors on pages 52-55.
- II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.
- III. Measures taken to strengthen the functionality of the Board in the current and the latest year (e.g. establishing the Audit Committee, enhancing information transparency), and implementation status:
 1. Improving information transparency: The Company operates in a transparent manner and emphasizes the importance of shareholders' interest. The Company has appointed specific personnel to be responsible for the disclosure of monthly revenue and material information, and the Company has also published information in the Market Observation Post System in accordance with the regulations.
 2. The Company has established the Audit Committee after the election of the seventh session of the Board to assist the Board in making decisions through its professional division of work and independent position.
 3. The Company has established a Remuneration Committee to improve and strengthen the management functions of the Board of Directors.
 4. Actively communicate with stakeholders: The Company has a spokesperson and an acting spokesperson through which stakeholders can communicate. Each year, the shareholders' meeting accepts shareholders' proposals. Shareholders who have the right to submit proposal within the period of acceptance. The Company will hold a Board of Directors' meeting to review the proposals in accordance with relevant regulations.
 5. Training hours of Directors: The annual training hours of the directors of the Company

were in compliance with the regulations of the competent authority. The Company encouraged relevant members of the board of directors to participate in various professional courses to continuously enrich new knowledge, so as to maintain their professional advantages and abilities, and the Company publicized relevant laws and regulations so as to comply with the laws and regulations.

6. The Company has formulated and complies with its Rules of Procedure for Board of Directors Meetings in reference to the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and has disclosed the Directors' attendance of Board of Directors (BOD) meetings on the Market Observation Post System (MOPS).

Implementation of the Board's Evaluation

Frequency	Period	Scope	Method	Content
Once a year	From January 1, 2023 to December 31, 2023	<ol style="list-style-type: none"> 1. Board of Directors 2. Individual Board Members 3. Functional Committees 	The performance evaluation methods include internal self-evaluation of the Board of Directors and director self-evaluation.	<ol style="list-style-type: none"> 1. Evaluation of performance for the Board of Directors: Including participation in the operation of the Company, the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control, and etc. 2. Evaluation of performance for the individual board members: Including alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control, and etc. 3. Evaluation of performance for the Audit Committee: Including participation in the operation of the Company, awareness of the duties of the functional committee, the quality of decisions made by the functional committee, makeup of the functional committee and election of its members, and internal control, and etc.

(II) Operations of the Audit Committee

A total of nine (9) meetings [A] of the Audit Committee were held in the most recent year (2023). The attendance of committee members was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance rate (%) (B/A)	Note
Independent Director	Kuang-Hui Chiu	9	0	100%	
Independent Director	Wen-Hao Lo	9	0	100%	
Independent Director	Hui-Sen Hu	9	0	100%	
Independent Director	Chia-Hung Chin	6	0	100%	Elected on May 24, 2023; the number of required attendances for the meetings is 6.

Other matters to be recorded:

- (1) The operation of the Audit Committee shall include the date and period of the Audit Committee meeting, the content of the motion, the objections, reservations or material recommendations of the independent directors, the results of the Audit Committee's resolutions and the Company's handling of the Audit Committee's opinions if any of the following circumstances apply:

1. Matters listed in Article 14-5 of the Securities and Exchange Act:

Date and Term of the Committee	Content of Motion	Objections, Reservations or Material Recommendations of Independent Directors	Resolution of the Audit Committee	Response of the Company
2023.03.08 (12th meeting of the 1st term)	<ol style="list-style-type: none"> 1. Proposal of the Company's 2022 business report, financial statements and consolidated financial statements. 2. Pre-approval of the review on non-assurance services for 2023 provided by the CPAs. 3. Amendments to the provisions of the "Internal Control System for Production Cycle" and "Internal Control System for Research and Development Cycle" of the Company, and formulation of the "Pre-approval Review Procedure for Providing Non-assurance Services". 4. The "2022 Statement on Internal Control System" of the Company. 5. Amendments to the provisions of the level of authorization of the Company's "Sales and Receivables Cycle", "Procurement and Payments Cycle", "Payroll Cycle", "Financing Cycle", "Real Estate, Plant, and Equipment Cycle", "Investment 	None	Approved	N/A

Date and Term of the Committee	Content of Motion	Objections, Reservations or Material Recommendations of Independent Directors	Resolution of the Audit Committee	Response of the Company
	Cycle”, “Research and Development Cycle”, and “Other Internal Control Operations”. 6. Proposal of the Company’s plan to acquire real estate located in Tucheng District, New Taipei City.			
2023.03.29 (13th meeting of the 1st term)	1. Amendment to the Company’s “Level of Authorization of Production Cycle”. 2. Surplus distribution and ex-dividend date for the second half of 2022.	None	Approved	N/A
2023.05.10 (14th meeting of the 1st term)	1. Proposal of the Company’s 2023 Q1 consolidated financial statements.	None	Approved	N/A
	1. Assessment and appointment of the independence and qualification of the Company’s CPAs. 2. Pre-approval of the review on non-assurance services for 2023 provided by the CPAs. 3. Amendments to the provisions of the level of authorization of the Company’s “Production Cycle”, “Research and Development Cycle”, “Table of Level of Authorization on the Internal Control for Research and Development Cycle”, and “Table of Level of Authorization on the Internal Control for Sales and Collection Cycle”. 4. The Company’s capital loan to Suting Precision Industry Co., Ltd. 5. Gudeng Investment Co., Ltd.’s capital loan to Shanghai Gudeng Trading Co., Ltd. 6. The Company’s capital loan to Shanghai Gudeng Trading Co., Ltd. 7. The Company’s plan to dissolve and liquidate its indirect holdings in Suzhou Kunju Trading Co., Ltd.			
2023.06.28 (15th meeting of the 1st term)	1. Set the benchmark date for the Company’s third domestic exchange of non-guaranteed corporate bonds for new shares. 2. The Company intends to participate in the cash capital increase case of Gudeng Inc. 3. The Company’s credit line application for the capital loan to Jiurun Precision Technology Co., Ltd.	None	Approved	N/A
2023.07.17 (16th meeting of the 1st term)	1. Proposal of the Company’s investment in Global Magic Electronic Co., Ltd. 2. Proposal of applying for endorsement/guarantee for subsidiary Shanghai Gudeng Trading Co., Ltd. 3. Proposal for the Company to participate in the capital increase for subsidiary Shanghai Gudeng Trading	None	Approved	N/A

Date and Term of the Committee	Content of Motion	Objections, Reservations or Material Recommendations of Independent Directors	Resolution of the Audit Committee	Response of the Company
	Co., Ltd. 4. Proposal for subsidiary Shanghai Gudeng Trading Co., Ltd. and Golden Dragon Global LTD. to sign an investment agreement.			
2023.08.09 (17th meeting of the 1st term)	1. Proposal of the Company's 2023 Q2 consolidated financial statements. 2. Amendment to the provisions of the Company's "Level of Authorization of Procurement and Payment Cycle". 3. Set the benchmark date for the Company's third domestic exchange of non-guaranteed corporate bonds for new shares. 4. Proposal of canceling endorsement/guarantee for subsidiary Shanghai Gudeng Trading Co., Ltd. 5. Proposal of applying for the credit line of endorsement/guarantee for subsidiary Shanghai Gudeng Trading Co., Ltd.	None	Approved	N/A
2023.08.30 (18th meeting of the 1st term)	1. Amendment to the provisions of the Company's "Level of Authorization of Payroll Cycle", "Level of Authorization of Financing Cycle", "Level of Authorization of Real Estate, Plant, and Equipment Cycle", "Level of Authorization of Investment Cycle", "Internal Control System of Payroll Cycle". 2. Proposal of endorsement/guarantee for subsidiary GUDENG INC. 3. Proposal for the Company to issue new shares by cash capital increase and the fourth domestic exchange of non-guaranteed corporate bonds.	None	Approved	N/A
2023.11.08 (19th meeting of the 1st term)	1. Proposal of the Company's 2023 Q3 consolidated financial statements. 2. Amendments to the provisions of the Company's "Procedures for the Acquisition and Disposal of Assets" and "Procedures for Handling Material Inside Information". 3. Surplus distribution and ex-dividend date for the first half of 2023. 4. Set the benchmark date for the Company's third domestic exchange of guaranteed corporate bonds for new shares. 5. The Company plans to establish a subsidiary in Japan.	None	Approved	N/A
2023.12.27 (20th meeting of	1. Proposal to assess the independence of the Company's CPAs.	None	Approved	N/A

Date and Term of the Committee	Content of Motion	Objections, Reservations or Material Recommendations of Independent Directors	Resolution of the Audit Committee	Response of the Company
the 1st term)	2. Proposal to adopt the Company's 2024 audit plan. 3. Proposal of applying for endorsement/guarantee for subsidiary Suting Precision Industry Co., Ltd. 4. The Company's capital loan to Gudeng Venture Capital Co., Ltd. 5. Proposal of loan for We Solution Technology Company Limited.			

2. In addition to the foregoing, other resolutions not approved by the Audit Committee and approved by two-thirds or more of all directors: None.

(2) Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

(3) Communication between the Independent Directors and the Chief Internal Auditor and the accountants (which shall include the material matters, manner and results of communication regarding the Company's financial and business conditions):

1. Communication policy between the Independent Directors and the Chief Internal Auditor and accountants:

A. The Chief Internal Auditor regularly submits the results of audit reports to the Independent Directors and reports the results of audits at the Audit Committee meetings on a quarterly basis (prior to the establishment of the Audit Committee and to the Independent Directors before the Board of Directors meeting). The Chief Internal Auditor and the independent directors meet regularly at least once a quarter to report on the status of the Company's internal audit execution and internal control operation. If necessary, the Chief Internal Auditor will liaise with the members of the Audit Committee separately from the regular reports, and the communication channel between the members of the Audit Committee and the Chief Internal Auditor of the Company is well functioning.

B. The Company invites Certified Public Accountants to attend the Audit Committee to discuss with the Audit Committee the results of the review or audit of the financial statements of the Company and its subsidiaries and the internal control audit, and to communicate adequately with the Audit Committee on whether there is any significant adjustment to the record or whether there is any significant impact of the amendment to the laws and regulations.

2. Communication between the Independent Directors and the Chief Internal Auditor in the most recent year:

Date	Participants	Communication Matters	Communication Results
2023.03.08	Independent Director Kuang-Hui Chiu Independent Director Wen-Hao Lo Independent Director Hui-Sen Hu Chief Internal Auditor Yi-Chen Chung	The Chief Internal Auditor explained the status of internal audits, which included the following: (1) Report on the Improvement of Internal Control Deficiencies and Abnormal Matters for 2022 Q4. (2) Amendments to the provisions of the “Internal Control System for Production Cycle” and “Internal Control System for Research and Development Cycle” of the Company, and formulation of the “Pre-approval Review Procedure for Providing Non-assurance Services”. (3) Amendments to the provisions of the level of authorization of the Company’s “Sales and Receivables Cycle”, “Procurement and Payments Cycle”, “Payroll Cycle”, “Financing Cycle”, “Real Estate, Plant, and Equipment Cycle”, “Investment Cycle”, “Research and Development Cycle”, and “Other Internal Control Operations”. (4) Proposal of the 2022 Statement on Internal Control System of the Company.	The Independent Director’s suggestions: No comments were made; to be submitted to the Board of Directors after review and adoption.
2023.05.10	Independent Director Kuang-Hui Chiu Independent Director Wen-Hao Lo Independent Director Hui-Sen Hu Chief Internal Auditor Yi-Chen Chung	The Chief Internal Auditor explained the status of internal audits, which included the following: (1) Report on the Improvement of Internal Control Deficiencies and Abnormal Matters for 2023 Q1. (2) Amendments to the provisions of the level of authorization of the Company’s “Production Cycle”, “Research and Development Cycle”, “Table of Level of Authorization on the Internal Control for Research and Development Cycle”, and “Table of Level of Authorization on the Internal Control for Sales and Collection Cycle”.	The Independent Director’s suggestions: No comments were made; to be submitted to the Board of Directors after review and adoption.
2023.08.09	Independent Director Kuang-Hui Chiu Independent Director Wen-Hao Lo Independent Director Hui-Sen Hu Independent Director Chia-Hung Chin Chief Internal Auditor Yi-Chen Chung	The Chief Internal Auditor explained the status of internal audits, which included the following: (1) Report on the Improvement of Internal Control Deficiencies and Abnormal Matters for 2023 Q2. (2) Amendment to the Company’s “Level of Authorization of Procurement and Payment Cycle”.	The Independent Director’s suggestions: No comments were made; to be submitted to the Board of Directors after review and adoption.
2023.11.08	Independent Director Kuang-Hui Chiu Independent Director Wen-Hao Lo Independent Director	The Chief Internal Auditor explained the status of internal audits, which included the following: (1) Report on the Improvement of Internal Control Deficiencies and Abnormal Matters for 2023 Q3. (2) Amendments to the provisions of the Company’s	The Independent Director’s suggestions: No comments were made; to be

Date	Participants	Communication Matters	Communication Results
	Hui-Sen Hu Independent Director Chia-Hung Chin Chief Internal Auditor Yi-Chen Chung	“Procedures for the Acquisition and Disposal of Assets” and “Procedures for Handling Material Inside Information”.	submitted to the Board of Directors after review and adoption.

3. Communication between the Independent Directors and the CPA in the most recent year:

Date	Participants	Communication Highlights	Communication Results
2023.03.08	Independent Director Kuang-Hui Chiu Independent Director Wen-Hao Lo Independent Director Hui-Sen Hu CPA Jien-Ming Tseng	(1) The CPA explained the audit results of the consolidated financial statements for 2022 Q4 and discussed the audit findings. (2) The CPA discussed and communicated the issues raised by the participants.	Independent Directors have been fully informed of the communication matters.
2023.05.10	Independent Director Kuang-Hui Chiu Independent Director Wen-Hao Lo Independent Director Hui-Sen Hu CPA Jien-Ming Tseng	(1) The CPA explained the audit results of the consolidated financial statements for 2023 Q1 and discussed the audit findings. (2) The CPA discussed and communicated the issues raised by the participants.	Independent Directors have been fully informed of the communication matters.
2023.08.09	Independent Director Kuang-Hui Chiu Independent Director Wen-Hao Lo Independent Director Hui-Sen Hu Independent Director Chia-Hung Chin CPA Jien-Ming Tseng	(1) The CPA explained the audit results of the consolidated financial statements for 2023 Q2 and discussed the audit findings. (2) The CPA discussed and communicated the issues raised by the participants.	Independent Directors have been fully informed of the communication matters.
2023.11.08	Independent Director Kuang-Hui Chiu Independent Director Wen-Hao Lo Independent Director Hui-Sen Hu Independent Director Chia-Hung Chin CPA Jien-Ming Tseng	(1) The CPA explained the audit results of the consolidated financial statements for 2023 Q3 and discussed the audit findings. (2) The CPA discussed and communicated the issues raised by the participants.	Independent Directors have been fully informed of the communication matters.

(III) Corporate Governance Implementation Status, Deviations from Corporate Governance
Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the “Corporate Governance Best-practice Principles” according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and disclosed the principles on the Market Observation Post System (MOPS) and the company website.	No material difference.
II. Shareholding structure & shareholders’ equity				
(I) Does the company establish internal operating procedures to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement in accordance with the procedures?	V		The Company has instructed Public Relations Office, Stock Affairs Department and Legal Affairs Department and other related departments to deal with shareholders’ suggestions, doubts, disputes and litigations in accordance with related internal operating procedures.	No material difference
(II) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		The Company has really grasped the status of its shareholders with actual controlling power as well as the shareholding of its top ten major shareholders.	No material difference
(III) Does the company establish and execute a risk management and firewall system within its affiliates?	V		The Company has established internal control systems covering enterprise-level risk management and firewall, formulated and implemented the “Measures for Subsidiary Supervision Operations”.	No material difference
(IV) Does the company establish internal rules against insiders using undisclosed information to trade in securities?	V		The Company has established regulations such as “Major Internal Information Processing Procedures” and “Measures for Prevention of Insider Trading” which expressly prohibit insiders from using undisclosed information to trade in securities.	No material difference
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors formulate a diversity policy, specific management goals, and implement them?	V		<p>1. The Company has set a diversity policy in Chapter 3 “Strengthening the Functions of the Board of Directors” of the “Corporate Governance Code”. The nomination and selection of members of the Board of Directors of the Company, in addition to complying with the Company’s Articles of Incorporation and adopting the candidate nomination system, shall meet the following two standards:</p> <p>I. Basic qualification and value: gender, age, nationality and culture.</p> <p>II. Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing or technology), professional skills and working experience in the industry.</p> <p>The members of the Board of Directors shall have the capabilities as follows:</p> <p>I. Business judgment ability.</p>	No material difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																																																																																																																																															
	Yes	No	Description																																																																																																																																																
			<div>II. Accounting and financial analysis ability.</div> <div>III. Operational management ability.</div> <div>IV. Crisis management ability.</div> <div>V. Knowledge of the industry.</div> <div>VI. International market perspective.</div> <div>VII. Leadership.</div> <div>VIII. Decision-making ability.</div> <div>2. Diversification status among 8 members of the 7th Board of Directors is as follows:</div> <div><table><tr><th rowspan="2">Diversified Core Competences</th><th colspan="3">Basic Components</th><th colspan="10">Professional Ability</th></tr><tr><th>Nationality</th><th>Serving Concurrently as Employees of the Company</th><th>Gender</th><th>Age Range</th><th>Business Judgment</th><th>Accounting and Financial Analysis</th><th>Business Administration</th><th>Crisis Management</th><th>Knowledge of the Industry</th><th>International Market Perspective</th><th>Leadership</th><th>Decision-making Ability</th></tr><tr><td>Name of Director</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Ming-Chien Chiu</td><td>R.O.C.</td><td>V</td><td>Male</td><td>50-60</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr><tr><td>Tien-Jui Lin</td><td>R.O.C.</td><td>V</td><td>Male</td><td>50-60</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td></tr><tr><td>Chung-Peng Huang</td><td>R.O.C.</td><td></td><td>Male</td><td>50-60</td><td>V</td><td></td><td>V</td><td></td><td>V</td><td></td><td>V</td><td></td></tr><tr><td>Chih-Fang Wei</td><td>R.O.C.</td><td></td><td>Male</td><td>50-60</td><td>V</td><td></td><td>V</td><td></td><td></td><td>V</td><td></td><td></td></tr><tr><td>Kuang-Hui Chiu</td><td>R.O.C.</td><td></td><td>Male</td><td>60-70</td><td>V</td><td></td><td>V</td><td>V</td><td></td><td></td><td>V</td><td></td></tr><tr><td>Wen-Hao Lo</td><td>R.O.C.</td><td></td><td>Male</td><td>50-60</td><td>V</td><td></td><td>V</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td></tr><tr><td>Hui-Sen Hu</td><td>R.O.C.</td><td></td><td>Male</td><td>50-60</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr><tr><td>Chia-Hung Chin</td><td>R.O.C.</td><td></td><td>Male</td><td>80-90</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr></table></div> <div>Note: Chia-Hung Chin acceded office as an Independent Director on May 24, 2023.</div> <div>3. The composition of the 7th Board of Directors of the Company is as follows: 25% of directors serve as employees, 50% are independent directors; no female directors elected; 2 director is over 60 years old, 5 are between 50 and 60 years old, and 1 under 50 years old. The Company takes into account gender equality in the composition of Board of Directors, and plans to increase the number of female directors during the next re-election of Board members.</div>	Diversified Core Competences	Basic Components			Professional Ability										Nationality	Serving Concurrently as Employees of the Company	Gender	Age Range	Business Judgment	Accounting and Financial Analysis	Business Administration	Crisis Management	Knowledge of the Industry	International Market Perspective	Leadership	Decision-making Ability	Name of Director													Ming-Chien Chiu	R.O.C.	V	Male	50-60	V		V	V	V	V	V	V	Tien-Jui Lin	R.O.C.	V	Male	50-60	V	V	V		V	V	V	V	Chung-Peng Huang	R.O.C.		Male	50-60	V		V		V		V		Chih-Fang Wei	R.O.C.		Male	50-60	V		V			V			Kuang-Hui Chiu	R.O.C.		Male	60-70	V		V	V			V		Wen-Hao Lo	R.O.C.		Male	50-60	V		V	V		V	V	V	Hui-Sen Hu	R.O.C.		Male	50-60	V	V	V	V	V	V	V	V	Chia-Hung Chin	R.O.C.		Male	80-90	V		V	V	V	V	V	V	
Diversified Core Competences	Basic Components				Professional Ability																																																																																																																																														
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Tien-Jui Lin	R.O.C.	V	Male	50-60	V	V	V		V	V	V	V																																																																																																																																							
Chung-Peng Huang	R.O.C.		Male	50-60	V		V		V		V																																																																																																																																								
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Chia-Hung Chin	R.O.C.		Male	80-90	V		V	V	V	V	V	V																																																																																																																																							
(II) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?	V		The Company has established the Remuneration Committee according to law. The Audit Committee is expected to be established after the election of the members of the new Board of Directors. In addition, there is also a Sustainability Committee to strengthen the implementation of corporate sustainability.	No material difference																																																																																																																																															
(III) Does the company have established methods and evaluation criteria for the performance assessment of the board of directors, and conduct regular performance assessments every year? Are the results of the performance assessment reported to the board of directors and used as a reference for individual director's compensation and nomination for re-election?	V		The Company has established measures for evaluating the performance of the Board of Directors, and periodically conducts annual performance evaluations.	No material difference																																																																																																																																															
(IV) Does the company	V		1. The CPAs appointed by the Company are not the	No material																																																																																																																																															

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																																													
	Yes	No	Description																																														
regularly evaluate the independence of the CPAs?			<div>directors, supervisors, managers, employees, or shareholders of the Company or its affiliates, and has confirmed that their status as non-stakeholders complies with the regulations of independent judgment set forth by the competent authority.</div> <div>2. The Company evaluates the professionalism and independence of the CPAs once a year, and the CPAs have also issued an independence statement for the entrusted auditing operation.</div> <div>3. The evaluation results of the recent two years have been reported to the Board of Directors for approval on May 10, 2023 and December 27, 2023, respectively.</div> <div>4. The evaluation items for independence are as follows:</div> <table><thead><tr><th>Evaluation Item</th><th>Rating</th><th>Independence of the CPAs</th></tr></thead><tbody><tr><td>1. The CPA has no direct or significant indirect financial interest with the Company.</td><td>Yes</td><td>Yes</td></tr><tr><td>2. The CPA has no significant close business relationship with the Company.</td><td>Yes</td><td>Yes</td></tr><tr><td>3. The CPA has no potential employment relationship with the Company.</td><td>Yes</td><td>Yes</td></tr><tr><td>4. The CPA shall ensure that his/her assistants are honest, fair and independent.</td><td>Yes</td><td>Yes</td></tr><tr><td>5. The CPA did not receive gifts or presents of significant value (where their values have not exceeded the general etiquette standards) from the Company or directors, supervisors, or managerial officers of the Company.</td><td>Yes</td><td>Yes</td></tr><tr><td>6. The CPA had no loan from the Company.</td><td>Yes</td><td>Yes</td></tr><tr><td>7. The CPA may not concurrently engage in other businesses that may lead to loss of independence.</td><td>Yes</td><td>Yes</td></tr><tr><td>8. The CPA did not receive any business-related commissions from the Company.</td><td>Yes</td><td>Yes</td></tr><tr><td>9. The CPA does not hold shares of the Company.</td><td>Yes</td><td>Yes</td></tr><tr><td>10. The CPA does not hold any concurrent position in the Company nor receive any fixed salary.</td><td>Yes</td><td>Yes</td></tr><tr><td>11. The CPA does not have any joint investments or profit sharing with the Company.</td><td>Yes</td><td>Yes</td></tr><tr><td>12. The CPA does not participate in the decision-making process in a management function of the Company.</td><td>Yes</td><td>Yes</td></tr><tr><td>13. The CPA does not and had not served as the Company’s director, supervisor, managerial officer, or positions that may have significant impact on the audit in the most recent two years; and it is also determined that he/she will not hold the aforementioned related positions during the future audit period.</td><td>Yes</td><td>Yes</td></tr><tr><td>14. During the audit period, the CPA, his/her spouses, and dependents did not serve as directors, supervisors or</td><td>Yes</td><td>Yes</td></tr></tbody></table>	Evaluation Item	Rating	Independence of the CPAs	1. The CPA has no direct or significant indirect financial interest with the Company.	Yes	Yes	2. The CPA has no significant close business relationship with the Company.	Yes	Yes	3. The CPA has no potential employment relationship with the Company.	Yes	Yes	4. The CPA shall ensure that his/her assistants are honest, fair and independent.	Yes	Yes	5. The CPA did not receive gifts or presents of significant value (where their values have not exceeded the general etiquette standards) from the Company or directors, supervisors, or managerial officers of the Company.	Yes	Yes	6. The CPA had no loan from the Company.	Yes	Yes	7. The CPA may not concurrently engage in other businesses that may lead to loss of independence.	Yes	Yes	8. The CPA did not receive any business-related commissions from the Company.	Yes	Yes	9. The CPA does not hold shares of the Company.	Yes	Yes	10. The CPA does not hold any concurrent position in the Company nor receive any fixed salary.	Yes	Yes	11. The CPA does not have any joint investments or profit sharing with the Company.	Yes	Yes	12. The CPA does not participate in the decision-making process in a management function of the Company.	Yes	Yes	13. The CPA does not and had not served as the Company’s director, supervisor, managerial officer, or positions that may have significant impact on the audit in the most recent two years; and it is also determined that he/she will not hold the aforementioned related positions during the future audit period.	Yes	Yes	14. During the audit period, the CPA, his/her spouses, and dependents did not serve as directors, supervisors or	Yes	Yes	difference
Evaluation Item	Rating	Independence of the CPAs																																															
1. The CPA has no direct or significant indirect financial interest with the Company.	Yes	Yes																																															
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14. During the audit period, the CPA, his/her spouses, and dependents did not serve as directors, supervisors or	Yes	Yes																																															

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			<div>managerial officers of the Company and did not assume positions that may directly and significantly affect the audit.</div> <div>15. The CPA has issued the "Impartiality and Independence Declaration Letter". Yes Yes</div> <div>5. Based on the "Impartiality and Independence Declaration Letter" issued by the CPA appointed by the Company and comprehensive evaluation of various matters with reference to Article 47 of the "Accountant Act" and Section 10 of the "Professional Codes of Ethics", the Company evaluates that the CPA is impartial and independent.</div>	
IV. Does the listed and OTC companies allocate appropriate and sufficient number of corporate governance personnel, and designate a corporate governance officer responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with necessary information for business execution, assisting directors and supervisors in complying with laws and regulations, handling matters related to board of directors and shareholders' meetings in accordance with the law, and preparing minutes of board of directors and shareholders' meetings)?	V		<p>The Company has appointed a dedicated personnel responsible for corporate governance matters, including providing information for directors to perform their functions, handling matters related to Board meetings and shareholders' meetings according to the law, handling company registration and changes to company registration, and producing minutes of the Board meetings and shareholders' meetings.</p> <p>Investors can learn about the operating and communication information of the Company in real time by access to MOPS and the Company's website. The Company has appointed a spokesperson, and a deputy spokesperson and a public relations officer as the channel to respond to inquiries.</p>	No material difference
V. Does the company establish communication channels and a dedicated section on the company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		The Company has assigned different departments to establish channels to communicate with stakeholders and established a dedicated section on the company website for stakeholders to respond to material corporate social responsibility issues in a proper manner.	No material difference
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed KGI Securities to process affairs related to shareholders meetings.	No material difference
VII. Information disclosure				
(I) Does the company have a website to disclose the financial operations and corporate governance information?	V		An investment information section has been set up on the Company's website to disclose the financial operations and corporate governance status.	No material difference
(II) Does the company have any other information disclosure channels (e.g. maintaining a website in	V		The Company's website can be viewed in both Chinese and English, and a dedicated person is appointed for information collection to regularly update financial business and press conference information; the Company has also established a	No material difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference, etc.)?			spokesman and acting spokesman system and implemented it.	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	V		<p>Operation of the Company and its subsidiaries:</p> <ol style="list-style-type: none"> 1. Employee rights and care: The Company has always attached importance to employee rights and set up suggestion boxes provided as employee reporting channels. The Company regularly organizes education, training, clubs, and tours to provide employees with leisure and growth opportunities. The Company has established the Staff Welfare Committee to ensure the rights and interests of employees. 2. Investor relations: The Company holds regular shareholders' meetings every year, where shareholders can make proposals according to the law or ask any questions. The Company also has a spokesman and an acting spokesman to improve the accuracy and timeliness of major disclosed information which is imported into MOPS for reference by investors. 3. Supplier relations: The Company follows internal control systems of "Purchase and Payment Cycle", "Procurement Control Procedures", etc., and upholds the principle of good faith. By comparing quality, price, delivery coordination and payment terms and other information, the Company selects appropriate suppliers and establishes long-term good partnerships with them. 4. Stakeholder rights: The Company has maintained good communication channels with its employees, customers and suppliers, respects and maintains their legitimate rights and interests, and provides transparent financial business information to stakeholders through various open channels. 5. Continuing studies of directors and supervisors: Please refer to P.39 for continuing studies of the Company's directors and managers in 2023. 6. Implementation of risk management policies and risk measurement standards: The Company focuses on main businesses to maintain stable operations, formulates business strategies under the premise that risks can be controlled and taken, and allows internal audit units to conduct regular or irregular inspections to reduce risks arising from operations. 7. Implementation of policies on customers: The Company adheres to the principle of customer first, designs and produces quality products, values the needs of customers for quality and quantity, regularly reviews the relationships with customers, and conducts two-way communication to maintain long-term good relationships with customers. 8. Liability insurance purchased by the company for directors and supervisors: The Company has purchased liability insurance for directors. 	No material difference
IX. Improvements made in the	V		The Company has made improvements in response to the	The Company has

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved.			<p>results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation.</p> <p>(I) Description of results of corporate governance evaluation and improvements:</p> <p>1. Does the company use online live streaming for shareholders' meetings or upload uninterrupted audio and video recordings after the shareholders' meetings? Improvements: The Company has uploaded uninterrupted audio and video recordings of the entire proceedings after the 2023 annual shareholders' meeting, meeting the scoring requirements.</p> <p>2. Does the company disclose information on the governance of climate-related risks and opportunities, strategies, risk management, metrics, and targets in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) framework? Improvements: The Company has disclosed them in its sustainability report, and has met the scoring requirements.</p> <p>3. Has the board of directors approved the Rules for Performance Evaluation of Board of Directors established by the company, which stipulates that an external evaluation should be conducted at least once every three years? Has the evaluation been conducted in the assessed year or the past two years, and has the implementation status and evaluation results been disclosed on the company's website or annual report? Improvements: The Company has conducted an external evaluation and disclosed the implementation status and assessment results on the Company's website and its Annual Report on March 8, 2023.</p> <p>4. Is the important content of shareholders' questions and responses from the company recorded in the minutes of the shareholders' meeting? Improvements: The Company has recorded the shareholders' questions and the important content of the responses from the Company in the minutes of the shareholders' meeting, which meets the scoring requirements.</p> <p>5. Has the company established workplace diversity or promoted gender equality policies and disclosed their status of implementation? Improvements: The Company has disclosed them in its sustainability report, and has met the scoring requirements.</p> <p>(II) Description of results of corporate governance evaluation, unimproved items and proposed improvement plans</p> <p>1. Does the company allocate resources to support domestic cultural development and disclose the support methods and outcomes on the company's website, annual report, or sustainability report? Unimproved items and proposed improvement plans: The Company will continue to invest resources to support domestic cultural development, continuously</p>	made reviews and improvements in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>injecting resources into cultural and artistic activities, as well as the cultural and creative industries, in order to promote cultural development and contribute to society.</p> <p>2. Does the company's board of directors include at least one director of a different gender?</p> <p>Unimproved items and proposed improvement plans:</p> <p>The list of candidates for the 8th Board of Directors has been approved by the board, nominating a female director, with the expectation of achieving a high score in corporate governance.</p>	

Climate-related Information of Listed and OTC Companies

1. Execution Status of Climate-related Information

Item	Implementation Status
<p>1. Detail the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.</p> <p>2. Describe how the identified climate risks and opportunities impact the business, strategy, and finances of the company in the short, medium, and long term.</p> <p>3. Describe the impact of extreme weather events and transition actions on financial matters.</p> <p>4. Describe how the identification, assessment, and management of climate risks are integrated into the overall risk management system.</p> <p>5. If utilizing scenario analysis to assess resilience to climate change risks, detail the scenarios used, parameters, assumptions, analytical factors, and primary financial impacts.</p> <p>6. If there are plans in place to manage climate-related risks, please describe the content of these plans, as well as the indicators and objectives used to identify and manage physical and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, describe the basis for price determination.</p> <p>8. If climate-related goals are set, describe the activities covered, greenhouse gas emission scope, planning schedule, and annual progress. If carbon offsetting or renewable energy certificates (RECs) are used to achieve these goals, the source and quantity of carbon offset or the quantity of RECs should be specified.</p> <p>9. Inventory and confirmation of greenhouse gas emissions, reduction targets, strategies, and action plans (to be filled in Sections 1-1 and 1-2).</p>	<p>1. Gudeng Precision Industry has established a solid foundation for corporate governance through a robust and efficient Board of Directors. In promoting the oversight and governance of climate-related risks and opportunities, the Board of Directors also plays a supervisory and guiding role. It authorizes its established Audit Committee, Compensation Committee, and Sustainability Committee to assist in overseeing the Company's sustainability and climate change-related management actions. The chairpersons of each committee regularly report their activities and resolutions to the Board of Directors, maintaining a formal and businesslike tone.</p> <p>2. In accordance with the TCFD framework, Gudeng Precision Industry convened a TCFD Workshop in 2024, inviting department heads and senior colleagues to jointly assess the short, medium, and long-term climate change risks and response measures of our company.</p> <p>3. Gudeng Precision Industry has conducted a financial impact assessment based on the TCFD framework, specifically targeting the top three risks and opportunities associated with transition and physical aspects. In order to estimate the financial impact of climate change-related risks, the main focus is on the various carbon reduction costs associated with the "Pathway to Net-Zero Emissions by 2050." This includes expenses related to energy-saving and carbon reduction facilities, as well as the cost of purchasing carbon credits in the market and technology sectors. The primary estimation of physical</p>

Item	Implementation Status
	<p>risk involves the increased cost of electricity due to the gradual climate change associated with future temperature rises.</p> <p>4. Each year, the Operations Continuity Management Team and the Sustainable Development Committee select corporate-related risks and opportunities based on external trends and internal operational changes, including but not limited to net zero emissions, operational disruptions, shortages or interruptions in water and electricity, natural disasters, and reputation impacts.</p> <p>5. Gudeng Precision Industry has utilized scenario analysis, including situations as stringent as 2°C or more. For the primary financial impacts, please refer to the 2023 Annual Sustainability Report.</p> <p>6. Gudeng Precision Industry has established benchmarks and objectives for climate change mitigation. The content of the transition plan for managing climate-related risks is based on the 2023 annual sustainability report.</p> <p>7. The internal carbon pricing at Gudeng Precision Industry is still in the planning stage.</p> <p>8. The scope of the greenhouse gas inventory for 2024 includes 20 main offices in Tucheng, Shugu Plant, Nanke Plant, and Fuxing Plant. For a detailed coverage of the activities, please refer to the 2023 Sustainability Report.</p> <p>9. Please refer to the table below.</p>

1-1 Company Greenhouse Gas Inventory and Verification Status in the Past Two Years

1-1-1 Inventory of Greenhouse Gases

Describe the quantity of greenhouse gas emissions (in metric tons of CO₂e) for the most recent two fiscal years, the intensity (metric tons of CO₂e per million dollars), and the scope of the data.

Scope	Category	Category Description	2021	2022
I	Category 1	● Direct Greenhouse Gas Emissions and Removal	535.75	584.70
II	Category 2	● Greenhouse Gas Emissions Generated from Energy Production	6,873.31	7,561.37
III	Category 3	● Greenhouse Gas Emissions Generated by Transportation	4.47	11.63
	Category 4	● Greenhouse Gas Emissions Generated by Products Used Within the Organization	1,349.81	1,529.28
	Category 5	● Greenhouse Gas Emissions Associated with the Use of the Organization's Products	-	-
	Category 6	● Indirect Greenhouse Gas Emissions Generated from Other Sources	-	-
Total			8,763.34	9,686.98
Intensity of Greenhouse Gas Emissions (metric tons of CO ₂ e per million in revenue)			3.71	2.58

1-1-2 Information on Greenhouse Gas Assurance

Describe of the assurance situation for the two most recent fiscal years up to the date of the annual report printing. This should include the scope of assurance, the assurance institution, assurance standards, and assurance opinions.

Gudeng Precision Industry has successfully concluded the inventory and verification of greenhouse gases for the years 2021 and 2022. For comprehensive information regarding the scope of the inventory and the agencies involved in the verification process, please consult the ESG section of Gudeng Precision Industry.

(IV) Composition, Duties and Operation of the Remuneration Committee

(1) Information of the Remuneration Committee Members

December 31, 2023

Title	Qualifications	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience			Status of Independence (Note 1)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Note
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Kuang-Hui Chiu	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	None
Independent Director	Wen-Hao Lo	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None
Committee Member	Hui-Ming Pao	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None

Note 1: The independence status of the members during the two years prior to their election and during their term of office. (Those who meet the requirements are disclosed in the table above)

1. Not an employee of the Company or any of its affiliates.

2. Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the registered countries.)
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding subparagraph, or of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of Aurora under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).
6. Not a director, supervisor or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).
7. Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of Aurora (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).
8. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of the Company and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, at the Company and its parent or subsidiary or a subsidiary of the same parent).
9. Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
10. Not under any of the categories stated in Article 30 of the Company Act.

(2) Operational Status of the Remuneration Committee

1. There are three members in the Remuneration Committee of the Company.
2. The Remuneration Committee Term of this year: July 30, 2021 to July 29, 2024. A total of three (3) (A) Remuneration Committee meetings were held in 2023. The information and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance rate (%) (B/A)	Note
Convener	Kuang-Hui Chiu	3	0	100%	A. Independent Director B. Acceded to office on March 10, 2017
Committee Member	Wen-Hao Lo	3	0	100%	A. Independent Director B. Acceded to office on March 13, 2019
Committee Member	Hui-Ming Pao	3	0	100%	A. Acceded to office on August 7, 2020

Other matters to be recorded:

- I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.
- II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

Note 1: According to Article 3 of the "Articles of Association of the Remuneration Committee" of the Company, the term of the Remuneration Committee Members is the same as the term of the Board of Directors.

3. Review remuneration regularly

The function of the Company's remuneration committee is to evaluate the remuneration policies and systems of the Company's Directors and managers. It meets at least twice a year, and may convene meetings at any time as necessary to make recommendations to the Board of Directors for its decision-making reference.

A. Functions of the Remuneration Committee:

- a. Periodically reviewing the Remuneration Committee Charter and making recommendations for amendments.
- b. Establishing and regularly reviewing the directors' and manager's performance evaluation in conjunction with the remuneration policies, systems, standards, and structure.
- c. Periodically evaluating and adopting the compensation for the directors and managerial officers of the Company

B. When performing the official powers referred to in the preceding paragraph, the Remuneration Committee shall follow the principles listed below:

- a. Salary management should be in line with the Company's remuneration philosophy.
- b. Performance evaluations and compensation levels of directors and managerial officers of the Company shall take into account the general pay levels in the industry and the reasonableness of the correlation between the individual's performance and the Company's business performance and future risk exposure.
- c. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of this Corporation.
- d. For Directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of this Company's business.
- e. No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

4. Meeting Agenda of the Remuneration Committee

The Remuneration Committee of the Company met in the past year to review and assess the remuneration information of the Company which is as follows:

Date	Content of Motion and Follow-up	Resolution
2023.03.08 16th meeting of the 4th Committee	Insurance coverage for Directors and Supervisors in 2023.	The proposal was approved by all members of the Committee.
	The proposal for distribution of 2023 employee remuneration of NT\$34,130,000, director and supervisors remuneration of NT\$35,338,000, was reviewed.	
	The issuance policy of 2022 year-end bonus of NT\$14,998,930.	
	The issuance policy of 2022 annual performance bonus of NT\$83,439,260, as all employees of the company are issued an average of 3.1 months of salary.	
2023.05.10 17th meeting of the 4th Committee	The proposal for distribution of Director's remuneration of NT\$34,130,000 and the managerial officers' employee remuneration of NT\$35,338,000 of 2022.	The proposal was approved by all members of the Committee.
2023.10.12 18th meeting of the 4th Committee	Matters related to cash capital increase and employee stock option plan	The proposal was approved by all members of the Committee.

(V) Implementation of Sustainable Development and Deviations from the Code of Practice
for Sustainable Development of TWSE/TPEX Listed Companies and Reasons Thereof:

Promoting Items	Implementation Status (Note 1)			Deviations from the Code of Practice for Sustainable Development for TWSE/TPEX Listed Companies and Reasons Thereof												
	Yes	No	Description													
I. Does the Company establish a governance structure to promote sustainable development and set up a full-time (or part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and is supervised by the Board of Directors?	V		<p>The Company established the Sustainable Development Committee on March 7, 2022, to fulfill its corporate social responsibility, align with international trends, and actively respond to the stakeholders on risk assessments and countermeasures in various aspects such as the environment, society, and corporate governance, in order to achieve sustainable operation goals.</p> <p>The Company appointed Mr. Ming-Chien Chiu, the Chairman of the Board, Mr. Tien-Jui Lin, the Vice Chairman, Mr. Chiu Guang-hui, Mr. Wen-Hao Lo, and Mr. Hui-Sen Hu, the Independent Directors, as members of the First Sustainable Development Committee. Chairman Ming-Chien Chiu serves as the convener. The term of office will be effective from the date of approval by the Board of Directors until July 29, 2024, the same as the term of the current Board of Directors.</p> <p>The Sustainable Development Committee has established a Sustainable Office, initially managed by Mr. Po-An Lai, the Corporate Governance Officer. The office is responsible for coordinating the project members from the Supply Chain Center, Human Resources Center, Environmental and Safety Office, Financial Operations Management Department, Customer Quality Assurance Department, and Information Security Committee to set the agenda and review relevant issues. Currently, the Sustainable Development Committee is overseen by the COO Office, which also reports to the Board of Directors on a quarterly basis and is under its supervision.</p>	No material difference												
II. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to its operations and establish relevant risk management policies or strategies in accordance with the materiality principle? (Note 2)	V		<p>The Company’s Board of Directors approved the “Risk Management Policy” on November 6, 2020 as the highest guiding principle for the Company’s risk management. The Company regularly evaluates risks and prepares risk management policies for each risk, covering mechanisms such as management objectives, organizational structure, attribution of authority and responsibility, and risk management procedures, and implements them in order to effectively identify, measure and control each of the Company’s risks and keep them within an acceptable range.</p> <p>The Company evaluates material issues as follows:</p> <table><tr><th>Material Issue</th><th>Risk Evaluation Item</th><th>Risk Management Policy or Strategy</th></tr><tr><td>Environment</td><td>Environmental protection and ecological conservation</td><td>Shu Gu Plant was built with water recycling included in its construction blueprint. In addition, smart electricity meter modules were installed in the plant to monitor the equipment power consumption in real time, and energy baselines (EnB) were defined to improve energy performance in accordance with the energy performance indicator in ISO 50001:2018 Energy Management System.</td></tr><tr><td>Society</td><td>Occupational health and safety</td><td>The Company passed the ISO45001 Occupational Safety and Health Management System Certification</td></tr><tr><td></td><td>Product Safety</td><td>A. Compliance with RBA: In addition to implementing the RBA standard, Gudeng also gradually requires suppliers to comply with the standard.</td></tr></table>	Material Issue	Risk Evaluation Item	Risk Management Policy or Strategy	Environment	Environmental protection and ecological conservation	Shu Gu Plant was built with water recycling included in its construction blueprint. In addition, smart electricity meter modules were installed in the plant to monitor the equipment power consumption in real time, and energy baselines (EnB) were defined to improve energy performance in accordance with the energy performance indicator in ISO 50001:2018 Energy Management System.	Society	Occupational health and safety	The Company passed the ISO45001 Occupational Safety and Health Management System Certification		Product Safety	A. Compliance with RBA: In addition to implementing the RBA standard, Gudeng also gradually requires suppliers to comply with the standard.	No material difference
Material Issue	Risk Evaluation Item	Risk Management Policy or Strategy														
Environment	Environmental protection and ecological conservation	Shu Gu Plant was built with water recycling included in its construction blueprint. In addition, smart electricity meter modules were installed in the plant to monitor the equipment power consumption in real time, and energy baselines (EnB) were defined to improve energy performance in accordance with the energy performance indicator in ISO 50001:2018 Energy Management System.														
Society	Occupational health and safety	The Company passed the ISO45001 Occupational Safety and Health Management System Certification														
	Product Safety	A. Compliance with RBA: In addition to implementing the RBA standard, Gudeng also gradually requires suppliers to comply with the standard.														

Promoting Items	Implementation Status (Note 1)			Deviations from the Code of Practice for Sustainable Development for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<div> <div></div> <div></div> <div> <p>B. Green product procurement specification: Gudeng requires all suppliers to ensure that the raw materials provided are free from harmful substances in the environment, and provide RoHS and REACH evidence data every year.</p> <p>C. Recycling of packaging materials: Gudeng adopts reloadable materials in product packaging and the materials are recycled for further use. At present, seven suppliers have responded to the proposal. The recycling rate is 100%.</p> </div> </div>	
			<div> <div>Corporate Governance</div> <div>Socioeconomic status and legal compliance</div> <div>We ensure all the personnel and their operations in line with the relevant laws and regulations by establishing and implementing the mechanism of corporate governance and internal control system.</div> </div>	
III. Environmental issues				
(I) Has the company established an appropriate environmental management system according to the specific nature of the industry?	V		As a corporate citizen, the Company upholds the spirit of corporate environmental protection and spares no effort in pollution prevention and environmental protection. The Company has obtained the following environmental management system certificates: ISO 14001:2015 Awarding Organization: SGS Taiwan Limited Validity Period: 2023/04/19~2024/04/18 Original Registration Date: 2018/04/19 Certificate Number: TW23/00000264	No material difference
(II) Has the company endeavored to maximize the efficiency and utilized renewable materials that have the least environmental impact?	V		The vision of the Company is “the preferred partner of key materials innovation technology for global leading semiconductor manufacturers”. The Company is endeavored to providing high-quality products, ensuring the safe use and international marketing of key valuable materials in semiconductor industry, and establishing our brands to fulfill the corporate social responsibility in order to engage in living up to the vision. To enhance energy efficiency, the Company has introduced and implemented the ISO50001 energy management system and invested in the installation of smart meters and smart energy management systems in our factories for energy usage monitoring. We have also developed alert systems and improvement action plans for abnormal electricity consumption.	No material difference
(III) Does the company evaluate the potential risks and opportunities brought by climate change, both for now and in the future, and take relevant measures to cope with?	V		The Company follows the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), published by the Financial Stability Board (FSB), and has implemented a climate risk disclosure framework as a basis for managing climate-related risks and opportunities. A climate change management plan is being developed for greenhouse gas emissions, energy management, water resources, waste, and renewable energy.	No material difference
(IV) Does the company conduct statistics on the greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and correspondingly formulate policies for greenhouse gas	V		The Company introduced ISO14064-1 greenhouse gas inventory guidance and third-party verification in 2022 and established a greenhouse gas inventory management procedure. The greenhouse gas inventory and verification operations for 2021 were completed, and a third-party greenhouse gas verification statement was obtained in October 2022. In 2023, we will continue to update greenhouse gas inventory data based on this inventory standard, and announce greenhouse gas emissions and reduction information on the Company’s website and	No material difference

Promoting Items	Implementation Status (Note 1)			Deviations from the Code of Practice for Sustainable Development for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
reduction, water use reduction, or other waste management?			sustainability report. This will enable us to develop energy-saving, carbon reduction, and gas reduction strategies.	
IV. Social issues (I) Has the company drafted the management policy and procedures according to the relevant laws and the International Conventions on Human Rights?	V		<p>Gudeng adheres to the laws and regulations of its global operations, recognizes and supports the “Universal Declaration of Human Rights”, and treats all employees, contracted and temporary staff, and interns with dignity and respect. We implement the Gudeng Human Rights Policy in accordance with the following implementation guidelines:</p> <ol style="list-style-type: none"> 1. We provide a safe and healthy working environment. <ul style="list-style-type: none"> • We have set “zero accidents” as our management goal and set zero occupational disasters as our annual key performance indicator. • We provide annual routine health checkups and use the results of the checkups to target various work groups for follow-up management and prevention of potential health risks. • To promote health promotion activities, we regularly hold three major sports activities every year, swimming across Sun Moon Lake, cycling around the island, and hiking, and hold family activities from time to time to encourage employees to participate on their own and implement healthy living. 2. We eliminate unlawful discrimination and ensure equal opportunity in the workplace <ul style="list-style-type: none"> • The Company complies with labor laws and international standards, and promotes and implements internal control procedures. • From the beginning of recruitment, we do not discriminate on the basis of race, religion, or physical or mental disability, and our employees cover Southeast Asia. 3. Child labor is prohibited. <ul style="list-style-type: none"> • The Company complies with labor laws and international regulations, and only accepts applicants who are 18 years of age or older to apply. We also double check the resumes to ensure that nothing is missed. 4. Forced labor is prohibited. <ul style="list-style-type: none"> • The Company complies with labor laws and international regulations, and does not force any unwilling employees to work overtime and other labor work. We also promote no scheduling of holidays to expand family interaction among employees and enrich the concept of “work-life balance” to enhance efficiency at work. 5. We regularly review and evaluate our systems and practices. <ul style="list-style-type: none"> • During the training of new recruits, the Company is instructed to follow the rules and regulations, including the Company’s welfare policy, management of working hours, and anti-discrimination, and new recruits are allowed to introduce themselves during the monthly meeting in order to integrate into the Gudeng family. 	No material difference

Promoting Items	Implementation Status (Note 1)			Deviations from the Code of Practice for Sustainable Development for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<ul style="list-style-type: none"> Education and training courses are routinely arranged, including physical and mental health courses, workplace bullying prevention awareness, occupational safety training, and sexual harassment prevention. The human resources unit sets up regular meetings to review and evaluate the relevant systems and their effectiveness, and to revise and adjust them simultaneously 	
(II) Has the company established and offered reasonable employee benefits measures (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	V		<ol style="list-style-type: none"> The Company has formulated and implemented reasonable employee benefit measures. We adjust the employee compensation levels annually according to business performance and results to share business results with employees. Article 23-1 of the Articles of Incorporation amended on May 27, 2020 regulates that: If the Company records a profit in a year, the Company shall appropriate a minimum of 3% thereof as compensation for staff and a maximum of 3% thereof as remuneration for directors and supervisors. However, in case the Company still has accumulated deficits, the amount of accumulated deficits should be deducted from such earnings before the balance is calculated for distribution. The remuneration to the employees may be allotted in cash or stock, eligible personnel includes employees at subsidiaries that meet the requirement. Matters related to the issuance of employee and directors remuneration are performed in accordance with relevant laws and regulations and are determined by the board of directors. 	No material difference
(III) Has the company provided employees with a safe and healthy work environment as well as regular trainings on health and safety?	V		<p>The Company regularly conducts Hazard Identification and Risk Assessment operations and carries out operational environmental monitoring in accordance with regulations. Regular safety and health education and training are provided to employees, and safety and health precautions are communicated to employees.</p> <p>There were 4 occupational accidents in 2023 (the statistics do not include traffic accidents taking place outside the factory), 4 people are involved in these accidents, and the disabling injury frequency rate (FR) for the year is 3.35. There has been no fire incident in 2023. The Company's fire-related responsive measures are:</p> <ol style="list-style-type: none"> Implement daily maintenance management to ensure normal functioning of the firefighting facilities and escape routes within the factory. Fire inspection and maintenance are carried out every year to ensure the integrity of the functions if firefighting facilities. Regularly hold self-defense fire brigade and personnel evacuation drills to enhance disaster relief efficiency. 	No material difference
(IV) Has the company established an effective competency development career training program for employees?	V		The Company organizes promotional events every year to encourage employees to develop their abilities, and arranges employee education and trainings according to their career development.	No material difference

Promoting Items	Implementation Status (Note 1)			Deviations from the Code of Practice for Sustainable Development for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(V) Does the company comply with relevant regulations and international standards regarding issues such as customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer or customer protection policies and complaint procedures?	V		In terms of products and services, the Company abides by relevant regulations and international rules for customers' health and safety, privacy, marketing, and labeling.	No material difference
(VI) Has the company formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health and labor rights, and requested their reporting on the implementation of such issues?	V		At the time of conclusion of contracts with major suppliers, the Company abides by the corporate social responsibility policies and spirit of both parties. In case of any supplier is involved in violation of its corporate social responsibility policies and thus causes a significant negative impact on the environment and society therefrom, the Company will evaluate whether or not to terminate or rescind the contract.	No material difference
V. Did the company, following internationally recognized guidelines, prepare and publish reports such as its sustainability report to disclose non-financial information of the company? Are the reports certified or assured by a third-party accreditation body?	V		The Company has compiled the 2022 Sustainability Report, and it has obtained the AA1000 verification.	No material difference
VI. If the company has established the Sustainable Development Practice Best Practice Principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the policies and the implementation: None.				
VII. Additional important information that may assist in the understanding of the implementation of sustainable development: None.				

Note 1: If "Yes" under the "Status of Implementation" is ticked off, please explain the key policies, strategies and measures adopted, and their implementation results; if "No" is ticked off, please explain the differences and the reason and specify related policies, strategies and measures to be adopted in the future.

Note 2: The principle of materiality refers to those environmental, social and corporate governance issues that have a significant influence on the Company's investors and other stakeholders.

(VI) Deviations of the Company's Implementation of Ethical Corporate Management from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof:

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	V		The Company has "Ethical Corporate Management Best Practice Principles", "Code of Ethics and Conduct" and "Whistleblower System" to demonstrate its transparent operations and its commitment to shareholders about ethical management. The directors, managerial officers and employees of the Company conduct their business in good faith in compliance with the Company Act, Securities and Exchange Act, regulations relating to TWSE/TPEX listed companies and other relevant regulations.	No material difference
(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company periodically organizes education and training or promotion for its employees, managerial officers and substantial controllers so that they understand the Company's determination, prevention programs and policies to implement ethical corporate management. The Company's legal officers review all contracts to avoid violation of any law. The audit unit irregularly conduct audit.	No material difference
(III) Has the company establishes relevant policies which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequence of violation and complaint procedures in such policies? Has the company regularly	V		The Company's "Ethical Corporate Management Best Practice Principles" explicitly specifies the prohibition of offer illegal political contributions, offer or receipt of a bribe, improper charitable donations or sponsorship, unreasonable gifts and entertainment, and other improper benefits prevention programs and process. Promote and explain to new employees when they register. Irregularly promote and inform employees, managerial officers, and directors of relevant regulations to enhance the concept of integrity and self-discipline. The Company also has formulated the "Whistleblower System" to encourage the reporting of any illegal behavior	No material difference

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
revised aforesaid the plan?			or breach of the “Ethical Corporate Management Best Practice Principles” and “Code of Ethics and Conduct”. Those codes have been implemented by the Company.	
II. Fulfillment of ethical management	V			
(I) Does the company evaluate the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?			Before entering into business transaction, the Company will evaluate whether or not its agents, suppliers, customers or other business transaction subjects follow laws or have a record of unethical behavior. Legal officers review the terms and conditions of the contract to be signed and insert good faith clauses into the contract to protect the rights or legitimate interests of the Company and to avoid doing business with those who have a record of unethical conduct.	No material difference
(II) Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		For the purpose of strengthening ethical corporate management, the Company’s Finance Department and other departments are concurrently responsible for formulating of ethical management policies and preventive programs and supervising the implementation, and regularly report to the Board of Directors.	No material difference
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels and implemented such policies properly?	V		The Company’s employees, investors and other stakeholders abide by the “Ethical Corporate Management Best Practice Principles”. The Company provides sufficient information for financial institutions and creditors, and has established an effective communication channel with employees; in addition, information on the acquisition or disposal of assets and endorsements/guarantees is disclosed on the public information website to let stakeholders have enough information to judge to safeguard their interests. Shareholder’s mailbox was set up on the Company’s website to provide a communication channel between the Company and its shareholders.	No material difference
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		The Company’s accounting system was formulated with reference to the Company Act, Securities and Exchange Act, Commercial Accounting Act and Guidelines for Preparation of Financial Statements for Securities Issuers as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation and Interpretation Announcement and other relevant regulations that have been approved by the Financial Supervisory Commission. The internal control system was formulated with reference to the “Regulations Governing the Establishment of Internal Control Systems by Public Companies”. Those systems have been implemented by the Company. The Audit Department also reviews the compliance with the accounting system and the internal control system on a regular basis, and reports to the Board of Directors.	No material difference

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(V) Does the company provide internal and external ethical conduct training programs on a regular basis?	V		The Company regularly invites internal and external instructors to hold ethical management education and training sessions or promotion activities to employees, managerial officers, directors and substantial controllers, so that they can fully understand the Company's determination, policies and prevention programs to implement ethical corporate management, and the consequences of unethical conduct.	No material difference
III. Implementation of whistleblowing system (I) Has the company established specific whistleblowing and reward systems, set up conveniently accessible whistleblowing channels, and designated responsible individuals to handle the whistleblowing received?	V		The Company has formulated the "Whistleblowing System", and promoted employees to report any violations of any regulations or ethical practices to management or other appropriate personnel.	No material difference
(II) Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?	V		The Company has established the standard operating procedures and related confidentiality mechanisms for investigating reported misconduct.	No material difference
(III) Has the company adopted proper measures to prevent whistleblowers from retaliation for their reporting?	V		In case of any improper ethical practices reported by relevant personnel, the Company keeps confidential the handling process in order to protect the whistleblower, and takes appropriate measures to protect the whistleblower and the data or privacy, so as to protect the whistleblower from retaliation for his/her reporting.	No material difference
IV. Strengthening information disclosure Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	V		The Company has disclosed the "Ethical Corporate Management Best Practice Principles" and "Code of Corporate Governance Practice" in the dedicated corporate governance zone of the Company's website and the public information website. We continue to follow and promote the various governance issues.	No material difference
V. If the company has established the Ethical Corporate Management Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the policies and the implementation: None.				
VI. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices: The Company passed CG6008 Corporate Governance Systems Evaluation Certification.				

(VII) Please disclose access to the Company's Corporate Governance Best Practice Principles and related rules and regulations, if any:

(1) Website: <https://www.gudeng.com>

Path: Investor Relations/Corporate Governance/Important Internal Rules.

(2) MOPS: <https://mops.twse.com.tw/mops/web/index>

Access path: Corporate Governance/Established Procedure and Rules on Corporate Governance/Market Type: OTC/Search Company Code: 3680.

(VIII) Other important information which enables better understanding of the Company's corporate governance and must be disclosed:

(1) The Company has established the "Internal Important Information Processing Procedures" and "Measures for Operations with Stakeholders, Specific Companies and Group Enterprises, and Mutual Financial Business", which have been published in the Internal Document Management Center for reference by managers and employees at any time. Meanwhile, the Company's insiders are regularly informed of considerations on important internal information.

(2) The Intellectual Property Management Implementation Plan, as well as its implementation status and information on obtaining verification, have been reported to the Board of Directors on August 30, 2023.

(3) Continuous training of the Company's directors and managers in 2023:

Title	Name	Date	Organizer	Course Name	Training Hours
Chairman & CEO	Ming-Chien Chiu	2023/08/09	Taiwan Corporate Governance Association	Strategies and Planning of Corporate Mergers and Acquisitions	3.0
				Observing Insider Trading from the Perspectives of Prosecutors and Investigators	3.0
Vice Chairman & General Manager	Tien-Jui Lin	2023/08/09	Taiwan Corporate Governance Association	Strategies and Planning of Corporate Mergers and Acquisitions	3.0
				Observing Insider Trading from the Perspectives of Prosecutors and Investigators	3.0
Director	Chung-Peng Huang	2023/08/09	Taiwan Corporate Governance Association	Strategies and Planning of Corporate Mergers and Acquisitions	3.0
				Observing Insider Trading from the Perspectives of Prosecutors and Investigators	3.0
Director	Chih-Fang Wei	2023/08/09	Taiwan Corporate Governance Association	Strategies and Planning of Corporate Mergers and Acquisitions	3.0
				Observing Insider Trading from the Perspectives of Prosecutors and Investigators	3.0
Independent Director	Chia-Hung Chin	2023/08/09	Taiwan Corporate Governance Association	Strategies and Planning of Corporate Mergers and Acquisitions	3.0
				Observing Insider Trading from the Perspectives of Prosecutors and Investigators	3.0
				How Companies Innovate and Break through Their Profitability in the Era of Digital Economy	3.0
		2023/08/10	Securities and Futures Institute	On the Functions of the Board of Directors from the Perspective of Corporate Fraud Prevention	3.0
Independent Director	Kuang-Hui Chiu	2023/08/09	Taiwan Corporate Governance Association	Strategies and Planning of Corporate Mergers and Acquisitions	3.0
				Observing Insider Trading from the Perspectives of Prosecutors and Investigators	3.0
Independent Director	Wen-Hao Lo	2023/08/09	Taiwan Corporate Governance Association	Strategies and Planning of Corporate Mergers and Acquisitions	3.0
				Observing Insider Trading from the	3.0

Title	Name	Date	Organizer	Course Name	Training Hours
				Perspectives of Prosecutors and Investigators	
Independent Director	Hui-Sen Hu	2023/08/09	The Chinese National Association of Industry and Commerce, Taiwan	Further Education for Company Directors and Supervisors: 2023 Taishin Net Zero Summit	3.0
		2023/08/09	Taiwan Corporate Governance Association	Strategies and Planning of Corporate Mergers and Acquisitions	3.0
				Observing Insider Trading from the Perspectives of Prosecutors and Investigators	3.0
Accounting Supervisor	Po-An Lai	2023/8/21~2023/8/22	Accounting Research and Development Foundation	Continuing Education Program for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12.0
Corporate Governance Officer	Po-An Lai	2023/08/09	Taiwan Corporate Governance Association	Strategies and Planning of Corporate Mergers and Acquisitions	3.0
				Observing Insider Trading from the Perspectives of Prosecutors and Investigators	3.0

(IX) Status of Internal Control System:

(1) Statement on Internal Control

Gudeng Precision Industrial Co., Ltd.
Statement on Internal Control

Date: March 6, 2024

The Company makes the following statement according to the self-evaluation conducted of the internal control system in 2023:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (herein below, the “Regulations”). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control:
(1) control environment; (2) risk assessment; (3) control activities; (4) information and communication; and (5) monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2023, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.
- VI. This statement is an integral part of the Company’s annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was passed by the Board of Directors in their meeting held on March 6, 2023, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

Gudeng Precision Industrial Co., Ltd.

Chairman: Ming-Chien Chiu (Signature)

General Manager: Tien-Jui Lin (Signature)

- (2) The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: The Company did not commission any CPA to conduct an audit of internal controls in 2023.
- (X) Sanctions imposed on the Company or its personnel in accordance with the laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules within the current fiscal year and as at the date of the Annual Report, as well as details of the sanctions, major deficiencies and subsequent improvements: None.
- (XI) Resolutions reached in the shareholder's meeting or by the board of directors during the most recent year and up to the date of publication of this annual report:

(1) Major Resolutions of Shareholders' Meeting and Implementation

The 2023 Annual Shareholders General Meeting of the Company was held on May 24, 2023 at the 9th Floor, Education and Training Centre, No. 2, Section 4, Zhongyang Road, Tucheng District, New Taipei City, at which the resolutions of the shareholders present and their status of implementation were as follows (all matters of recognition and discussion were consulted by the Chairman and voted on by all shareholders present):

No.	Resolutions of Shareholders' Meeting	Implementation Status
	Approved the Company's 2022 Business Report and Financial Statements	The chair of the meeting consulted all attending shareholders (including electronic voting) and the proposal was passed as per the original proposal.
	Approved the Company's 2022 Profit Distribution Plan.	The chair of the meeting consulted all attending shareholders (including electronic voting) and the proposal was passed as per the original proposal.
	Approved the amendment to the provisions of the "Articles of Incorporation".	Implemented in accordance with the resolution of the shareholders' meeting, and the amended articles of incorporation were registered on June 14, 2023, following the reception of the approval letter from the Ministry of Economic Affairs.
	Co-option of an independent director.	Election results: Mr. Chia-Hung Chin was elected as an independent director of the Company.

(2) Major Resolutions of Board of Directors' Meetings

Date	Summary of Major Resolutions	Matters Listed in Article 14-3 of the Securities and Exchange Act	Opinions of Independent Directors and the Company's Handling of Opinions of Independent Directors	Resolution Results of Board of Directors Meeting
2023.05.10 7th Board 15th meeting	(I) Proposal of the Company's 2023 Q1 consolidated financial statements.	✓	None	For the 11th motion,
	(II) Assessment and appointment of the independence and qualification of the Company's CPAs.			Chairman
	(III) Pre-approval of the review on non-assurance services for 2023 provided by the CPAs.	✓	None	Chiu and Vice Chairman Lin abstained from

Date	Summary of Major Resolutions	Matters Listed in Article 14-3 of the Securities and Exchange Act	Opinions of Independent Directors and the Company's Handling of Opinions of Independent Directors	Resolution Results of Board of Directors Meeting
	(IV) Report on the "Capability of Self-Preparing Financial Statements by the Company" (V) Amendments to the provisions of the level of authorization of the Company's "Production Cycle", "Research and Development Cycle", "Table of Level of Authorization on the Internal Control for Research and Development Cycle", and "Table of Level of Authorization on the Internal Control for Sales and Collection Cycle". (VI) The Company's capital loan to Suting Precision Industry Co., Ltd. (VII) Gudeng Investment Co., Ltd.'s capital loan to Shanghai Gudeng Trading Co., Ltd. (VIII) The Company's capital loan to Shanghai Gudeng Trading Co., Ltd. (IX) The Company's plan to dissolve and liquidate its indirect holdings in Suzhou Kunju Trading Co., Ltd. (X) Proposal for the added contents of the investment agreement between subsidiary Shanghai Gudeng Trading Co., Ltd. and Golden Dragon Global LTD. (XI) The distribution of remuneration for the Company's directors and employees' remuneration for the managerial officers in 2022.	✓ ✓ ✓ ✓ ✓ ✓ ✓	None None None None None None None	voting due to their employee status, and Mr. Kuang-Hui Chiu, an independent director, was appointed as the acting chair of the meeting by the Chairman to facilitate conflict of interest avoidance. The remaining motions were passed after consultation with the attending directors by the chair of the meeting.
2023.06.28 7th Board 16th meeting	(I) Set the benchmark date for the Company's third domestic exchange of guaranteed corporate bonds for new shares. (II) The Company intends to participate in the cash capital increase case of Gudeng Inc. (III) The Company's credit line application for the capital loan to Jiurun Precision Technology Co., Ltd.	✓ ✓ ✓	None None None	The chair of the meeting consulted all attending directors and the resolution was passed.
2023.07.17 7th Board 17th meeting	(I) Proposal of the Company's investment in Global Magic Electronic Co., Ltd. (II) Proposal of the establishment of subsidiary Gudeng Aerospace Technologies Corporation. (III) Proposal of the subsidiary Gudeng Aerospace Technologies Corporation to invest in JYR Aviation Components Co., Ltd. (IV) Proposal of applying for endorsement/guarantee for subsidiary Shanghai Gudeng Trading Co., Ltd. (V) Proposal for the Company to participate in the capital increase for subsidiary Shanghai Gudeng Trading Co., Ltd. (VI) Proposal for subsidiary Shanghai Gudeng Trading Co., Ltd. and Golden Dragon Global LTD. to sign an investment agreement.	✓ ✓ ✓ ✓	None None None None	The chair of the meeting consulted all attending directors and the resolution was passed.
2023.08.09 7th Board 18th meeting	(I) Proposal of the Company's 2023 Q2 consolidated financial statements. (II) Amendment to the provisions of the Company's	✓ ✓	None None	The chair of the meeting consulted all

Date	Summary of Major Resolutions	Matters Listed in Article 14-3 of the Securities and Exchange Act	Opinions of Independent Directors and the Company's Handling of Opinions of Independent Directors	Resolution Results of Board of Directors Meeting
	<p>“Level of Authorization of Procurement and Payment Cycle”.</p> <p>(III) Proposal of the Company's application for credit extension from financial institutions.</p> <p>(IV) Set the benchmark date for the Company's third domestic exchange of guaranteed corporate bonds for new shares.</p> <p>(V) Proposal of canceling endorsement/guarantee for subsidiary Shanghai Gudeng Trading Co., Ltd.</p> <p>(VI) Proposal of applying for the credit line of endorsement/guarantee for subsidiary Shanghai Gudeng Trading Co., Ltd.</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>None</p> <p>None</p> <p>None</p>	<p>attending directors and the resolution was passed.</p>
2023.08.30 7th Board 19th meeting	<p>(I) Proposal of the Company's application for credit extension from financial institutions.</p> <p>(II) Proposal of endorsement/guarantee for subsidiary GUDENG INC.</p> <p>(III) Amendments to the provisions of the Company's “Level of Authorization of Payroll Cycle”, “Level of Authorization of Financing Cycle”, “Level of Authorization of Real Estate, Plant, and Equipment Cycle”, “Level of Authorization of Investment Cycle”, “Internal Control System of Payroll Cycle”.</p> <p>(IV) Proposal for the Company to issue new shares by cash capital increase and the fourth domestic exchange of non-guaranteed corporate bonds.</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>None</p> <p>None</p> <p>None</p>	<p>The chair of the meeting consulted all attending directors and the resolution was passed.</p>
2023.10.12 7th Board 20th meeting	<p>(I) Proposal of the Company's application for renewal of existing and new credit extension from financial institutions.</p> <p>(II) The Company's 2023 cash capital increase employee stock option plan.</p>	<p>✓</p>	<p>None</p>	<p>The chair of the meeting consulted all attending directors and the resolution was passed.</p>
2023.11.08 7th Board 21st meeting	<p>(I) Proposal of the Company's 2023 Q3 consolidated financial statements.</p> <p>(II) Surplus distribution and ex-dividend date for the first half of 2023.</p> <p>(III) Proposal of the Company's application for renewal of existing and new credit extension from financial institutions.</p> <p>(IV) Set the benchmark date for the Company's third domestic exchange of guaranteed corporate bonds for new shares.</p> <p>(V) Amendments to the provisions of the Company's “Procedures for the Acquisition and Disposal of Assets” and “Procedures for Handling Material Inside Information”.</p> <p>(VI) The Company plans to establish a subsidiary in Japan.</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p>	<p>The chair of the meeting consulted all attending directors and the resolution was passed.</p>
2023.12.27 7th Board	<p>(I) The Company's 2024 Business Plan.</p> <p>(II) Proposal to assess the independence of the</p>	<p>✓</p>	<p>None</p>	<p>The chair of the meeting</p>

Date	Summary of Major Resolutions	Matters Listed in Article 14-3 of the Securities and Exchange Act	Opinions of Independent Directors and the Company's Handling of Opinions of Independent Directors	Resolution Results of Board of Directors Meeting
22nd meeting	<p>Company's CPAs.</p> <p>(III) Proposal to adopt the Company's 2024 audit plan.</p> <p>(IV) Proposal of applying for endorsement/guarantee for subsidiary Suting Precision Industry Co., Ltd.</p> <p>(V) The Company's capital loan to Gudeng Venture Capital Co., Ltd.</p> <p>(VI) Proposal of loan for We Solution Technology Company Limited.</p> <p>(VII) The Company proposed to engage in capital increase for the Company's subsidiary Gudeng Venture Capital Co., Ltd.</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p>	consulted all attending directors and the resolution was passed.
2024.03.06 7th Board 23rd meeting	<p>(I) 2023 compensation of directors and employees of the Company.</p> <p>(II) Recognition of the proposal of Company's 2023 year-end bonus and performance bonus.</p> <p>(III) Surplus distribution and ex-dividend date for the second half of 112.</p> <p>(IV) The "2023 Statement on Internal Control System" of the Company.</p> <p>(V) Proposal of the Company's 2023 business report, financial statements and consolidated financial statements.</p> <p>(VI) Pre-approval of the review on non-assurance services for 2024 provided by the CPAs.</p> <p>(VII) Amendment to the provisions of the Company's "Regulations Governing Procedure for Board of Directors Meetings", "Organization Regulations of the Audit Committee", and "Operating Procedures Related to Mutual Financial Transactions with Related Parties, Specific Companies and Companies within the Group".</p> <p>(VIII) The performance evaluation of the Company's Directors and Functional Committee in 2023.</p> <p>(IX) The Company's application for credit extension from financial institutions.</p> <p>(X) Election of the 8th Board of Directors.</p> <p>(XI) Matters relating to the 2024 annual shareholders' general meeting, and the adoption of electronic voting rights.</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p>	The chair of the meeting consulted all attending directors and the resolution was passed.
2024.03.27 7th Board 24th meeting	<p>(I) The Company plans to increase capital in its Japanese subsidiary GUDENG Co., Ltd.</p> <p>(II) Proposal for GUDENG Co., Ltd., a subsidiary in Japan, to purchase land located in Kurume Hirokawa New Industrial Park.</p>	<p>✓</p> <p>✓</p>	<p>None</p> <p>None</p>	The chair of the meeting consulted all attending directors and the resolution was passed.
2024.04.10 7th Board 25th meeting	<p>(I) Amendments to the Company's "Articles of Incorporation."</p> <p>(II) Amendment to the provisions of the Company's "Level of Authorization of Sales and Collection Cycle".</p>	<p>✓</p>	<p>None</p>	The chair of the meeting consulted all attending directors and

Date	Summary of Major Resolutions	Matters Listed in Article 14-3 of the Securities and Exchange Act	Opinions of Independent Directors and the Company's Handling of Opinions of Independent Directors	Resolution Results of Board of Directors Meeting
	(III) Proposal for the Company to acquire real estate land in Huatan Township, Changhua County. (IV) Proposal for the Board of Directors to approve the nomination list of candidates of director election. (V) Proposal to release the directors of the 8th Board of Directors from non-competition restrictions.	✓	None	the resolution was passed.

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board of directors during the most recent year and up to the date of publication of this annual report: None

(XIII) A summary of resignations and dismissals of the Company's Chairman, President, accounting manager, financial manager, chief internal auditor, Corporate Governance Officer, and R&D manager during the most recent year and up to the date of publication of the Annual Report: None.

IV. Information on CPA Professional Fee

(I) Disclosure of audit and non-audit fees as well as details of the non-audit services where the non-audit fees paid to the certified public accountants, the independent certified public accounting firm and/or its affiliates account for 25% or more of the audit fees:

Unit: NT\$ thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fee	Total	Note
Deloitte & Touche	Jien-Ming Tseng	2023.01-2023.12	8,204	5,600	13,804	Non-audit fees include NT\$250 thousand for convertible bond review, NT\$50 thousand for capital increase document review, NT\$150 thousand for inventory of scrapping unsold goods, NT\$100 thousand for preparation of pro forma financial statements, NT\$3,550 thousand for subsidiary due diligence, and NT\$1,500 thousand for the consulting services on the preparation of consolidated financial statements.
	Pan-Fa Wang	2023.01-2023.12				

(II) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(III) Disclosure of the amount, percentage and reasons of decrease where the audit fees are lower than the previous fiscal year by 10% or more: None.

- V. Information on the Replacement of CPA:** In accordance with the internal adjustments of the accounting firm, starting from the first quarter of 2022, the CPAs have been changed from CPA Yi-Hui Lin and CPA Jian-Ming Tseng to CPA Jian-Ming Tseng and CPA Pan-Fa Wang.
- VI. The Company's Chairman, General Manager, or managers in charge of finance or accounting holding any positions in the Company's independent auditing firm or its affiliates in the most recent fiscal year:** None.
- VII. Any transfer of equity interests and pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10% in the most recent year and up to the date of publication of the annual report:**

(I) Share changes by directors, supervisors, managers, and major shareholders

Title	Name	2023		As of March 26, 2024.	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman & CEO, Major Shareholder	Ming-Chien Chiu	161,490 (100,000)	1,500,000 (500,000)	0	0
Vice Chairman & General Manager	Tien-Jui Lin	1,752,000	0	(20,000)	0
Director	Chung-Peng Huang	20,000	200,000	0	0
Director	Chih-Fang Wei	0	0	0	0
Independent Director	Wen-Hao Lo	1,531	0	0	0
Independent Director	Kuang-Hui Chiu	5,238	0	0	0
Independent Director	Hui-Sen Hu	0	0	0	0
Independent Director	Chia-Hung Chin	0	0	0	0
Vice President	En-Nien Sheng	12,720	0	0	0
Vice President	Ya-Wen Lin	15,563 (17,531)	0	(1,000)	0
Assistant Manager	Chia-He Chuang	14,193 (10,000)	0	0	0
Assistant Manager and Accounting Supervisor	Po-An Lai	10,527	0	(568)	0

- (II) Information on the relationship between trading counterpart and the directors, supervisors, managers and shareholders who hold more than 10% of the shares: None.
- (III) Information on the relationship between a counterpart of the equity pledge and directors, supervisors, managers and any shareholder holding over 10% of shares: None.

VIII. Shareholders ranked at top ten in terms of shareholding ratio, who are related to each other as referred to the International Accounting Standards (IAS) 24, or have spouse or a relative relation within the second degree of kinship with each other

March 26, 2024; Unit: Shares

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Among ten largest shareholders, name and relationship with any one who is a related party or spouse or a relative within the second degree of kinship		Note
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Name	Relationship	
Ming-Lang Zhuang	8,152,219	8.65	Information unavailable				Fusion Globe Inc.	Ming-Lang Zhuang is the Chairman of the company	
Ming-Chien Chiu	6,708,527	7.11	3,508,527	3.72	-	-	Cai-Fang Lo	Spouse	
							Representative of Yunsheng Investment Co., Ltd.: Minghui Qiu	Relative within the second degree of kinship	
Tien-Jui Lin	6,278,853	6.66	1,660,506	1.76	-	-	Su-Chun Pan	Spouse	
							Suntrace Investment Co., Ltd.	Tien-Jui Lin is the Chairman of the company	
Cai-Fang Lo	3,508,527	3.72	6,708,527	7.11	-	-	Ming-Chien Chiu	Spouse	
							Representative of Yunsheng Investment Co., Ltd.: Minghui Qiu	Relative within the second degree of kinship	
Suntrace Investment Co., Ltd.	3,048,862	3.23	N/A	N/A	-	-	Tien-Jui Lin	Tien-Jui Lin is the Chairman of the company	
Representative of Suntrace Investment Co., Ltd.: Tien-Jui Lin	6,278,853	6.66	1,660,506	1.76	-	-	Su-Chun Pan	Spouse	
Yunsheng Investment Co., Ltd.	2,570,918	2.73	N/A	N/A	-	-	-	-	
Representative of Yunsheng Investment Co., Ltd.: Ming-Hui Chiu	20,957	0.02	-	-	-	-	Ming-Chien Chiu	Relative within the second degree of kinship	
							Cai-Fang Lo	Relative within the second degree of kinship	
Investment account of Norges Bank managed by Citibank Taiwan	2,243,544	2.38	N/A	N/A	-	-	-	-	

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Among ten largest shareholders, name and relationship with any one who is a related party or spouse or a relative within the second degree of kinship		Note
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Name	Relationship	
Labor Pension Fund (The New Fund)	1,754,103	1.86	N/A	N/A	-	-	-	-	
Su-Chun Pan	1,660,506	1.76	6,278,853	6.66	-	-	Tien-Jui Lin	Spouse	
Fusion Globe Inc.	1,399,571	1.48	N/A	N/A	-	-	Ming-Lang Zhuang	Ming-Lang Zhuang is the Chairman of the company	

Note 1: The top ten shareholders' names shall be identified separately (in the case of corporate shareholders, the corporate shareholders' names and representatives' names shall be identified separately).

Note 2: The ratio of shareholding is calculated in terms of own shareholdings, shares held by spouse & children under age or shareholdings under the title of a third party.

Note 3: Relationship between the aforementioned shareholders (including juristic and natural persons) shall be disclosed according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Number of shares held by the company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the company in the same reinvested enterprise, and the consolidated shareholding ratios calculated:

December 31, 2023; Unit: Shares; %

Reinvestment Business (Note 1)	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by Aurora		Total Ownership	
	Number of Shares	Percentage of Ownership (%)	Number of Shares	Percentage of Ownership (%)	Number of Shares	Percentage of Ownership (%)
Rich Point Global Corp.	(Note 2)	100	0	0	(Note 2)	100
Gudeng Venture Capital Co., Ltd.	56,700,000	100	0	0	56,700,000	100
We Solutions Technology Co., Ltd.	25,000,000	83.33	0	0	25,000,000	83.33
Gudeng Equipment Co., Ltd.	12,782,268	46.83	0	0	12,782,268	46.83
Partner One Limited	(Note 2)	100	0	0	(Note 2)	100
Gudeng INC.	2,652,000	51	389,906	7.50	3,041,906	58.50
Gudeng Aerospace Co., Ltd.	16,000,000	100	0	0	16,000,000	100
TSS Holdings Ltd.	2,000,000	12.5	0	0	2,000,000	12.5
Sun Park Development Limited	0	0	(Note 2)	100	(Note 2)	100
Shanghai Gudeng Trading Co., Ltd.	0	0	(Note 2)	100	(Note 2)	100
Kunshan Chuangou Plastic Industry Co., Ltd.	0	0	(Note 2)	100	(Note 2)	100
Dachuan Plastic Industrial (Kunshan) Co., Ltd.	0	0	(Note 2)	100	(Note 2)	100
Gudeng Investment Co., Ltd.	0	0	(Note 2)	100	(Note 2)	100
Jia Shuo Construction Co., Ltd.	0	0	16,510,000	100	16,510,000	100
Hengyang Green Energy Co., Ltd.	0	0	15,300,000	45	15,300,000	45
Showa Precision Technology Co., Ltd.	0	0	3,451,424	100	3,451,424	100
Fu Rui Sheng Industrial Co., Ltd.	0	0	3,218,361	54.94	3,218,361	54.94
Suting Precision Industry Co., Ltd.	0	0	7,636,509	70.43	7,636,509	70.43
Bor Sheng Industrial Co., Ltd. (Note 3)	0	0	9,000	0.5	9,000	0.5
Bor Sheng Industrial Co., Ltd. (Note 4)	0	0	1,674,000	93	1,674,000	93
Gudeng Investment Co., Ltd. (HK)	0	0	(Note 2)	100	(Note 2)	100

Reinvestment Business (Note 1)	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by Aurora		Total Ownership	
	Number of Shares	Percentage of Ownership (%)	Number of Shares	Percentage of Ownership (%)	Number of Shares	Percentage of Ownership(%)
Jin Hui Technology Co., Ltd.	0	0	3,500,000	34.41	3,500,000	34.41
AIS Analytical Instruments Inc.	0	0	24,298,415	30.64	24,298,415	30.64
YAHOO System Technology Co., Ltd.	0	0	752,911	21.05	752,911	21.05

Note 1: The Company adopts the equity method for investment.

Note 2: This is a limited company with no issued shares.

Note 3: The reinvested company is We Solutions Technology Co., Ltd.

Note 4: The reinvested company is Fu Rui Sheng Industrial Co., Ltd.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Source of Capital

Unit: Shares: Thousand Shares/ Amount: NT\$ thousand

Month and Year	Par Value	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Subscriptions Paid with Property Other than Cash	Others
1998.03	10	500	5,000	500	5,000	Established (Cash) 5,000	None	Note 1
2001.07	10	1,000	10,000	1,000	10,000	Surplus capital increase of 5,000	None	Note 2
2002.09	10	3,000	30,000	3,000	30,000	Surplus capital increase of 20,000	None	Note 3
2004.04	10	6,000	60,000	6,000	60,000	Surplus capital increase of 30,000	None	Note 4
2005.12	10	7,600	76,000	7,600	76,000	Cash capital increase of 7,504 Surplus capital increase of 8,496	None	Note 5
2006.09	10	10,000	100,000	10,000	100,000	Cash capital increase of 12,890 Surplus capital increase of 10,900 Employee bonus of 210	None	Note 6
2007.08	10	20,000	200,000	13,500	135,000	Cash capital increase of 1,330 Surplus capital increase of 32,630 Employee bonus of 1,040	None	Note 7
2007.12	15	20,000	200,000	14,300	143,000	Cash capital increase of 8,000	None	Note 8
2008.07	10	20,000	200,000	18,021	180,210	Surplus capital increase of 35,750 Employee bonus of 1,460	None	Note 9
2009.01	14	30,000	300,000	20,000	200,000	Cash capital increase of 19,790	None	Note 10
2009.05	10	30,000	300,000	22,400	224,000	Surplus capital increase of 24,000	None	Note 11
2009.07	15	50,000	500,000	28,000	280,000	Cash capital increase of 56,000	None	Note 12
2010.06	10	50,000	500,000	32,200	322,000	Surplus capital increase of 42,000	None	Note 13
2011.06	10	50,000	500,000	37,674	376,740	Surplus capital increase of 54,740	None	Note 14
2011.08	35.5	50,000	500,000	41,577	415,770	Cash capital increase of 39,030	None	Note 15
2012.08	10	50,000	500,000	47,814	478,136	Surplus capital increase of 62,366	None	Note 16
2012.08	43	100,000	1,000,000	54,314	543,136	Cash capital increase of 65,000	None	Note 17
2013.06	10	100,000	1,000,000	62,461	624,606	Surplus capital increase of 81,470	None	Note 18
2016.11	30	100,000	1,000,000	65,961	659,606	Cash capital increase of 35,000	None	Note 19
2017.09	32	100,000	1,000,000	70,561	705,606	Cash capital increase of 46,000	None	Note 20
2020.01	110	100,000	1,000,000	74,061	740,606	Cash capital increase of 35,000	None	Note 21
2020.07	123.3	100,000	1,000,000	75,687	756,867	Share capital of 16,261 from converted corporate bonds	None	Note 22
2020.12	122.8	100,000	1,000,000	76,059	760,586	Share capital of 3,719 from converted corporate bonds	None	Note 23
2021.01	236	100,000	1,000,000	83,659	836,586	Cash capital increase of 76,000	None	Note 24
2021.03	121.3	100,000	1,000,000	84,092	840,922	Share capital of 4,336 from converted corporate bonds	None	Note 25
2021.11	119.10	150,000	1,500,000	84,097	840,973	Share capital of 5,037 from converted corporate bonds	None	Note 26
2023.04	227.5	150,000	1,500,000	85,369	853,689	Share capital of 1,272 from converted corporate bonds	None	Note 27
2023.07	227.5	150,000	1,500,000	87,824	878,242	Share capital of 2,455 from converted corporate bonds	None	Note 28

Month and Year	Par Value	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Subscriptions Paid with Property Other than Cash	Others
2023.08	227.5	150,000	1,500,000	88,384	883,844	Share capital of 560 from converted corporate bonds	None	Note 29
2024.01	300	150,000	1,500,000	94,297	942,972	Cash capital increase of 58,000 Share capital of 113 from converted corporate bonds	None	Note 30

Note 1: Approval date and document number: March 20, 1998. Registered by the Construction Department of Taiwan Provincial Government.

Note 2: Approval date and document number: Jul. 23, 2001 and Jing Shou Chong Zi No. 251698

Note 3: Approval date and document number: Sep. 25, 2002 and Jing Shou Chong Zi No. 577320

Note 4: Approval date and the document number: Apr. 26, 2004 and Jing Shou Chong Zi No. 09332022270

Note 5: Approval date and the document number: Dec. 7, 2005 and Jing Shou Chong Zi No. 09433304290

Note 6: Approval date and the document number: Sep. 11, 2006 and Jing Shou Chong Zi No. 09532819190

Note 7: Approval date and the document number: Aug. 28, 2007 and Jing Shou Chong Zi No. 09632676250

Note 8: Approval date and the document number: Dec. 3, 2007 and Jing Shou Chong Zi No. 09633156430

Note 9: Approval date and the document number: Jul. 29, 2008 and Jing Shou Chong Zi No. 09732723180

Note 10: Approval date and the document number: Jan. 5, 2009 and Jing Shou Chong Zi No. 09831500650

Note 11: Approval date and the document number: June 16, 2009 and Jing Shou Chong Zi No. 09832423820

Note 12: Approval date and the document number: Aug. 11, 2009 and Jing Shou Chong Zi No. 09832816110

Note 13: Approval date and the document number: Jul. 9, 2011 and Bei Fu Jing Deng Zi No. 0993099188

Note 14: Approval date and the document number: Jul. 6, 2011 and Bei Fu Jing Deng Zi No. 1005040546

Note 15: Approval date and the document number: Sep. 9, 2011 and Bei Fu Jing Deng Zi No. 1005056732

Note 16: Approval date and the document number: June, 26, 2012 and JGZFF No. 1010028301

Note 17: Approval date and the document number: Jul. 2, 2012 and JGZFF No. 1010028043

Note 18: Approval date and the document number: June 17, 2013 and JGZFF No. 1020023457

Note 19: Approval date and the document number: Aug. 8, 2016 and JGZFF No. 1050029411

Note 20: Approval date and the document number: Jul. 25, 2017 and JGZFF No. 1060026560

Note 21: Approval date and the document number: Oct. 30, 2019 and JGZFF No. 1080332768

Note 22: Approval date and the document number: Sep. 1, 2020 and Jing Shou Shang Zi No. 10901164910

Note 23: Approval date and the document number: Dec. 11, 2020 and Jing Shou Shang Zi No. 10901223460

Note 24: Approval date and the document number: Nov. 12, 2020 and JGZFF No. 1090372604

Note 25: Approval date and the document number: Apr. 6, 2021 and Jing Shou Shang Zi No. 11001054840

Note 26: Approval date and the document number: Nov. 24, 2021 and Jing Shou Shang Zi No. 11001219520

Note 27: Approval date and the document number: Apr. 11, 2023 and Jing Shou Shang Zi No. 11230056520

Note 28: Approval date and the document number: Jul. 28, 2023 and Jing Shou Shang Zi No. 11230142050

Note 29: Approval date and the document number: Aug. 23, 2023 and Jing Shou Shang Zi No. 11230157340

Note 30: Approval date and the document number: Jan. 2, 2024 and Jing Shou Shang Zi No. 11230240350

(II) Share Type

March 26, 2024

Share Type	Authorized Capital			Note
	Issued Shares	Unissued Shares	Total	
Common Stock	94,297,504	55,702,496	150,000,000	OTC Stock (Registration for the change of the 272 shares has not completed)

(III) Shareholder Structure

March 26, 2024

Shareholder Structure	Government Agency	Financial Institution	Securities Investment, Trust Fund Investment	Corporate Investment	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Quantity								
Number of Shareholders	-	18	77	107	15	14,643	131	14,991
Number of Shares Held	-	2,245,946	12,398,064	11,422,108	3,537,535	52,255,925	12,437,926	94,297,504
Shareholding Ratio (%)	-	2.38	13.15	12.11	3.75	55.42	13.19	100.00

(IV) Share Ownership Distribution

March 26, 2024

Ownership Rating	Number of Shareholders	Number of Shares Held	%
1 ~ 999	8,306	1,239,532	1.31
1,000 ~ 5,000	5,727	9,343,164	9.91
5,001 ~ 10,000	433	3,217,524	3.41
10,001 ~ 15,000	134	1,643,838	1.74
15,001 ~ 20,000	75	1,346,765	1.43
20,001 ~ 30,000	71	1,752,685	1.86
30,001 ~ 40,000	50	1,773,687	1.88
40,001 ~ 50,000	30	1,355,448	1.44
50,001 ~ 100,000	60	4,243,724	4.50
100,001 ~ 200,000	39	5,538,385	5.87
200,001 ~ 400,000	29	8,469,199	8.98
400,001 ~ 600,000	13	6,395,147	6.78
600,001 ~ 800,000	11	7,571,693	8.03
800,001 ~ 1,000,000	1	997,565	1.06
More than 1,000,001	12	39,409,148	41.80
Total	14,991	94,297,504	100.00

(V) Name of Major Shareholders

Name, number of shares held and shareholding percentage of shareholders who hold more than 5% of the shares or the top ten shareholders:

March 26, 2024

Name of Major Shareholders	Capital Stock	Shareholding (shares)	Shareholding Ratio (%)
Ming-Lang Zhuang		8,152,219	8.65
Ming-Chien Chiu		6,708,527	7.11
Tien-Jui Lin		6,278,853	6.66
Cai-Fang Lo		3,508,527	3.72
Suntrace Investment Co., Ltd.		3,048,862	3.23
Yunsheng Investment Co., Ltd.		2,570,918	2.73
Investment account of Norges Bank managed by Citibank Taiwan		2,243,544	2.38
Labor Pension Fund (The New Fund)		1,754,103	1.86
Su-Chun Pan		1,660,506	1.76
Fusion Globe Inc.		1,399,571	1.48

(VI) Market price, net value, earnings, and dividend per share in the most recent two years

Unit: NT\$ thousand; thousand shares

Item			Year	2022	2023	Current year as of March 31, 2024
Market Price per Share	Highest			344.50	438.50	473.50
	Lowest			167.00	263.50	349.50
	Average			252.84	352.01	419.86
Net Worth per Share	Before Distribution			58.11	91.88	—
	After Distribution			53.99	(Note 1)	—
Earnings per Share	Weighted Average Shares			83,944	88,370	—
	Earnings per Share (Note 2)	Before Adjustment		11.12	10.24	—
		After Adjustment		11.12	(Note 1)	—
Dividends per Share	Cash Dividends			7.94	7.51	—
	Stock Dividends	Stock Dividends Appropriated from Earnings		—	—	—
		Stock Dividends Appropriated from Capital Surplus		—	—	—
	Accumulated Unpaid Dividends (Note 3)			—	—	—
Return on Investment	Price / Earnings Ratio (Note 4)			22.74	34.38	—
	Price / Dividend Ratio (Note 5)			31.61	46.89	—
	Cash Dividend Yield Rate (Note 6)			3.16%	2.13%	—

- Note 1: It shall be determined by the resolution of the 2024 Annual Shareholders' Meeting.
- Note 2: If it is necessary to make adjustment retroactively due to Free-Gratis dividends, please identify the EPS before and after adjustment.
- Note 3: If the terms and conditions under which the equity securities are issued provide that the stock dividend retained in the year may be accumulated until the year in which there are allocable earnings available, please disclose the retained stock dividend accumulated until the then year.
- Note 4: $\text{Price/earnings ratio} = \text{Average closing price per share for the year} / \text{Earnings per share}$.
- Note 5: $\text{Price/dividend ratio} = \text{Average closing price per share for the year} / \text{Cash dividend per share}$.
- Note 6: $\text{Cash dividend yield} = \text{Cash dividends per share} / \text{Average closing price per share for the current fiscal year}$.

(VII) Dividend Policy and Implementation

(1) Dividend policy prepared in the Company's Articles of Incorporation

The Company's surplus distribution or loss allowance may be made after the end of each semi-financial year. If there is a surplus in the final accounts of each half of the fiscal year, the tax shall be paid first, the accumulated losses shall be made up, the employee compensation shall be estimated to be retained, and 10% shall be appropriated as legal capital reserve, unless the legal reserve has reached the paid-up capital. In addition, special surplus reserve shall be allocated or reversed in accordance with laws and regulations or regulations of the competent authority. If there is any surplus, the balance shall be added to the accumulated undistributed surplus. When issued by cash, it shall be resolved by the board of directors

The annual earnings in the financial statements of the Company shall first be allocated to pay income tax and offset the accumulated losses of the preceding years before allocating 10% of the remaining earnings to the legal reserve, which is not applicable where the legal reserve has reached the total paid-in capital of the Company. The balance shall be withdrawn or transferred to the special surplus reserve according to laws and regulations; if there is any surplus, the balance shall be added to the accumulated undistributed surplus. The Board of Directors shall prepare a distribution motion, to be submitted to the shareholders' meeting for resolution before issuance of new shares.

Pursuant to Paragraph 5 of Article 240 of the Company Act, the Company may authorize the distributable dividends and bonuses or in whole or in part legal reserve and capital reserve as provided in Paragraph 1 of Article 241 of the Company Act may be paid in cash after a resolution has been adopted by the majority of Directors in a Board meeting attended by two-thirds of the total number of Directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividend policy is based on current and future development plans, considers investment environment, capital requirements, and domestic and foreign competition, and takes into account factors such as shareholders' interests. No less than 10% of the distributable earnings is allocated for share dividends to shareholders each year; wherein cash dividends shall not be less than 50% of the total share dividends to shareholders.

(2) Distribution of dividends acknowledged in the shareholders' meeting:

In accordance with Article 24 of the Company's Articles of Incorporation, the Board of Directors made a resolution on the proposal for 2023 H1 dividend distribution on November 8, 2023, and distributed cash dividends of NT\$377,883,181; on March 6, 2023, the Board of Directors made a resolution on the proposal for 2023 H2 dividend distribution, and distributed cash dividends of NT\$330,040,312. The aforementioned proposals on the cash dividend distribution as resolved by the Board of Directors are planned to be reported at the annual shareholders' meeting on May 24, 2024.

(VIII) Impact of the proposed stock grants by the shareholders' meeting on the business performance and earnings per share of the Company:

The dividend to be distributed from earnings of 2022 will be in cash and will not impact the Company's EPS.

(IX) Remuneration for employees and directors

(1) Proportion or scope of remuneration for employees and directors as stated in Article 23-1 of the Company's Articles of Incorporation:

1. If the Company makes a profit over the year, an amount of no less than 3% of the profit must be distributed as employee compensation.
2. If the Company makes a profit over the year, an amount of no higher than 3% of the profit must be distributed as remuneration to directors.

(2) The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as dividend, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Company evaluates the remunerations payable to employees and directors based on past experience and possible amount of payment. In case there is a difference between the actual distribution amounts and the estimated amounts, the change will be treated as adjustment to the original annual expense recorded. If changes exist after the announcement of the annual consolidated financial report, the changes will be treated as changes to accounting estimates, and adjustments will be made in the year of distribution.

(3) Information on Distribution of Compensation to Employees, Directors and Supervisors Recommended by the Board of Directors:

1. The employee remuneration distributed in cash is NT\$31,429,000, and NT\$31,428,000 for the directors, which has no discrepancy with the estimated figure for the year of expense recognition.
2. Amount of proposed employees' compensation distributed in stock, and proportion thereto the after-tax net profit in the individual financial report for the current period and total employee compensation: The Company did not distribute employee compensation in stock in 2023.

- (4) The actual distribution of employees' remuneration and remuneration to directors and supervisors in prior year (including the number of shares distributed, the amount and the stock price), if different from the recognized employees' remuneration and remuneration to directors and supervisors, the number of difference, reasons and handling situations should be stated: The Company distributed remuneration in cash of NT\$35,338,000 for the employees, and NT\$34,130,000 for the directors and supervisors in 2022. The actual amounts distributed had no discrepancy with the recognized figure.

(X) Share Repurchases:

March 31, 2024

Term of repurchase	Third time
Date of the resolution of the Board of Directors meeting	2019/03/23
Purpose of repurchase	Shares transferred to employees
Time of repurchase	2019/03/26-2019/05/25
Price range of repurchase	NT\$25~35
Expected purchase of type and quantity of shares	3,000,000 shares of common stock
Type and quantity of shares repurchased	1,500,000 shares of common stock
Average buyback price per share	NT\$34.05
Reasons for unfinished repurchase	The repurchase has not been completed this time considering that the stock price has stabilized during the transaction and tends to be close to the upper limit of repurchase price and the market mechanism shall not affect the stock price.
Number of shares that have been canceled or transferred	1,121,000 shares of common stock
Cumulative Shares of the Company	379,000 shares of common stock
Total treasury stock holdings as a percentage of total shares issued (%)	0.45

II. Corporate Bonds

(I) Corporate Bonds:

Type of Corporate Bonds	Fourth Domestic Unsecured Convertible Bonds
Issuance date	2023/10/18
Par value	NT\$100,000
Location of issuance and transaction	R.O.C.
Issue price	100% issuance based on par value
Total amount	NT\$1,000,000,000
Interest rate	0% coupon rate
Maturity	3-year; maturity date: October 18, 2026
Guarantee agency	N/A
Trustee	Trust Department, Chang Hwa Commercial

Type of Corporate Bonds		Fourth Domestic Unsecured Convertible Bonds
		Bank
Underwriter		President Securities Corporation
Certification attorneys		N/A
CPAs		N/A
Redemption		Except for conversion according to the conversion method, redemption in advance by the Company, or cancellation by repurchase from the securities firm's business office, the principal will be repaid in cash in full at maturity based on the face value of the bond.
Outstanding principle		NT\$0
Provision of prepayment and redemption		Please refer to Articles 17 and 18 of the "Regulations of Issuance and Conversion of the Third Domestic Unsecured Convertible Corporate Bonds" of the Company.
Restrictions		None
Credit rating agency's name/credit rating date/corporate bonds rating results		N/A
Attached other rights	Converted (exchange or subscription) common stock, overseas depository receipts or other price of securities as of the annual report publish date	Converted 272 common shares.
	Regulations of issuance and conversion (exchange or subscription)	Please refer to the "Regulations of Issuance and Conversion of the Fourth Domestic Unsecured Convertible Corporate Bonds" of the Company.
Potential dilutive effects on other shares and impact on the rights of existing shareholders due to regulations of issuance and conversion, exchange, subscription or terms of issue		Please refer to Pages 61 to 62 of the prospectus on the "Regulations of Issuance and Conversion of the Fourth Domestic Unsecured Convertible Corporate Bonds" issued by the Company.
Name of custodian commissioned by the exchanged items		None

(II) Information on Convertible Corporate Bonds:

Type of Corporate Bonds		Fourth Domestic Unsecured Convertible Bonds	
Item	Year	2023	Current year as of April 15, 2024
Market price of convertible corporate bonds	Highest	124.5	NT\$136.5
	Lowest	110	NT\$118.8
	Average	118.3	NT\$128.71
Conversion price		NT\$366.9	NT\$366.9
Issuance (handling) date and		Issuance date: October 18,	Issuance date: October 18,

Type of Corporate Bonds		Fourth Domestic Unsecured Convertible Bonds	
Item	Year	2023	Current year as of April 15, 2024
	conversion price	2023 Conversion price at time of issuance: NT\$374.9	2023 Conversion price at time of issuance: NT\$374.9
Method of executing obligation of conversion		Issuance of new shares	Issuance of new shares

(III) Information on Exchangeable Corporate Bonds: None.

(IV) Information on Blanket Application for Issuance of Corporate Bonds: None.

(V) Information on Bonds with Warrants: None.

III. Preferred Shares: None.

IV. Global Depository Receipts (GDRs): None.

V. Employee Stock Options: None.

VI. Employee Restricted Stock: None.

VII. Status of Mergers and Acquisitions: None.

VIII. Implementation of Capital Allocation Plans

(I) Plan content:

The fund utilization plan of previous offerings or private placements of securities has not been completed, or the fund utilization plan over the past three years has been completed but the expected benefits have not been realized. The detailed description of the plan is as follows:

Project Item	Scheduled Completion Date	Capital Required Total Amount	Projected Capital Utilization Progress										
			2021				2022				2023		
			First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Repayment of bank loan	2021 First quarter	1,149,224	1,149,224	—	—	—	—	—	—	—	—	—	—
Construction of office building	2023 Third quarter	644,376	—	63,000	36,645	68,250	80,500	78,500	81,500	90,250	54,731	59,000	32,000
Total		1,793,600	1,149,224	63,000	36,645	68,250	80,500	78,500	81,500	90,250	54,731	59,000	32,000

(II) Implementation status:

The purpose of each plan, such as the implementation progress or those which have not produced the expected benefits, shall clearly describe the reasons, impact on shareholders' interests, and improvement plans:

The Company issued new shares for cash capital increase in 2020. The total amount raised was NT\$1,793,600 thousand. The purpose of the capital is to pay back the bank loan of NT\$1,149,224 thousand and the construction fee of the new office building of

NT\$644,376 thousand. The respective completion of these projects is expected to be in the first quarter of 2021 and the third quarter of 2023.

The repayment of the bank loan of NT\$1,149,224 thousand has been completed and has generated expected benefits. However, due to factors such as the requirement of strengthening the main structure of the office building, rising raw material prices, and labor shortage, the construction cost has increased. Therefore, the total project cost is expected to increase to NT\$875,600 thousand, an increase of NT\$231,224 thousand compared to the original planned amount. The additional amount will be supported by self-owned funds or bank loans. Since the increased amount does not reach 20% of the total fundraising amount, there is no need to obtain an assessment opinion from the underwriter or apply for a plan change from the competent authority.

Due to changes in the method of obtaining building volume and the outbreak of the COVID-19 pandemic in Taiwan, the progress of the review and approval of three-dimensional bulk rewards by the New Taipei City Government has been delayed. As a result, the issuance of the construction permit has also been postponed. Thus, the start of construction is behind the original schedule. Construction officially began in the beginning of 2022, and in response to the requirements of the competent authority, waterproofing construction were added in the third quarter of 2022, and subsequent works have been delayed accordingly. As of the first quarter of 2024, the cumulative progress of the construction plan is 61%, which is behind the planned cumulative progress of 71%. The reasons for this delay are considered reasonable.

The aforementioned plan changes have no significant impact on shareholders' equity.

Chapter 5. Operational Highlights

Operational Highlights of Gudeng

I. Business Activities

(I) Businesses Scope

(1) Main Business

- CQ01010 Mold Manufacturing
- F106030 Wholesale of Dies
- F206030 Retail Sale of Dies
- C805050 Industrial Plastic Products Manufacturing
- CC01080 Electronic Parts and Components Manufacturing
- CC01110 Computers and Peripheral Equipment Manufacturing
- CC01120 Data Storage Media Manufacturing and Duplicating
- F119010 Wholesale of Electronic Materials
- F219010 Retail Sale of Electronic Materials
- H701010 Residence and Buildings Lease Construction and Development
- H701020 Industrial Factory Buildings Lease Construction and Development
- CD01060 Aircraft and Parts Manufacturing
- CB01010 Machinery and Equipment Manufacturing
- ZZ99999 All business not prohibited or restricted by law, except for those subject to special approval

(2) Current products (services)

Gudeng adheres to the corporate mission of “Provide Innovative Technologies for Global Key Materials” and focuses on “Partner with H.E.A.R.T., grow with P.A.S.S.I.ON.” to provide integrated solutions for the protection, transport and storage of critical valuable materials. We make cross-domain integration of manufacturing and services to provide customers with “Total Solution”.

Gudeng provides customers with technical services ranging from parts provision and maintenance to equipment performance improvement in a flexible and efficient manner and integrates upstream and downstream customers and suppliers through the innovative platform of “Co-Creation”. Gudeng discusses with customers prior to design to meet their needs and has obtained original product specifications from world-leading manufactures, ahead of the design-in time of new generation of products; meanwhile, Gudeng integrates upstream and downstream customers and suppliers to provide customers with high-quality, high-profit and low-cost “Total Solution” to protect their critical precious materials from

damage caused by external environment. The innovative service platform with high efficiency and flexibility can shorten the overall development process of products and start mass production early.

Gudeng has developed major product lines with a smiling curve at the left end, including mask handling solutions, wafer handling solutions, equipment (Gudeng Equipment), and other related services to create high and innovative value. In addition, Gudeng officially set foot in the aerospace field in 2020, extending its core technology of precision machining to different industries and applications.

The important uses or functions of the Gudeng product lines are as follows:

Type of Product	Important Uses or Functions
Reticle Handling Solutions	<p>To provide the best protection for masks against static electricity, micro-pollution, and particle generation during production, use and handling:</p> <ul style="list-style-type: none"> ■ EUV POD ■ Low moisture absorption RSP 200 ■ Full-size mask box series ■ Low moisture absorption POD series ■ SMIF high-order POD series ■ LCD 85 large size mask box ■ OHT MRSP POD series
Wafer Handling Solutions	<p>To prevent wafers from contamination by tiny dust particles in semiconductor process equipment and conveyor system or when they are stored and ensure complete protection of them during all stages of the process:</p> <ul style="list-style-type: none"> ■ 18-inch 450mm FOUP ■ 18-inch 450mm MAC ■ 12-inch 300mm FOUP ■ Light cassette automatic transfer box ■ PLP 300 automatic transfer box ■ 510 PANEL FOUP ■ 243 PANEL FOUP ■ 8-inch Lot Box ■ 8-inch Glass Box ■ 8-inch Cassette ■ 6-inch Wafer Box ■ 2/4/6-inch LED/solar wafer carrier ■ Other series of wafer box
Equipment (Gudeng Equipment Co.,Ltd.)	<p>Provision of clean storage environment for masks:</p> <ul style="list-style-type: none"> ■ Mask micro-pollution prevention with nitrogen/cleaning equipment filled with ultra-clean gas ■ High cleanliness mask stocker ■ Mask cleaner ■ Gas blowing type mask cleaner ■ Inflatable mask stocker

Type of Product	Important Uses or Functions
	■ PGV
Others	<p>Providing recycling, cleaning and maintenance services for products, as well as sales of fixtures, purchased products, plastic products, molds, and spare parts. Micro-contamination testing, ion testing and other testing services are included.</p> <p>■ Cleaning of mask/wafer carriers ■ Micro-contamination testing ■ Ion testing ■ Precision machining of parts and components</p>

(3) Proportion of Major products in Businesses

Unit: NT\$ thousand

Product Item \ Year	2023		2022	
	Net Sales	Proportion (%)	Net Sales	Proportion (%)
Mask carrier products	2,330,972	46	2,380,923	53
Wafer carrier products	967,118	19	653,771	14
Equipment products	1,074,060	21	924,206	21
Motor vehicles trading	-	-	71,051	2
Semiconductor manufacturing raw materials and consumables	94,799	2	46,137	1
Other (Note 1)	611,396	12	417,943	9
Total	5,078,345	100	4,494,031	100

Note 1: Others are maintenance and cleaning services, parts, etc.

Note 2: The above data of product category are provided by the Company.

(4) New Products to be Developed:

1. Development Strategy

Gudeng has been investing huge resources in R&D, but focuses on investing more resources in high-margin products and key markets in recent years. Gudeng still actively develops custom solutions for customers to meet their needs, but would preferentially allocate resources to products with good prospects and considerable momentum to ensure that future output and costs are in line with the principle of proportionality. In addition, Gudeng implements more stringent review and evaluation to better repay investors. Staying vigilant in peace time, Gudeng considers a long time to develop new products and foresees the development trend of next generation of semiconductors, and recognizes that choosing strategies, presenting market difference, keeping close to the concept of intelligent manufacturing, seizing market leadership, mastering pricing power, and upgrading with own advantages is the key to success.

Gudeng knows full well that R&D requires a long-term investment before it yields fruits and needs to balance function and quality to form a one-stop semiconductor integration platform. From the perspective of short-, medium-, and long-term technological developments, the global political and economic situation is extremely unstable this year. Therefore, Gudeng has attached great importance to risk assessment and also taken short-term effects seriously in recent years, because each short-term effect is critical to supporting long-term goals. In the short run, we focus on further development of existing products and continuous sales of high-margin products; in the long run, we grasp future trends, observe market fluctuations, assess investment risks, determine and attract relevant supply chain manufacturers for cooperation, gather opinions and resources, hoping to increase efficiency, shorten development process, and apply results on products as soon as possible.

In the future, Gudeng will carry out short-, medium-, and long-term developments as follows:

Short-term Development Strategy	<ul style="list-style-type: none">■ Strengthen core technical capabilities, including prevention of airborne molecular contaminants (AMC), elimination of electrostatic discharge (ESD), transport and storage.■ Deeply study mask handling solutions and focus on key products.■ Direct wafer handling solutions at the Greater China market.■ Direct wafer handling solutions at domestic markets.■ Develop mask carrier technologies in conjunction with intelligent automated management system.■ Real-time monitoring of internal environment of mask carriers.■ Further strengthen the development of patents for key
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	<p>products and maintain leadership in technical competition.</p> <ul style="list-style-type: none"> ■ Panel handling solutions for panel makers. ■ Panel handling for EFEM handling and carrier clean solutions. ■ Panel handling for advanced packaging process solutions.
Mid-term Development Strategy	<ul style="list-style-type: none"> ■ Extend existing technical experience to solutions for protection, transport and storage of other critical valuable materials for applications across circles and domains. ■ Transfer from current passive protection design to active protection design, and bring users more humane operation interfaces by improving intelligent functions. ■ Enhance the value and breadth of patents, strengthen employees' understanding of intellectual property and engineers' expertise in patent writing. ■ Extend the advanced packaging series products and provide customized services.
Long-term Development Strategy	<ul style="list-style-type: none"> ■ Continue to develop automation technologies, strengthen automation capabilities, communication capabilities (SECS) and system integration, and train related talents. ■ Apply automated mask management systems for real-time micro-environment monitoring and automatic inspection to improve the quality of equipment automation control. ■ Analyze competitors' patents, evaluate the cross-licensing of patents and the offensive capability in patent battles. ■ Spread core technologies to areas other than the semiconductor industry and conduct diversified development.

2. Product Development Strategies

Type of Product	Product Development Strategies
Reticle Handling Solutions	<ul style="list-style-type: none"> ■ EUV POD ■ EUV Shipping Box ■ EUV Storage ■ BKM POD ■ Smart POD
Wafer Handling Solutions	<ul style="list-style-type: none"> ■ New 18-inch 450mm FOUN ■ New 18-inch 450mm MAC ■ 12-inch 300mm FOUN ■ 12-inch Light cassette ■ FOUN Purging System ■ Smart FOUN ■ Light cassette/PLP FOUN/13 slot FOUN/330 FOUN ■ 510x510 Panel FOUN/510x515 Panel FOUN/243 Panel FOUN/510x515 Horizontal Panel Shipper
Equipment	<ul style="list-style-type: none"> ■ Machine foundry ■ Production line automatic machine/production line conveyor equipment ■ Automation simulation and planning of production lines ■ Automatic/real-time machine monitoring system
Aerospace industry	Providing pipe fittings for undercarriages and other related parts of aviation hydraulic systems.

Type of Product	Product Development Strategies
Healthcare Industry	Automated solutions are provided for urology patients.

(II) Industry Overview

(1) Current Status and Development

According to the World Semiconductor Trade Statistics (WSTS), the global semiconductor market is expected to grow by 11.8% in 2024, reaching US\$576 billion. The US market is expected to grow by 17.7%, the Asia-Pacific market by 10.7%, and the European and Japanese markets by 7.7% and 7.8%, respectively. The memory market is expected to increase by a whopping 43.2%, serving as the main driving force behind the recovery of the overall semiconductor market. The sensor market is expected to rise by 5.7%.

The sales of wafer fab equipment decreased by 18.8% to US\$76.4 billion in 2023. It is expected that the wafer fab equipment sector will account for the majority of the recovery until 2024, reaching US\$100 billion in sales, a growth of 14.8%. The market sales of testing equipment shrank by 15% to US\$6.4 billion in 2023, while the assembly/packaging equipment declined by 20.5% to US\$4.6 billion in the same year. SEMI predicts that these two major equipment sectors will grow by 7.9% and 16.4% respectively in 2024. The weak demand in the terminal market is reflected, with steady growth in contract manufacturing and logic application equipment in advanced processes, but sales for mature processes decreased by 6% YoY to US\$50.1 billion in 2023. In 2024, contract manufacturing and logic investments are expected to grow by 3%. While consumer and enterprise demand for memory and storage remains weak, it is expected that DRAM equipment sales decrease by 28% to US\$8.8 billion in 2023, but will rebound by 31% to US\$11.6 billion in 2024. NAND device sales are expected to decrease by 51% to US\$8.4 billion and then increase by 59% to US\$13.3 billion by 2024.

According to Digitimes Research, there are three points worth noting in the overall observation of 2024. Firstly, the terminal market continues to consume inventory, and the inventory levels and shipments of semiconductor companies in the second half of 2024 will gradually return to normal. In 2023, in the downstream terminal industry, orders decreased, leading to a reduction in inventory consumption. As a result, the capacity utilization rate of semiconductor companies has been relatively low for the past three quarters. As of the end of the third quarter of 2023, the inventory level of semiconductor companies is still higher than the historical average. It is expected that semiconductor manufacturers' capacity utilization rates, especially for 8-inch and smaller wafer fabs, will take at least 2-3 quarters to return to normal. This can be observed through the purchasing managers' indices of major countries' manufacturing industries, as well as the capacity utilization rates and inventory levels of upstream and downstream wafer fabs.

In the past, the semiconductor market has always exhibited cyclical characteristics. This is mainly due to the fact that it takes 2 to 4 years for a semiconductor factory to invest in new production. There may be a discrepancy between the demand judgment at the time of investment decision and the actual demand situation in the future. Factors such as the rise of emerging applications, imbalance in the chip supply chain, economic fluctuations, and geopolitical issues can all cause changes in the supply and demand situation. In the past 20 years, the global semiconductor market has grown for 14 years and declined for 6 years. Observing the medium to long-term trend, it is still on a stable growth trajectory.

Secondly, analyzing the demand side of the semiconductor industry, all four major application chip markets are expected to experience positive growth in 2024. The estimated four major application markets are smartphones, servers, automobiles, and PCs. The annual shipment volume of the four major categories of terminal products mentioned above is expected to increase compared to 2023 (the annual growth rate of automobile shipments in 2024 is limited, but the proportion of electric vehicles is expected to continue to rise, which is beneficial for the continued growth of the automotive semiconductor market). The average semiconductor content will also be higher than that in 2023, which will contribute to the growth of the semiconductor market in 2024.

Thirdly, in terms of popular semiconductors, AI and high-performance computing-related semiconductors undoubtedly deserve the most attention. Customized AI computing chips and network communication chips that assist in AI computing are also high-growth products. More cloud and network service providers are developing towards customized chip solutions in order to reduce computing costs and power consumption. In addition, the rise of AI PCs and AI smartphones will also bring new opportunities for chip development. However, in 2024, we are still in the stage of exploration and defining requirements, and it is expected that the mass shipment of end products may occur in 2025.

Looking ahead to the semiconductor industry in Taiwan, Market Intelligence & Consulting Institute (MIC) estimates that each sub-industry will experience a growth rate of 10-20% in 2024. Wafer foundry will remain the main driving force for growth, especially in advanced manufacturing. Although the first quarter is expected to face the traditional off-season, it has performed better than the same period last year and has recovered from four consecutive quarters of decline compared to the previous year. In terms of memory, due to the continuous reduction in production by international memory giants, the short-term memory prices have stabilized and the supply and demand are expected to recover and stabilize. Looking ahead to the IC design and IC packaging and testing industries, as they are closely related to end-consumer electronic products, it will be more difficult for the next two quarters to achieve the same level of recovery as the wafer foundry production value benefited from advanced processes. The future growth momentum of the semiconductor market will rely on the stimulation of emerging applications such as new information services, energy conservation and

environmental protection, and technological integration. In particular, AI, new energy, and AIoT will become the main drivers of growth. Among them, AI servers and electric vehicles have the opportunity to achieve double growth by 2027, becoming the driving force behind semiconductor growth. In addition, wireless terminal devices are driven by the trends of digitization and smartification, expanding their application development from the traditional product field to vertical markets.

(2) Relevance between Upstream, Midstream and Downstream

The semiconductor industry has developed with an industrial structure of upstream and downstream industries with vertical division of labor. After product design, IC design companies commission professional foundry or IDM factories (semiconductor factories integrating IC design, manufacturing, packaging, testing and sales) to produce semi-finished wafers. After front-end test, the wafers are transported to professional packaging factories for cutting and packaging, and finally subject to back-end test by professional testing factories. After test, the finished products are sold to system manufacturers for assembly and production.

The upstream involves IP design and IC design industry. IP represents the intellectual property of IC design. IP development process includes IP design and verification. In IC design, IP core reuse can effectively shorten the product development cycle and reduce costs. IC design needs CAD and other auxiliary tools to express the specifications and functions of customers or self-developed products by IC circuit design, that is, the process of realizing functions of a chip from logic design to wafer design. The global IC design industry has focused on the field of mobile devices, entering an era where the United States, Taiwan, and China occupy the vast majority of the market share. The midstream involves IC manufacturing, wafer manufacturing, related production process testing equipment, masks, chemicals, etc. IC manufacturing process is to print basic circuit patterns on wafers made by fabs with masks, and then fabricate circuits and their components on the wafers through oxidation, diffusion, CVD, etching, ion implantation and other methods. The downstream involves IC packaging and testing, related production process testing equipment, components (such as substrates, lead frames), IC modules, IC paths, etc. IC packaging is to package finished wafers and after-cutting crystal particles with plastics, ceramics or metal to protect crystal particles from pollution for easy assembly, and achieve good electrical connection and heat dissipation between chip and electronic system. TSMC, a Taiwanese IC manufacturer, is still leading the way in the development of advanced process technology.

Taiwan's semiconductor industry has another trend that, in the IC design industry, the proportion of revenue from IC in non-3C applications has grown year by year, attracting more investments from IC design companies to AISC design services coupled with diversified specifications of non-3C chip products. To serve the IC equipment market, Gudeng provides integrated solutions for protecting, handling and storing masks and wafers. Making processes independent and applying them in minienvironments through separate clean treatment can not only provide customers with higher level control technology of particle contamination, but also save a considerable amount of money with the design of minienvironment, which plays an irreplaceable and unique role in the semiconductor industry supply chain.

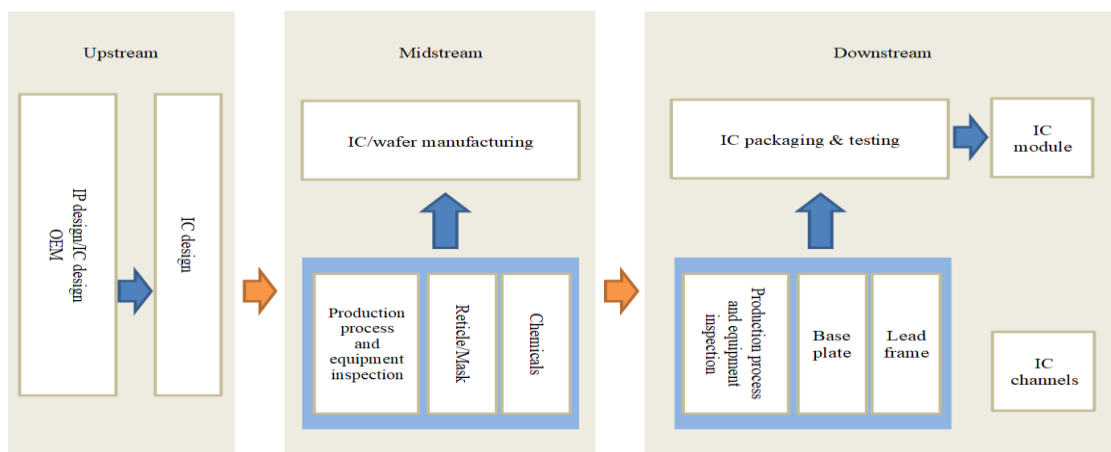


Image source: Industry Value Chain Information Platform - Semiconductor Industry

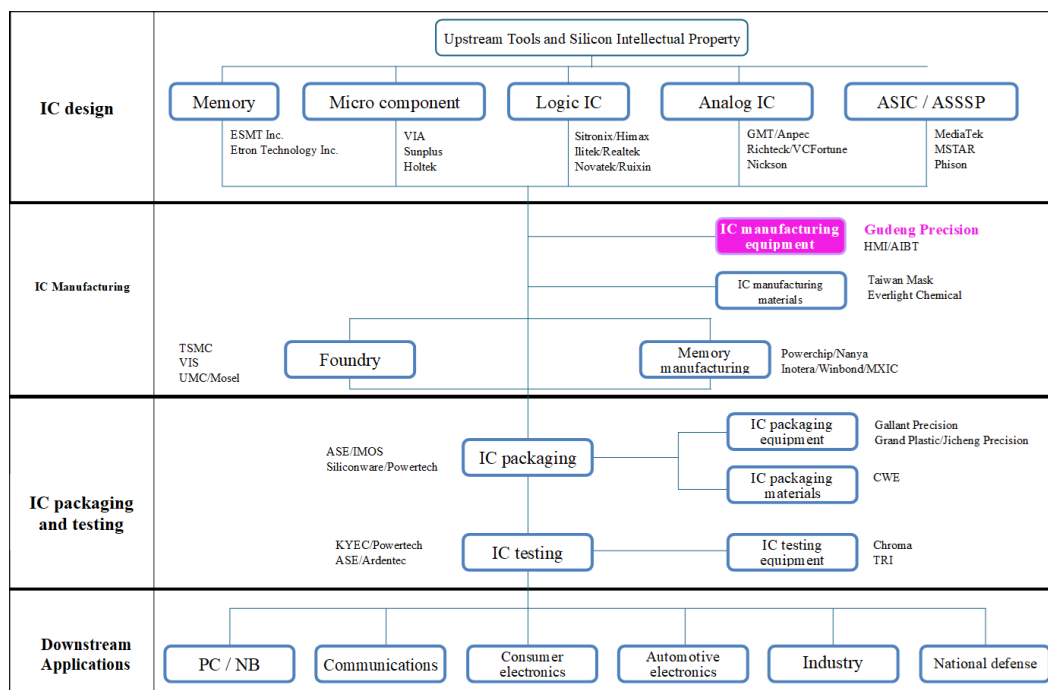


Image source: Industry Value Chain Information Platform - Semiconductor Industry

(3) ABF Carrier

With the outbreak of the COVID-19 pandemic and changes in people's lifestyles driving the trend of remote work, the massive deployment of network workstations necessary for global cloud networking applications has stimulated a significant growth in the shipment of servers and switches, indirectly expanding the demand for ABF carriers. On the other hand, AI artificial intelligence is becoming more and more popular in daily life applications, and ABF carriers will be another important role in driving up the demand. In addition to cloud and AI applications, the booming development of 5G wireless communication and related high-speed connectivity applications will also consume a large number of ABF carrier.

Ajinomoto Build-up Film (ABF) can be made into thinner traces and used to guide the production of high-end carrier boards, which are suitable for high pin count and high transmission IC packages. Advances in circuit integration have made it possible for CPUs to be composed of nano-level electronic circuits. These circuits must be connected to the millimeter-level electronic components in electronic devices and systems. This can be accomplished by using a CPU "bed" consisting of multiple layers of microcircuits, called a "stacked substrate". ABF facilitates the formation of these micron-level circuits because its surface can accept laser processing and direct copper plating. Today, ABF is an important material for forming the circuit that directs electrons from nanometer-level CPU terminals to millimeter-level terminals on a printed substrate.

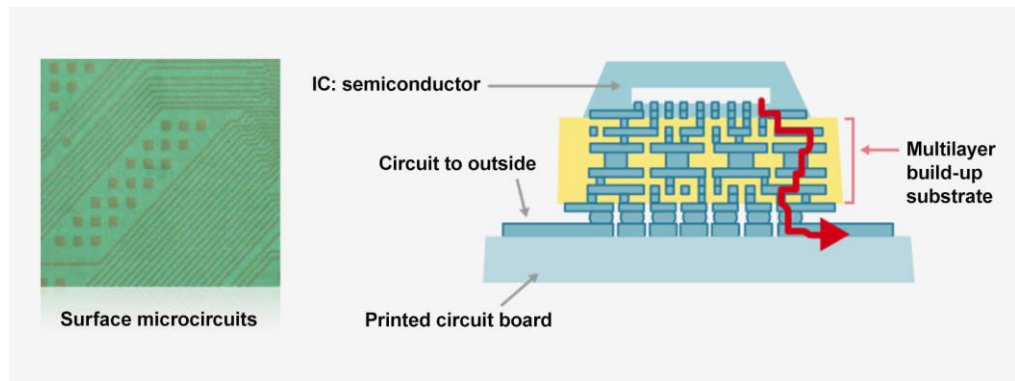


Image source: <https://www.ajinomoto.com>

In order to continue Moore's Law, semiconductor manufacturers are working on the design and packaging process stages for the semiconductor wafer fabrication and packaging sub-industry, and the small wafer design is becoming increasingly popular, consuming more ABF carriers than the full micro process. At the same time, the size of ABF carriers used in the advanced packaging process of IC wafers (wafers) is larger than the original size of single wafer manufacturing and packaging, and the production yield of single-wafer IC wafers is lower, which is expected to further increase the demand for ABF carriers.

(4) Product Development Trend

Type of Product	Product Development Trend
Reticle Handling Solutions	<ul style="list-style-type: none">■ More stringent requirements for micro-pollution control of high-order masks■ Purging gas has changed from nitrogen (N2) to extreme clean dry air■ Exposure light has improved from ArF193nm to 13.5nm EUV■ More strict requirements for outgassing of carrier and mask materials■ Increased mask cleaning frequency■ Increased necessity for real-time monitoring■ Increasing demand for LCD panel size
Wafer Handling Solutions	<ul style="list-style-type: none">■ More stringent requirements for micro-pollution control of wafer carriers■ RFID carrier identification■ Intelligent wafer carriers and Automation■ More strict requirements for AMHS (Advanced Material Handling System)■ Purging gas has changed from Diffusser Tube Type to Window Diffusser Type■ Demand for vertical substrate carriers that can be used in conjunction with the 3D packaging process
Machining Equipment	<ul style="list-style-type: none">■ Mask transfer, storage, exchange and cleaning solutions■ Wafer testing and intelligent analysis■ Automatic real-time monitoring machines
Aerospace industry	<ul style="list-style-type: none">■ Automatic real-time monitoring machines■ Hydraulic and heat transfer solutions■ Aerospace precision machining components
Medical Career	<ul style="list-style-type: none">■ Urological treatment aids■ Vascular support solutions

(5) Competition in the Industry

Gudeng implements concentric diversification strategies with its unique “Innovative Service Model” and innovative “Co-Creation” model to integrate services and manufacturing from other fields, achieve recognition and trust from industry chain partners in accordance with the principle of “Customer First”, and create flexible and efficient service platforms. To meet any requirements of customers for component supply, component maintenance, equipment performance improvement, etc., Gudeng can provide comprehensive solutions with high quality and competitive prices.

With respect to high-order mask handling solutions, Gudeng leads the market with strongest R&D capabilities in the industry. It is the 18-inch wafer carrier manufacturer (an SEMI member) for global semiconductors, and plays an important role in the development of the semiconductor industry and technological evolution with its innovative technology.

Adhering to the concept of “We represents the manufacturing service industry

to provide customers with complete manufacturing and consulting services, as well as solutions to current and potential problems from customers.”, Gudeng introduced finished products of 18-inch 450mm FOUP and 18-inch 450mm MAC for the first time in the world; it has also built the world’s first 18-inch wafer handling solution production line; EUV POD is one of the only two products certified by well-known semiconductor manufacturers and associations in the world. Since its establishment, Gudeng has invested nearly 10% of its revenue by more than NT\$100 million for R&D each year, focusing on the R&D and innovation of semiconductor wafer and mask handling solutions. In regard to semiconductor equipment, Gudeng is absolutely the leader of carrier technology in the world. Gudeng has developed the technologies related to EUV POD for more than twelve years with close to 700 patents focusing on wafer and mask handling solutions, which demonstrates that Gudeng is a professional manufacturer capable of independently researching and developing technologies. Currently, the main competitor of Gudeng in the mask and wafer handling solutions market is listed as following:

1. Mask Handling Solutions:

Mask box: EHUN (Taiwan), DAINICHI SHOJI KK 64 (Japan), Microtone (US), SEYANG (Korea), Chung King (Taiwan), Entegris (US), Pozzetta (US).

Mask POD: Entegris (US), Shinetsu Polymer (Japan), Chung King (Taiwan)

Equipment: Entegris (US), DMS (Germany)

2. Wafer Handling Solutions:

EHUN (Taiwan), KK (Japan), Miraial (Japan), Chung King (Taiwan), Entegris (US), DAINICHI SHOJI Shinetsu Polymer (Japan)

3. Clean Room Foundry Cleaning:

Entegris (US), EHUN (Taiwan), Chung King (Taiwan)

(III) Technology and R&D Overview

(1) R&D and Innovation Strategy

With “Innovative Service Model” and representing “manufacturing service industry”, Gudeng provides customers with comprehensive solutions by making plans on project management according to customer’s process to shorten product development process, provide custom design, continuously improve manufacturing process, develop stable R&D technologies and innovation strategies. As an innovative service provider, Gudeng is committed to solving customer problems and creating value for both parties. Taiwan’s semiconductor industry has developed for more than 30 years, and major semiconductor manufacturers have become leaders of semiconductor technologies in the world. To help customers improve existing products or technologies after they invest a lot of funds for research and development of advanced processes, Gudeng provides them with improvement plans and samples in a timely manner to help global key customers achieve success

and enable itself to set up a critical status in the field of advanced process.

1. Shortening Product Development Process

In order to shorten development process and start mass production as soon as possible, Gudeng actively cooperates with major domestic and foreign semiconductor manufacturers, to obtain first-hand product specifications from major customers in the world. At the beginning of the design, Gudeng conducts discussions with customers, ahead of the design-in time of new generation of products. During design, Gudeng adopts mold flow analysis software and advanced PRO-E 3D software, while introduces multiple design simulations to obtain optimal design, which can reduce repetitive operation, effectively shorten product development process, and improve design accuracy.

2. Limited Customized Design

Gudeng has developed a unique “Innovative Service Model” focusing on “Partner with H.E.A.R.T., grow with P.A.S.S.I.ON.” In addition, Gudeng adopts the innovative “Co-Creation” model to meet all customer needs quickly and effectively. At the beginning of the design, Gudeng extensively discusses with customers to meet their needs, integrates customers and suppliers from upstream and downstream, and creates flexible and efficient service platforms; Gudeng also evaluates the costs and benefits of custom projects, whether they are in accordance with the principle of proportionality, hoping to satisfy customers and obtain enough profits to repay internal and external stakeholders.

3. Process Improvement

Gudeng has introduced high-quality measuring machines and automation equipment to improve production efficiency. Through mold flow analysis, front-end computer simulation analysis and verification, Gudeng provides resultant information to back-end process to support production verification and improve production efficiency.

4. Developing Stable R&D Technology

The Company has main R&D technologies in line with customers’ process development plans. At the beginning of the design, Gudeng extensively discusses with customers and uses advanced 3D simulation software (PRO-E) to establish R&D technologies for various stages and effectively integrate them to effectively improve the technical level. The Company has employed essential R&D talents who are all senior employees with good stability. In addition, Gudeng continues to recruit outstanding R&D professionals through various channels to expand the momentum of R&D.

Furthermore, Gudeng strives to participate in major product development projects carried out by research institutions sponsored by government to grasp the opportunities for new product development. At the same time, Gudeng actively applies for patents at home and abroad, continues to promote research and development, and properly preserves research and development results.

(2) Competitiveness of Key Technologies

Gudeng focuses on development of semiconductor factories with core technologies: control of Airborne Molecular Contamination (AMC), low moisture absorption high gas barrier and transport, elimination of Electronic Static Discharge (ESD), storage. Descriptions will be given below from three aspects: “Material Selection”, “Mechanism Design” and “High-precision Machining Design, Injection Molding, Mold Manufacturing”:

1. Expertise of Material Selection

Materials with high cleanness are mainly selected. According to use mode and needs of customers, materials are prepared as required and the performance of fit between molds and special plastics is used. This technology leads the world relying on the core competitiveness of Gudeng’s high-level molds and professional injection know-hows, with characteristics as follows:

- a. ESD Dissipation
- b. Low Outgassing
- c. Chemistry Resistance
- d. Wear Resistance
- e. Structural Strength
- f. Stable Dimensions
- g. Low-level Cations and Anions
- h. Low Moisture Absorption High Gas Barrier Property

2. Mechanism Design

Facing rapid changes in corporate products and relative shortening of product life cycles, Gudeng uses rapid prototyping (RP) technology to materialize CAD (computer-assisted/computer-aided drafting) design products in a short time. It also uses the following analysis tools to verify the design of products:

- a. Software - Pro-Engineer
- b. Software - ANSYS
- c. Software - Moldflow
- d. Software - Fluent
- e. Hardware - 3DP Rapid Prototyping Machine
- f. Hardware - Coordinate Measuring Machine: Brown & Sharpe Inspector 6106

3. High-precision Machining Design, Injection Molding, Mold Manufacturing

The production of mask and wafer carriers requires precise size control, static dissipative materials, low dust generation, low outgassing, high surface accuracy, and advanced special materials. Precision injection molding technology rather than conventional injection molding technology must be used for special plastic parts. Gudeng has a rich experience in introducing

precision micro-injection technology, integrating material properties, mold properties, mold manufacturing and precision injection molding to meet the dimensional accuracy requirements and durability standards of customers.

(3) R&D Personnel and Their Education and Experience

The Company has R&D units where the R&D personnel have educational backgrounds as follows:

Year	2022		2023	
Level of Education	Number of Persons	Proportion (%)	Number of Persons	Proportion (%)
Ph.D.	2	3%	4	6%
Master	31	42%	28	43%
Bachelor	34	47%	29	45%
Associate Degree and Below	6	8%	4	6%
Total	73	100%	65	100%

Note 1. As of December 31 of the year

Note 2. Due to organizational adjustments in the R&D department in 2023, some FAE application engineers have been transferred from the R&D department to the sales department.

(4) The annual expenses on R&D invested in the past five years and technologies or products successfully developed:

1. Expenses on R&D invested:

Unit: NT\$ thousand; %

	2019	2020	2021	2022	2023
R&D expenses (A)	96,839	132,385	165,590	297,794	436,395
Revenue (B)	2,374,821	2,512,678	3,121,186	4,494,031	5,078,345
(A)/(B)%	4	5	5	7	9

2. Developed Products and Technologies:

Based on the principle of technology leadership, product innovation and customer partner competition niche, the Company constantly innovates design and makes improvements to meet market needs owing to its excellent R&D team and development strategies. In recent years, Gudeng has successfully developed a number of technologies and applications, and obtained domestic and foreign patents and market competitive advantages. In particular, the certification of EUV POD will further enhance Gudeng's competitive advantages.

Understanding that highly integrated patent layout is the cornerstone of maintaining technology leadership in competition, Gudeng Precision Industry has introduced Taiwan Intellectual Property Management System (TIPS) since 1998 and gained the foundation certificate of this system every year. In addition, Gudeng passed in-depth verification in 2014 and TIPS A certification in 2019, indicating that we attach great importance to intelligent property.

As of the end of 2023, Gudeng has obtained a total of 627 patents, and is still applying for 195 patents. Gudeng won 57 certificates in 2023 and will continue to expand development to build a complete technical landscape.

(IV) Long- and Short-term Business Development Plans

(1) Short- and Medium-term Development Plans

Continue to strengthen the brand Gudeng in the minds of customers, and become the preferred partner of key material suppliers in various industries for innovation technology. Once customers have this demand, they will first refer to Gudeng. Increase the depth and breadth of cooperation with existing customers, and implement the business strategy of “Co-Creation”. Since 2014, Gudeng has invested in related upstream, midstream and downstream companies to integrate supply chains and jointly develop potential carrier customer base; it also looks for industries to replicate their semiconductor innovation service models and create opportunities for innovation cross fields, borders, and regions. The current strategies for development in the semiconductor industry are as follows:

1. Strategic Layout of Wafer Carriers from 18-inch to 12-inch

Gudeng knows clearly that the next-generation key process of “EUV lithography” and “18-inch (450mm) wafer” is an inevitable trend in the development of the semiconductor industry. Since 2008, Gudeng has invested resources in R&D of the key processes. Gudeng’s high-efficiency EUV Pod was certified as advanced process by major lithography manufacturers in 2014. Gudeng cooperated with customers in 10nm trial production, and has developed 7nm, 5nm, and 3nm high-order process. Through close cooperations with customers, Gudeng continues to improve products to meet the ever-increasing quality requirements. With the affirmation of both solutions, Gudeng has established a leading position in the market.

Next, Gudeng will continue to leverage its experience of developing 18-inch advanced process, and enter the 12-inch wafer market with its advantages of “high-order specification maker”, “mold development capability” and “mastery of material properties” to simulate another wave of growth momentum:

- **High-order specification maker:** As one of 18-inch wafer specification makers, Gudeng not only has a close cooperative relationship with major international semiconductor manufacturers, but also has established a perfect network for protection of patents on key technologies.
- **Mold development capability:** Starting from developing large-scale molds, Gudeng has mastered mold flow analysis technology and solid injection know-how that cannot be easily replaced.
- **Mastery of material properties:** In addition to plastics popular in the industry, such as PC and PEEK, Gudeng has a better mastery of unique advanced materials than competitors to meet the requirements for fire prevention and solve the hazards of bubbles and micro dust particles.

2. Strategic Layout from Small Consumables to Large Machines

In addition to developing original carrier products, Gudeng established Gudeng Equipment, indicating that it was officially specialized in the field of

factory automatic handling solutions, and served the parts and assembly foundry markets of major semiconductor manufacturers in Europe and Japan to expand the cooperation relationship with technical leaders and leading manufacturers regarding technologies and businesses.

(2) Long-term Development Goals

Gudeng will adhere to the strategies of “further tap key customers”, “explore new customers” and “develop new markets” to improve the efficiency of innovative services; aim to develop factory automatic technology, expand “precision machinery technology” and “automatic control”, and maximize the value of manufacturing technology and information technology. Meanwhile, Gudeng will attach importance to the outstanding value of comprehensive solutions.

To build solid and complete local supply chains, Gudeng will promote investments, mergers, strategic alliances and technical cooperations between domestic manufacturers and foreign manufacturers to increase the market share of partners and achieve industrial technology upgrading and large-scale manufacturing. In addition, Gudeng will establish systems and processes that meet the requirements of the semiconductor industry for high specifications, assist and guide suppliers in establishing independent technologies for development.

Gudeng will actively carry out the integrated layout of upstream, midstream and downstream supply chains, and the joint development of potential customer bases. By integrating the expertises and technologies of the Company’s upstream and downstream strategic partners, and using the supply chain management capabilities, we can create value for all our cherished customer partners, and also activate the development momentum of industries in Taiwan, to enable them to become indispensable key partners in the practice and local production of the semiconductor industry. Gudeng hopes to expand its product lines to provide upstream and downstream services and solve customer problems.

In addition, Gudeng continues to think about a plan to expand on its core technology to new areas. Twenty-five years ago, Gudeng moved up to the semiconductor industry from single plastic injection molding industry, which was a critical turning point for Gudeng to change and fly high today. This year, Gudeng starts to replicate its success in the semiconductor industry and applying its expertise to the emerging field of key manufacturing processes with future potential. We have successfully expanded into the aerospace industry using our precision machining core technology and have learned from the success in the semiconductor field. We are diligently working and have already secured major customer orders while continuously expanding our product line. We are aiming for billion-dollar revenue in 2024 and believe that we will achieve fruitful results in the coming years.

II. Marketing and Sales Overview

(I) Market Analysis

(1) Major Sales Regions

Unit: NT\$ thousand

Region/Year	2023	2022
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	Amount	%	Amount	%
Domestic Sales	3,105,154	61	2,956,077	66
Foreign Sales	1,973,191	39	1,537,954	34
Total	5,078,345	100	4,494,031	100

Sales (provision) of the Company's main products (services) in 2023: Approximately 61% for domestic sales and approximately 39% for foreign sales. Compared to the same period last year, the proportion of foreign sales increased by about 5%, mainly due to the significant sales of FOUP wafer transport boxes to overseas customers. At present, the Company's main customers include major domestic wafer foundries, central processing unit (CPU) manufacturers, semiconductor transport and storage manufacturers, and mask manufacturers.

(2) Market Share

In recent years, Gudeng has developed and upgraded the functions of mask carriers, which has effectively increased the popularity of Gudeng's carriers in the market. The compatibility of existing product categories with peripheral machines has been greatly improved. More and more customers can directly use Gudeng's products and make estimations based on market conditions and customer usage. Gudeng has occupied a high market share of mask handling solutions serving many customers including major wafer foundries and some integrated component factories (IDM plants). Gudeng is one of two suppliers in the world and only one in Asia regarding EUV POD. In order to be more closely connected with the global development of EUV technology and the use of the same inspection and cleaning equipment for key processes, Gudeng invested in the Brooks M1000 cleaning machine as a standard equipment for advanced process carriers. As the standard equipment for Gudeng's advanced process product pre-shipping cleaning and inspection process, Gudeng has created a top-notch production base exclusively for EUV POD by linking and simulating customers' real usage conditions to ensure the quality and cleanliness of Gudeng's EUV carriers are consistent with customers' requirements, as we have specifically created a top-level production base dedicated to EUV POD. We provide the best quality assurance to our global advanced process customers, and it is estimated that Gudeng has the largest market share of this product in the world.

In the wafer handling market, Gudeng successfully developed the world's first 18-inch carrier product in 2012, capturing a market share of around 80%. In 2013, due to the evolution of the process, the market entered a new version of design development. Gudeng's wafer carrier series entered the market late, and it was not easy for latecomers to break through in the market, but Gudeng overcame many difficulties and has spread throughout the Greater China market. The Chinese government's support for new fabs in the past two years has been a great boost to Gudeng. The new plants have brought immediate demand, and with the added advantage of language and culture, the expansion into China has been relatively smooth, and with the impact of the US-China trade war, Gudeng has been able to quickly capture a number of key customers and new plants in China in the past two

years, and has established good partnerships with customers. Gudeng has a good chance to obtain more than half of the market share in Greater China this year. In the domestic market, the advanced and mature process 12-inch FOUP has been accredited and mass produced by major customers. This year, the Group is expected to see an impressive growth momentum, jumping from a latecomer to a leader, gradually increasing its market share and contributing to the Group's revenue together with its reticle carriers.

(3) Supply and Demand in the Market and Possible Future Growth

Whether the COVID-19 pandemic can be effectively controlled still remains unknown. However, people's lifestyles have changed, leading to "digital transformation". The IEK research team stated that disinfection, intelligence and robotics are the major requirements of the "new normal" in the post-pandemic period, and presented in "home", "person" and "city" innovative applications to realize intelligent and security tools or platforms through high-performance computing, cyber security, IoT and other "common" technologies. This is an irreversible trend, and the advantages brought by the digital life will continue to exist in the mass and commercial communities after a success in the global epidemic resistance, and even become the mainstream in the future.

As an important driving force for digital transformation, semiconductor technologies and products are most promising. The IEK research team holds that there are four major trends in the future development of the semiconductor industry: 1. The key technology for mass production will continue to advance to 7nm and 5nm process, and 2nm process in 2024, with continuous improvement in chip computing performance; 2. Custom multi-core game console computing chips will provide optimal and smooth game screen; 3. AI chips will continue to evolve and change to "cognitive intelligence" chips, and bring a screen experience close to what human eyes see after chip precise analysis; 4. Semiconductor silicon photonics technology will realize low-cost LiDAR modules, and be widely applied to autonomous vehicles. Regarding prospects in the industry, semiconductor technology will continue to advance to the 3nm process node for trial production. As a leader of advanced semiconductor carrier technology, Gudeng contributes to the continuous development of advanced technology and assists customers in solving yield problems and improving quality. Gudeng also cooperates with major domestic semiconductor equipment manufacturers to comprehensively demonstrate the functions of its intelligent carriers by using automatic machines. When global semiconductor manufacturers introduce high-end automatic equipment systems to improve efficiency and reduce possible human errors, Gudeng shows a new series of carrier designs compatible with semiconductor automation systems to prove its not-inferior effort in the process of automation and intelligence based on the basis of high precision.

The global 8-inch and 12-inch wafers have been in short supply Driven by the strong demand, new factories will accelerate their operation to supply the amount

of power, sensors, etc. In 2022, Gudeng's growth in wafer carriers has already started to ferment. The 12-inch FOUP for mature process has been officially certified by global major customers, and has received orders and entered mass production. As the yield rate progresses, we will continue to increase our production capacity. The advanced process 12-inch carrier will follow suit and is expected to be the main driver of revenue in the second half of this year. Gudeng carriers have been in short supply since the second half of 2021 due to the shortage of raw materials, the crisis of material shortage and the rising cost. Gudeng sees the crisis as an opportunity to turn around, and with its core injection technology and years of experience in manufacturing key carriers, Gudeng is able to solve problems for high-end customers around the world, providing them with the best choice to reduce supply chain risks. Gudeng has been working on wafer carriers for many years and finally has the opportunity to break the barriers and jump from the backward to the leading position, gradually expanding its global market share.

Identifying the approaching HVM stage of advanced lithography process, global semiconductor manufactures continue to increase capital expenditures in high-order process. Benefiting from the soaring demand for 5G and wafer foundry, the popularity of advanced processes below 7nm remains high. Major customers around the world have successively announced their plans of major capital expenditures and gradually increased the investment amount, which indicates a long-term trend of continuous investment in high-order semiconductor processes. Gudeng's reticle carrier orders and production capacity are full this year. In addition, wafer carrier shipments have increased significantly, and Gudeng continues to invest a lot of resources to complete the relevant production and inspection equipment, and the production environment is fully replicated to the standards of large customers to pass customer verification with the highest cleanliness standards to meet the peak of shipments this year. The proliferation of 8-inch and 12-inch wafer fabs in the Greater China region has brought Gudeng a lot of opportunities, and the demand for reticle and wafer carriers is extremely high in terms of capital expenditure on semiconductor equipment. In addition to the trade war between the U.S. and China, Gudeng has become the preferred carrier supplier in the Greater China region, and wafer carrier sales will continue to reach new highs as its market share expands.

(4) Competitive Advantages

The Company is positioned to provide innovative technologies for key materials around the world. Product development and manufacturing clearly display market focus and planning. We provide excellent products and also offer total solutions as the main axis. We view customers are partners and provide them with real-time custom design and manufacturing services and related application knowledge (Know-How). The main competitive advantages are as follows:

1. Customer Partnership

Semiconductor mask handling solution products have high technical

threshold and are not easy to be certified. However, the Company has passed the certification of internationally renowned semiconductor factories and achieved good shipment results. Facing the pressure of yearly “cost down”, Taiwan’s semiconductor factories can only reduce costs by developing local suppliers. Gudeng has established long-term trusting relationships with domestic and foreign factories due to its reasonable prices, excellent products, high coordination and local services.

2. Technology Leadership

Gudeng is the market leader of high-order mask handling solutions, and has the strongest technical capabilities in the industry, topping all other industries in carrier design, material selection, testing, purging mechanism design, and integration of purging mechanism and carrier. Airborne Molecular Contamination (AMC) adversely affects the yield of high-order semiconductor processes. All semiconductor factories shall strictly control AMC at the sides of gas supply, equipment, wafers, and masks to avoid affecting the process yield. Semiconductor factories and experts are competing to study and discuss solutions and prevention of AMC. The Company has developed a series of products on its own, and effectively helped customers solve the pollution problem relating to material selection, testing, mechanism design and integration.

In addition, Gudeng has developed a multi-functional mask cleaner ahead of other domestic manufacturers in the same industry and won the 22nd Taiwan Excellence Award in 2014, the 6th Taiwan Mittelstand Award in 2021, and the 27th National Quality Award this year, keeping pace with foreign leading manufacturers with aspect to technical capabilities. In terms of material integration, Gudeng actively develops its own material supply line to strengthen material control, which directly presents the stability and improvement of product quality.

3. Product innovation

The Company has obtained many unique patents through innovative research. As of the end of 2023, Gudeng has obtained a total of 627 patents, and is still applying for 195 patents. Gudeng won 57 certificates in 2023 and will continue to expand development to build a complete technical landscape. Gudeng can provide innovative products according to individual needs of customers to solve their problems and improve their satisfaction. Gudeng also passed the Taiwan Intellectual Property Management System (TIPS) Class A Certification in 2023, which has strengthened the establishment of its patent system and the protection of its patent layout.

4. Industrial Status and Market Advantages

Gudeng is the market leader of high-order mask handling solutions, and also a leader in technology. To consolidate its industrial position, Gudeng will

continue to maintain close partnerships with customers, win a greater market share, and dominate the market.

5. Clear Company Positioning and Development Plan

The Company adheres to its mission of “provide innovative technologies for key materials around the world”. With this clear positioning, Gudeng has developed short-, medium- and long-term business development strategies to enable all employees to implement the strategies and take actions toward the same goals to establish success milestones at each stage. In addition, the Company takes itself as a provider of innovative technologies for key materials to conduct every new investment or develop every new business. Using core technical capabilities to enter different industrial fields rather than blindly following markets enables the Company to grow steadily and continuously.

(5) Positive and Negative Factors for Future Development and Countermeasures

1. Positive Factors

■ Technology Leadership within the Industry:

The Company has R&D talents and rich industrial experience in micro-contamination prevention and control, material selection, mechanism design, mechanism integration, etc., as well as many self-developed patented technologies to build high-tech industrial status that other large factories cannot surpass by increasing scale.

■ Domestic and International Leader:

The Company is the market leader of high-order mask handling solutions home and abroad. Gudeng has won high degree of trust from customers who will continue to work with the Company to develop the next generation of new products to consolidate the position in the industry.

■ Continuous Industrial Growth:

The semiconductor industry will continue to grow in the future, and investment in high-order processes will be higher than the average in the entire semiconductor industry. Currently, the main operating revenue of the Company is highly related to high-order semiconductor processes, and will grow with a higher rate than the average growth of the semiconductor industry.

■ Solid Customer Partnership:

We give priority to the needs of customers and regard the competitiveness of customers as our own competitiveness. The success of our customers represents the success of Gudeng. We strive to establish a deep, trusting and long-term partnership with our customers for success.

■ Highly Competitive Custom Comprehensive Integration Services:

The Company provides customers with most real-time and superior services of products with short development process, fast delivery, high quality, and strong integration capability.

■ Cross-Boundary and Cross-Domain Product Innovation:

The Company has obtained many unique patents through innovative research. As of the end of 2023, Gudeng has obtained a total of 627 patents, and is still applying for 195 patents. Gudeng won 57 certificates in 2023 and will continue to expand development to build a complete technical landscape. Gudeng can provide innovative products according to individual needs of customers to solve their problems and improve their satisfaction. Gudeng also passed the Taiwan Intellectual Property Management System (TIPS) Class A Certification in 2023, which has strengthened the establishment of its patent system and the protection of its patent layout.

2. Negative Factors and Countermeasures

■ Effects of Changes in the Market of Mask Pod and Equipment on the Long-term Growth of the Company's Business

Countermeasures:

- Copy the advantages of mask handling solutions on successful model, technology leadership, product innovation and customer partners to wafer handling solutions to improve the quality and quantity of wafer handling products.
- Develop other key material innovative technologies and apply them to new products, which can extend to other industries such as solar energy, LCD, LED, etc.

■ Infringement Risks of Future Product R&D

Countermeasures:

- Circumvent from the scope of others' patents, strengthen patent management, and conduct patent search and analysis during any development or production of new products to avoid possible infringement risks.
- Establish self patent protection network and scope. Gudeng clearly knows that infringement would cause harm to the Company's operations, and has strictly checked and evaluated whether it infringed any patents of competitors during product R&D since it entered the semiconductor industry. The Company's R&D units have paid close attention to the application status of product patents and taken it as the basis for product research and development.

■ R&D Talent Shortage

Countermeasures:

- Actively participate in implementing major new product plans developed by the Industrial Development Bureau and seek opportunities of foreign technology transfer or joint development to stimulate research and technological upgrading.
- Establish R&D knowledge management database to effectively inherit R&D experience and results, and maximize human resource benefits.
- Strengthen cooperation with academic circle to provide complete welfare system and good working environment, attract and expand professional talents.

(II) Important Uses and Production Processes of Major Products

(1) Important Uses and Production Processes of Major Products

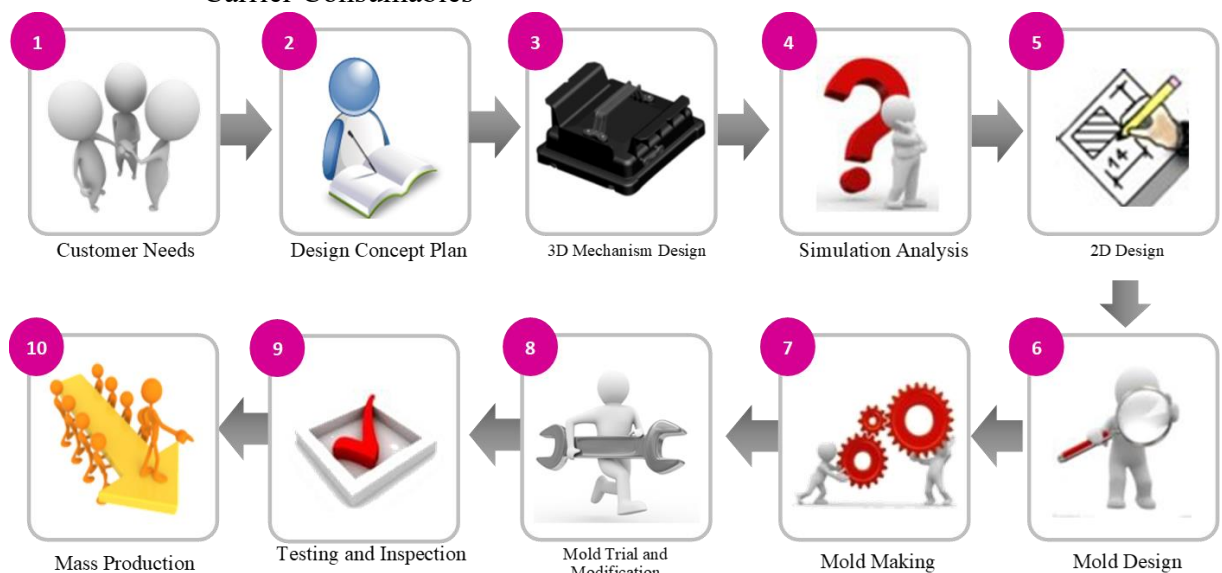
1. Important Uses of Major Products

Type of Product	Important Uses or Functions
Reticle Handling Solutions	<p>To provide the best protection for masks against static electricity, micro-pollution, and particle generation during production, use and handling:</p> <ul style="list-style-type: none"> ■ More stringent requirements for micro-pollution control of high-order masks ■ Purging gas has changed from nitrogen (N₂) to extreme clean dry air ■ Exposure light has improved from ArF193nm to 13.5nm EUV ■ More strict requirements for outgassing of carrier and mask materials ■ Increased mask cleaning frequency ■ Increased necessity for real-time monitoring ■ LCD large size mask box
Wafer Handling Solutions	<p>To prevent wafers from contamination by tiny dust particles in semiconductor process equipment and conveyor system or when they are stored and ensure complete protection of them during all stages of the process:</p> <ul style="list-style-type: none"> ■ More stringent requirements for micro-pollution control of wafer carriers and substrates ■ RFID carrier and substrate identification ■ Intelligent and automatic wafer carriers and substrates ■ More strict requirements for AMHS (Advanced Material Handling System) ■ Purging gas has changed from Diffuser Tube Type to Window Diffuser Type ■ Advanced packaging process (InFO-WLP/FO-WLP/FO-PLP/eWLB) trend
Equipment (Gudeng Equipment)	<p>Provision of clean storage environment for masks:</p> <ul style="list-style-type: none"> ■ Mask micro-pollution prevention with nitrogen/cleaning equipment filled with ultra-clean gas ■ High cleanliness mask stocker ■ Mask cleaner

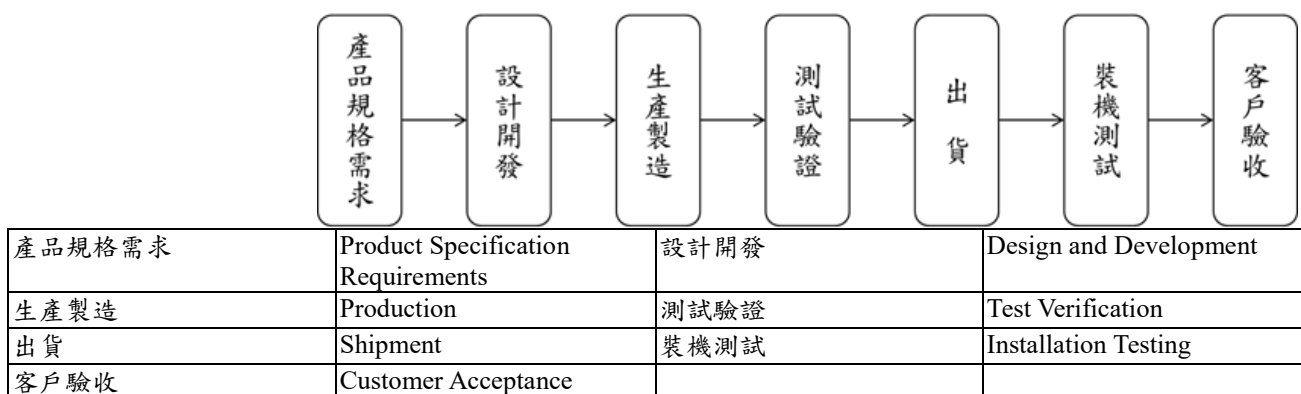
Type of Product	Important Uses or Functions
	<ul style="list-style-type: none"> ■ Gas blowing type mask cleaner ■ Inflatable mask stocker ■ PGV
Others	<p>Provide recycling, cleaning and maintenance services for products, as well as sales of fixtures, purchased products, plastic products, molds, and spare parts. Micro-contamination testing, ion testing and other testing services are included.</p> <ul style="list-style-type: none"> ■ Cleaning of mask/wafer carriers ■ Micro-contamination testing ■ Ion testing ■ Parts and components precision machining and ion testing ■ Precision machining of parts and components

2. Manufacturing Process:

■ Carrier Consumables



■ Machines and Equipment



(III) Supply Status of Main Materials

Gudeng provides products and services of transport, transportation and storage of semiconductor industry masks and wafers, and mainly purchases plastic injection materials. The following table includes a list of major suppliers:

Category	Supplier	Supply Situation
Plastic injection material	Supplier A	Stable quality and supply, long-term cooperation, good supply condition.
Plastic injection material	Supplier B	Stable quality and supply, long-term cooperation, good supply condition.
Plastic injection material	Supplier C	Stable quality and supply, long-term cooperation, good supply condition.

(IV) Customers whose Order Volumes have Accounted for More than 10% of Annual Net Purchases (Sales) during any of the Most Recent Two Years

- (1) Name of Procurement Suppliers whose Order Volumes have Accounted for More than 10% of Annual Net Purchases during any of the Most Recent Two Years

Unit: NT\$ thousand

	2022				2023			
Item	Name	Amount	Percentage of Net Purchase (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase (%)	Relationship with the Issuer
1	Others	2,045,077	100.00		Others	1,672,569	100.00	
	Net purchase	2,045,077	100.00		Net purchase	1,672,569	100.00	

Note 1: Please state the name of suppliers with 10% or more of total procurement during any of the most recent two years and the purchase amount

- (2) Name of Sellers whose Order Volumes have Accounted for More Than 10% of Annual Net Sales during any of the Most Recent Two Years

Unit: NT\$ thousand

	2022				2023			
Item	Name	Amount	Percentage of Net Purchase (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase (%)	Relationship with the Issuer
1	Customer A	2,001,337	44.53	None	Customer A	2,036,682	40.11	None
2	Customer B	460,044	10.24	None				
3	Others	2,032,650	45.23		Others	3,041,663	59.89	
	Net sales	4,494,031	100.00		Net sales	5,078,345	100.00	

Note 1: Please state the name of customers whose order volumes have accounted for more than 10% of annual net sales during the

most recent two years, and the sales amount and proportion.

(V) Most Recent 2-Year Production Volume and Value

Unit: PCS; NT\$1,000

Main Products (or Department)	Year Production Volume/Value	2022			2023		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Mask carrier products		585,580	351,348	683,867	599,980	359,988	825,156
Wafer carrier products		108,636	76,045	401,377	187,554	131,288	640,467
Equipment products		-	166	507,080	-	248	601,079
Semiconductor manufacturing and processing products		-	10,178	96,095	-	16,924	132,493
Others (Note 1)		-	-	149,986	-	-	436,143
Total		694,216	437,737	1,838,405	787,534	508,448	2,635,338

Note 1: Others mainly refer to maintenance and cleaning services, parts, fixtures, molds, etc., with various units, so their production volume should not be included in the calculation.

(VI) Most Recent 2-Year Sales Volume and Value

Unit: PCS; NT\$1,000

Main Products	Sales Volume/Value		2022				2023			
			Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Mask carrier products	235,839	1,732,484	279,698	648,439	224,281	1,689,115	295,207	641,857		
Wafer carrier products	19,985	162,249	41,790	491,522	15,237	161,260	46,193	805,858		
Equipment products	66	745,501	99	178,696	66	787,247	184	286,813		
Motor vehicles trading	-	-	131	71,051	-	-	-	-		
Semiconductor manufacturing and processing products	11,681	28,252	3,214,090	17,885	16,819	83,930	54,291	10,869		
Others (Note 1)	-	287,582	-	130,361	-	383,602	-	227,794		
Total	267,571	2,956,077	3,535,808	1,537,954	256,403	3,105,154	395,875	1,973,191		

Note 1: Others mainly refer to maintenance and cleaning services, parts, fixtures, molds, etc., with various units, so their sales should not be included in the calculation.

III. Information of employees in the most recent two years and during the current fiscal year up to the date of publication of the Annual Report

Year		2022	2023	As of February 28, 2024
Number of Employees	Number of R&D Staff	73	65	66
	Number of Management and Sales Staff	137	182	171
	Number of Operation and Technical Staff	371	393	388
	Total	581	640	625
Average Age		35.61 years old	35.97 years old	36.1 years old
Average Length of Service		3 years and 4 months	3 years and 5 months	3 years and 7 months
Academic Background Distribution	Ph.D.	7	9	8
	Master	100	125	116
	Bachelor	224	252	276
	Senior High	235	224	214
	Below high school	15	30	11
	Total	581	640	625

Note 1: As of December 31 of the year

Note 2: Due to organizational adjustments in the R&D department in 2023, some FAE application engineers have been transferred from the R&D department to the sales department.

IV. Environmental Protection Expenditure

- (I) In accordance with the law, a permit for the establishment of a pollution control facility or a permit for pollutant emission is required, or a pollution control fee needs to be paid, or a dedicated environmental protection unit needs to be set up and related personnel need to be appointed, the application and payment for such permits or the establishment of such unit and the appointment of such personnel shall be explained: Not applicable for Tucheng Plant; sewage discharge from the Tree Valley Plant shall apply for a permit for water pollution discharge prevention and control measures in accordance with the law, and shall pay sewage treatment fees on schedule.
- (II) Investment in main equipment for pollution control, uses of these equipment and their possible benefits: N/A.
- (III) The process of pollution-related environment improvement over the two most recent years until the date of publication of this report. Please describe the process of handling pollution-related disputes, if any: N/A.
- (IV) In the most recent fiscal year and up to the date of this Annual Report printed, the Company's loss (including compensation) for environmental pollution, total of punishment, and the future countermeasures (including improvements) and possible expenditures (including the estimated amount of possible loss, punishment and compensation without taking countermeasures. If it is impossible to reasonably estimate, the fact shall be stated) shall be disclosed: N/A.

- (V) The impact of current pollution situation and its improvement on the Company's earnings, competitive position and capital expenditure and the expected major environmental capital expenditure in the next two years: N/A.

V. Labor Relations

(I) Employee benefits and implementation status

The Company believes that the commitment and hard work of all employees is the foundation of the sustainable development. Therefore, in addition to the Company's continuous efforts in building a competitive salary structure in the market, the Company also diversified and developed various benefit systems to provide reasonable feedback on the employees' hard work results and performance, including:

- Group insurance, including life insurance, accident insurance, medical insurance, and cancer insurance.
- Staff dormitory: Tucheng headquarters and Shu Gu Plant have well-managed staff dormitory for application.
- Staff restaurant: Tucheng headquarters, Fuxing Plant and Shu Gu Plant provide free meals for employees.
- Departmental dinner subsidy: The Company subsidizes each department to organize departmental dinner twice a year; ad hoc company-wide staff dinners are also organized.
- Subsidy for on-the-job training for doctor's and master's degree
- Internal trainer allowance
- Scholarships for children of the employees
- Employee maternity allowance/condolence payment
- Employee work injury/hospitalization condolence allowance
- Marriage and bereavement subsidy
- Domestic and overseas travel or travel allowances for employees: International travel for employees was conducted in 2023 (Destinations: Japan, South Korea, Thailand and Vietnam, totaling 12 groups and 312 employees).
- Bonus System: Three major holiday bonus, performance bonus, project bonus, improvement proposal bonus, and talent recommendation bonus
- Manufacturing personnel full attendance bonus and shift allowance
- Salary raises and promotions are assessed every July
- Subsidies from the Employee Welfare Committee
- Fitness center
- Employee uniforms and safety shoes
- Full-face safety helmet subsidies

(II) Education and Training

The Company proposes education and training plans and budgets for each department every year. In addition to internal trainings held from time to time, external training courses are arranged according to the needs of the staff's skills to improve the professional skills and competitiveness of the staff. Training courses are organized according to job duties. In addition to on-job training, each department arranges suitable internal training courses depending on actual needs which employees can receive new professional skills information at any time and enhance their capabilities in production processes and research and development through seminars. The Company also arranges for employees to participate in training courses organized by various consulting companies, training institutions or government and business associations, as required by the professional courses of each function, so as to enhance their professional qualities.

Relevant information on education and training in 2023:

Item	Total Participants	Total Hours
New Employees Training	1,831	1,679
Professional Skill Training	3,755	8,597
Management Competency Training	313	1,530
General Courses	15,895	28,145
Total	21,794	39,951

(III) Retirement System and Implementation Status

In accordance with the relevant regulations, the Company has formulated the retirement management regulations, and regularly contributes 2% of the total payroll costs to the retirement reserve fund every month and is deposited in the special account of Bank of Taiwan. After July 1, 2005, 6% of the gross salary of selected employees was allocated to their personal pension accounts at the Bureau of Labor Insurance in line with the fully implemented new pension scheme; In case of voluntary pension contribution, the individual pension account of the Bureau of Labor Insurance will be withheld from the monthly salary of the employees at the voluntary contribution rate.

In 2023, the Company processed the retirement of a total of 10 employees, including 8 under the old pension scheme and 2 under the new pension scheme.

Provisions of Labor Pension Act applicable to the Company include the following:

1. Applying for retirement: An employee may apply for retirement in one of the following circumstances:
 - (1) Where the employee has been working for the Company for more than fifteen years and has reached fifty-five years old.
 - (2) Where the employee has been working for the Company for more than twenty-five years.
 - (3) Where the employee has been working for the Company for more than ten years and has reached sixty years old.
2. Mandatory retirement: Unless any one of the following circumstances is met, the Company shall not force an employee to retire:

- (1) Having reached the age of 65.
 - (2) Mentally and physically disabled (not less than 55 years of age).
3. Pension payment standard:
- (1) Employees who have service seniority accumulated before or after the application of the Labor Standards Act, and choose to be applicable to the Labor Standards Act in accordance with Labor Pension Act or service seniority preserved before the application of the Labor Pension Act, shall have their retirement benefit paid in accordance with Article 55 and Article 84-2 of the Labor Standards Act.
 - (2) Employees who have service seniority calculated according to the preceding pension payment standard and are forced to retire in accordance with Subparagraph 2 of Paragraph 1 of Article 54 of the Labor Standards Act, an additional 20% on top of the amount calculated according to the preceding pension payment standard shall be given to the worker forced to retire due to disability incurred from the execution of their duties, as set forth in Subparagraph 2 of Paragraph 1 of Article 55.
 - (3) For employees applying to the pension scheme provided under the Labor Pension Act, the Company shall contribute 6% of the employees' wages to their personal pension account every month.

4. Pension payment:

The Company shall pay the due amount of pension within 30 days after an employee's retirement.

(IV) Employee Stock Ownership Trust

In respect of the labour retirement system, the Company has set up a Stock Trust Committee in addition to the appropriation of reserve funds to the statutory retirement account in accordance with the requirements of the Labor Standards Act and the Labor Pension Act. Upon completion of half a year, the Company may make monthly contributions to purchase the Company's shares in a regular and fixed manner, and the Company shall set aside 100% of the employees' monthly contributions as share incentive bonus.

(V) Collective Bargaining

For the purpose of coordinating labor relations, promoting labor-management cooperation and preventing all kinds of labor problems from happening in the future, the Company convened labor-management meetings on a quarterly basis to provide a platform for consultation and cooperation between the employer and employees, and to gather consensus between both parties. As of the date of the announcement, there is one case of occupational accident currently in litigation.

(VI) Losses suffered by the Company due to labor disputes in the most recent year up to the publication date of this annual report, as well as estimated amount of current losses and those that may occur in the future and the relevant response measures; if these amounts cannot be estimated reasonably, the facts that they cannot be estimated reasonably shall be explained: None

(VII) Work environment and protective measures for employees' personal safety

1. The Company takes into account of the importance of work environment and protective measures for employees' personal safety. The Company has respectively obtained the ISO 14001 Environmental Management System Certification and ISO 45001 Occupational Health and Safety Management System Certification. In compliance with international standards, the Company constructed the environment, health and safety management system to implement environmental health and safety and pay attention to the safety and health of employees.
2. The Company has set up an Occupational Health and Safety Committee. The committee meetings are held quarterly to improve the health and safety management layer by layer, reduce the injury rate and promote health in the workplace.
3. The Company established the Health and Safety Rules in accordance with Occupational Health and Safety Act. The Rules regulate health and safety management items for compliance by employees.
4. The Company set up the occupational health and safety management personnel in accordance with Occupational Health and Safety Act. The Company organizes and supervises the occupational health and safety management, occupational health and safety education and training, health and safety inspection of each department on a monthly basis.
5. The Company implements maintenance and inspection of hazardous machinery and equipment. Department supervisors or management, command and supervision personnel are responsible for the supervision work according to the inspection frequency. Regularly conduct workplace environmental monitoring to ensure that there are no health hazards in the work environment.
6. Implement the matters needing attention in the workplaces. Keep the workplace neat and clean. Make sure the 6S requirements are fulfilled. If there is any problem, the relevant personnel should be informed promptly to deal with it.
7. Regularly organize occupational health and safety and emergency response trainings and other related exercises. Guide employees to get first aid skills and escape incident to avoid disasters.

2023	Number of Training Participants	Total Hour of Training
Safety and Health Training for New Employees	107	321
General Safety and Health Training for Current Employees	628	1256
General Education Training of Chemicals	744	744
Emergency Response Training	1010	904.5

8. Statistics of the Company's professionally licensed industrial safety management staff are as follows:

Professional Licenses	Number of Staff
Type A Occupational Safety and Health Supervisors	8
Type A Occupational Safety Managers	3
Type A Occupational Health Managers	2
Type B Occupational Safety and Health Managers	3
Hazardous Operations Supervisors (including organic solvents, specific chemicals, oxygen deficiency, dust)	19
First Aiders	17

9. The Company regularly holds health check-ups for all employees, providing them with the results to keep them informed about their health status. We also employ healthcare service nurses to provide on-site health services, including health education, consultation, assessment of excessive workload, and evaluation of ergonomic hazards. Based on the annual health check-up results, we classify employees into different health levels and provide personalized health management advice to high-risk groups. We also conduct return-to-work evaluations for employees who have experienced work-related injuries. We are committed to implementing and executing four major programs: prevention of diseases caused by abnormal workloads, prevention of ergonomic hazards, maternal health protection, and prevention of unlawful infringements.

10. The Company's EHS Performance in the Past Three Years - Statistics of Employee Injury-related Disability:

Year	Fatal Accident	Disability Accident
2021	Male: 0 Female: 0	Male: 4 Female: 1
2022	Male: 0 Female: 0	Male: 2 Female: 2
2023	Male: 0 Female: 0	Male: 2 Female: 1

VI. Information Security Management

(I) Information Security Management Framework:

The Company uses the Information Security Governance Framework as a system to guide and control the information security activities of the organization. The purpose is to ensure information security and to undertake the objectives and strategies of the organization's operations, to ensure that information security is consistent with business objectives, and to reduce information security risks by providing continuous feedback on the Information Security Governance Framework from the top down.

Management Level: Management should be aware of the threats to the organization and determine the measures and priorities to address those risks.

Operational Level: Critical operations and systems should be identified to ensure that the potential risks to the business are well managed.

Maintenance Level: Ensure that critical information assets are fully protected according to management's intent and business criticality.

(II) Information Security Policy:

Based on laws and regulations and contractual requirements, we provide a reliable information security management operating environment, maintain the legal use of information systems and data, ensure the continued normal operation of the Company's business, and achieve the Company's information security management goals.

(III) Specific Management Solutions:

- Confidentiality, integrity, availability, and compliance of business (information) services.
- Handling of information security management accidents.
- Information infrastructure, information systems, and data backup management.
- Account password setting management.
- Management of information and communication security incidents revealed by the media.
- Management of the continuous operation and maintenance plan exercise.
- Management of non-planned operational downtime.

(IV) Input Resources for Information Security Management:

In response to the increasing importance of information security, Gudeng's important customers have become more and more stringent in their requirements for suppliers' information security. Regular and irregular information security self-assessments and information security audits have become the norm, and it is the important responsibility of Gudeng's customers and shareholders to establish a sound information security system and implement it to avoid serious harm to enterprises and customers caused by information security accidents. The Company has invested resources in the implementation of Information Security Management System (ISMS) and the implementation plan is as follows:

- 2021/07: Project initiation; counseling and coaching.
- 2021/10: Information Security Management Committee established.
- 2021/11: Announcement of Information Security Policy, issuance and implementation of ISMS documents.
- 2022/01: Internal audits.
- 2022/02: Management review (ISMS Performance Report).

■ 2022/03: Obtained third-party certification (ISO 27001).

(V) The Company has been certified with ISO 27001:2013 on March 29, 2022.

(VI) Losses suffered as a result of significant information security incidents, possible impact and response measures for the most recent year and up to the date of printing of the annual report. None.

VII. Important Contracts:

February 28, 2024

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Credit contract	Chang Hwa Bank	2020.03.31-2040.03.31	Real estate backed guaranteed loan of NT\$872,000,000	None
Credit Contract	Chang Hwa Bank	2020.04.01-2025.03.31	Financing for the construction of clean rooms of NT\$74,970,000	None
Credit contract	Chang Hwa Bank	2020.05.15-2025.03.31	Financing for the construction of clean rooms of NT\$37,480,000	None
Credit contract	Chang Hwa Bank	2023.11.07-2024.05.07	Working capital loan of NT\$100,000,000	None
Credit contract	Taiwan Cooperative Bank	2021.03.02-2041.03.02	Real estate mortgage guarantee loan of NT\$389,000,000	None
Credit contract	Taiwan Cooperative Bank	2017.04.05-2024.06.30	Real estate mortgage guarantee loan of NT\$25,000,000	None
Credit contract	Taiwan Cooperative Bank	2022.02.25-2024.06.30	Real estate construction loan of NT\$87,000,000	None
Credit contract	Taiwan Cooperative Bank	2023.11.02-2025.11.02	Working capital loan of NT\$180,000,000	None
Credit contract	Taiwan Cooperative Bank	2023.06.30-2025.06.30	Real estate mortgage guarantee loan of NT\$59,500,000	None
Credit contract	Taiwan Cooperative Bank	2023.06.30-2025.06.30	Real estate mortgage guarantee loan of NT\$83,000,000	None
Credit contract	Taiwan Cooperative Bank	2023.06.30-2025.06.30	Real estate construction loan of NT\$79,680,000	None
Credit contract	Taiwan Business Bank	2023.06.01-2024.06.01	Working capital loan of NT\$80,000,000	None
Credit contract	Taiwan Business Bank	2023.06.01-2024.06.01	Working capital loan of NT\$70,000,000	None
Credit contract	Taiwan Business Bank	2021.06.25-2041.06.25	Real estate mortgage guarantee loan of NT\$728,00,000	None
Credit contract	Taiwan Business Bank	2022.01.04-2042.01.04	Real estate mortgage guarantee loan of NT\$338,00,000	None
Credit contract	Bank of Panhsin	2021.04.06-2041.04.06	Real estate mortgage guarantee loan of NT\$63,000,000	None
Credit contract	Bank of Panhsin	2020.02.21-2035.02.21	Real estate mortgage guarantee loan of NT\$51,900,000	None
Credit contract	First Bank	2019.07.24-2039.08.06	Real estate mortgage guarantee loan of NT\$44,500,000	None
Credit contract	First Bank	2023.06.12-2024.06.12	Real estate mortgage guarantee loan of NT\$35,000,000	None
Credit contract	First Bank	2023.06.12-2024.06.12	Working capital loan amount of NT\$50,000,000	None
Credit contract	First Bank	2023.06.12-2024.06.12	Working capital loan amount of NT\$150,000,000	None
Credit contract	First Bank	2023.06.12-2024.06.12	Working capital loan amount of NT\$100,000,000	None
Credit contract	Hua Nan Bank	2023.03.17-2028.03.17	Working capital loan amount of NT\$80,000,000	None

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Credit contract	Taipei Fubon Commercial Bank	2023.12.29-2024.12.29	Working capital loan amount of NT\$200,000,000	None
Credit contract	Taipei Fubon Commercial Bank	2023.12.29-2024.12.29	Time deposit pledge amount of NT\$100,000,000	None
Credit contract	Land Bank	2023.08.04-2025.08.04	Working capital loan amount of NT\$100,000,000	None
Credit contract	Cathay United Bank	2023.06.30-2025.06.30	Working capital loan amount of NT\$50,000,000	None
Credit contract	Cathay United Bank	2023.06.30-2024.06.30	Working capital loan amount of NT\$50,000,000	None
Credit contract	Cathay United Bank	2023.06.30-2024.06.30	Time deposit pledge amount of NT\$200,000,000	None
Credit contract	Bank SinoPac	2023.08.31-2024.08.31	Working capital loan amount of NT\$150,000,000	None
Credit contract	Entie Commercial Bank	2023.09.27-2024.09.27	Working capital loan amount of NT\$200,000,000	None
Credit contract	Bank SinoPac	2023.08.31-2024.08.31	Working capital loan amount of NT\$150,000,000	None
Credit contract	CTBC Bank	2023.08.31-2024.08.31	Working capital loan amount of NT\$100,000,000	None
Credit contract	CTBC Bank	2023.09.01-2026.09.01	Capital increase loan amount of NT\$300,000,000	None
Real Estate Purchase Agreement	Chen Chun-Lung	2023.01.03	213-1 Longfu Section, Sanxia District, New Taipei City, has been subdivided to create 213-2	None
Real Estate Purchase Agreement	Chen Chih-Ting	2023.07.17	84 and 212 Longfu Section, Sanxia District, New Taipei City	None
Real Estate Purchase Agreement	Chen Li-Ting	2024.01.26	Longfu Section	None
Real Estate Purchase Agreement	Kao Yi-Lieh	2023.08.06	A 1/4 share of the property located at 592 Xinxing Section, Shulin District, New Taipei City	None
Real Estate Purchase Agreement	Chen Chin-Tse Chen Mei-Ling	2023.04.28	79 Longfu Section, Sanxia District, New Taipei City	None
Real Estate Purchase Agreement	Chen Chun-Chih	2023.03.27	84 and 212 Longfu Section, Sanxia District, New Taipei City	None
Purchase Agreement	Yung Ming Precast Concrete Co., Ltd.	2022.03.11-2040.05.03	81 Longfu Section, Sanxia District, New Taipei City	None
Lease Contract	Laien Parts Technology Co.,Ltd.	2020.05.14-2040.05.13	Solar Photovoltaic Power Generation System Facilities-No. 19, Zijie Road, HsinJin Section, Hsin Shi District, Tainan City (Jiujiu Building)	None

Chapter 6. Financial Overview

I. Most Recent 5-Year Concise Balance Sheet and Income Statement

(I) International Financial Reporting Standards

Concise Consolidated Balance Sheet

Unit: NT\$ thousand

Year		Most Recent 5-Year Financial Information				
		2019	2020	2021	2022	2023
Item						
Current Assets		1,689,184	2,931,352	3,593,862	5,647,182	7,810,600
Property, Plant and Equipment		961,985	2,137,587	4,233,411	4,829,830	6,249,648
Intangible Assets		60,041	206,553	182,517	168,952	338,785
Other Assets		2,110,367	954,610	1,491,526	1,587,460	1,899,331
Total Assets		4,821,577	6,230,102	9,501,316	12,233,424	16,298,364
Current Liabilities	Before Distribution	1,270,449	1,587,699	2,032,777	2,682,551	3,110,778
	After Distribution	1,351,176	1,880,450	2,200,214	3,028,904	(Note 2)
Non-current Liabilities		1,664,403	1,831,542	2,942,865	4,196,249	4,276,815
Total Liabilities	Before Distribution	2,934,852	3,419,241	4,975,642	6,878,800	7,387,593
	After Distribution	3,015,579	3,711,992	5,143,079	7,225,153	(Note 2)
Interests Attributable to Owners of the Parent		1,846,358	2,739,335	4,421,093	4,878,374	8,119,244
Capital Stock		740,606	840,381	840,973	842,494	942,972
Capital Surplus		882,264	1,396,857	3,094,606	3,248,341	5,989,152
Retained Earnings	Before Distribution	274,616	538,462	506,712	934,205	1,104,319
	After Distribution	193,889	245,711	339,275	587,852	(Note 2)
Other Interests		(28,246)	(21,076)	(5,909)	(146,666)	82,801
Treasury Stock		(22,882)	(15,289)	(15,289)	-	-
Non-controlling Interests		40,367	71,526	104,581	476,250	791,527
Total	Before Distribution	1,886,725	2,810,861	4,525,674	5,354,624	8,910,771
Equity	After Distribution	1,805,998	2,518,110	4,358,237	5,008,271	(Note 2)

Note 1: The above annual financial information has been audited and signed by the CPAs.

Note 2: The distribution of earnings in the second half of 2023 has been resolved by the Board of Directors, but not yet released.

Concise Consolidated Comprehensive Income Statement

Unit: NT\$ thousand

Item	Year	Most Recent 5-Year Financial Information				
		2019	2020	2021	2022	2023
Operating Revenue		2,374,821	2,512,678	3,121,186	4,494,031	5,078,345
Operating Margin		747,671	804,206	1,238,008	2,190,315	2,438,648
Operating Profit and Loss		199,744	98,033	460,149	1,092,303	1,060,078
Non-operating Income and Expenses		90,152	519,075	7,316	134,157	133,540
Pre-tax Net Profit		289,896	617,108	467,465	1,226,460	1,193,618
Net Profit of Continuing Operations for the Period		234,560	491,655	369,829	1,027,329	1,023,373
Loss from Discontinued Operations		-	-	-	-	-
Net Profit (Loss) for the Period		234,560	491,655	369,829	1,027,329	1,023,373
Other Comprehensive Profit and Loss for the Period (Net of Tax)		(21,090)	5,316	6,841	(139,683)	246,698
Total Comprehensive Profit and Loss for the Period		213,470	496,971	376,670	887,646	1,270,071
Net Profit Attributable to Owners of the Parent		224,155	460,312	336,660	933,071	905,006
Net Profit Attributable to Non-controlling Interests		10,405	31,343	33,139	94,258	118,367
Total Comprehensive Profit and Loss Attributable to Owners of the Parent		203,065	465,628	343,501	793,258	1,151,925
Total Comprehensive Profit and Loss Attributable to Non-controlling Interests		10,405	31,343	33,169	94,388	118,146
Earnings per Share		3.25	6.18	4.03	11.12	10.24

Note: The above annual financial information has been audited and signed by the CPAs.

(II) International Financial Reporting Standards - Individual Financial Statements

Concise Individual Balance Sheet

Unit: NT\$ thousand

Year		Most Recent 5-Year Financial Information				
Item		2019	2020	2021	2022	2023
Current Assets		878,680	1,994,122	2,215,494	2,846,390	4,244,363
Property, Plant and Equipment		822,845	1,923,851	4,033,136	4,454,585	5,366,588
Intangible Assets		10,080	99,622	99,665	96,647	129,176
Other Assets		2,464,757	1,481,108	2,222,720	2,969,416	3,943,023
Total Assets		4,176,362	5,498,703	8,571,015	10,367,038	13,683,150
Current Liabilities	Before Distribution	678,162	946,113	1,219,983	1,437,215	1,668,750
	After Distribution	758,889	1,238,864	1,387,420	1,783,568	(Note 2)
Non-current Liabilities		1,651,842	1,813,255	2,929,939	4,051,449	3,895,156
Total Liabilities	Before Distribution	2,330,004	2,759,368	4,149,922	5,488,664	5,563,906
	After Distribution	2,410,731	3,052,119	4,317,359	5,835,017	(Note 2)
Interests Attributable to Owners of the Parent		1,846,358	2,739,335	4,421,093	4,878,374	8,119,244
Capital Stock		740,606	840,381	840,973	842,494	942,972
Capital Surplus		882,264	1,396,857	3,094,606	3,248,341	5,989,152
Retained Earnings	Before Distribution	274,616	538,462	506,712	934,205	1,104,319
	After Distribution	193,889	245,711	339,275	587,852	(註 2)
Other Interests		(28,246)	(21,076)	(5,909)	(146,666)	82,801
Treasury Stock		(22,882)	(15,289)	(15,289)	-	-
Non-controlling Interests		-	-	-	-	-
Total	Before Distribution	1,846,358	2,739,335	4,421,093	4,878,374	8,119,244
Equity	After Distribution	1,765,631	2,446,584	4,253,656	4,532,021	(Note 2))

Note 1: The above annual financial information has been audited and signed by the CPAs.

Note 2: The distribution of earnings in the second half of 2023 has been resolved by the Board of Directors, but not yet released.

Concise Individual Comprehensive Income Statement

Unit: NT\$ thousand

Item	Year	Most Recent 5-Year Financial Information				
		2019	2020	2021	2022	2023
Operating Revenue		1,213,811	1,430,164	1,994,676	3,159,978	3,495,633
Operating Margin		602,854	600,622	941,111	1,590,086	1,630,427
Operating Profit and Loss		160,639	24,023	338,607	724,886	634,966
Non-operating Income and Expenses		111,283	545,334	71,907	343,341	349,781
Pre-tax Net Profit		271,922	569,357	410,514	1,068,227	984,747
Net Profit of Continuing Operations for the Period		224,155	460,312	336,660	933,071	905,006
Loss from Discontinued Operations		-	-	-	-	-
Net Profit (Loss) for the Period		224,155	460,312	336,660	933,071	905,006
Other Comprehensive Profit and Loss for the Period (Net of Tax)		(21,090)	5,316	6,841	(139,813)	246,919
Total Comprehensive Profit and Loss for the Period		203,065	465,628	343,501	793,258	1,151,925
Net Profit Attributable to Owners of the Parent		224,155	460,312	336,660	933,071	905,006
Net Profit Attributable to Non-controlling Interests		-	-	-	-	-
Total Comprehensive Profit and Loss Attributable to Owners of the Parent		203,065	465,628	343,501	793,258	1,151,925
Total Comprehensive Profit and Loss Attributable to Non-controlling Interests		-	-	-	-	-
Earnings per Share		3.25	6.18	4.03	11.12	10.24

Note: The above annual financial information has been audited and signed by the CPAs.

(III) Name and Auditing Opinions of CPAs in Recent Five Years

Year	Accounting Firm	Name of CPA	Audit Opinion
2019	Deloitte & Touche	Yi-Hui Lin, Nai-Hua Guo	Unmodified opinion
2020	Deloitte & Touche	Yi-Hui Lin, Nai-Hua Guo	Unmodified opinion
2021	Deloitte & Touche	Yi-Hui Lin, Jien-Ming Tseng	Unmodified opinion
2022	Deloitte & Touche	Jien-Ming Tseng, Pan-Fa Wang	Unmodified opinion
2023	Deloitte & Touche	Jien-Ming Tseng, Pan-Fa Wang	Unmodified opinion

II. Most Recent 5-Year Financial Analysis

(I) Financial Analysis after Adoption of International Accounting Standards

Consolidated Financial Analysis

<div> <div></div> <div>Year</div> </div> <div>Items (Note 2)</div>		Most Recent 5-Year Financial Analysis (Note 1)				
		2019	2020	2021	2022	2023
Financial structure	Liabilities to assets ratio (%)	60.87	54.88	52.37	56.23	45.33
	Ratio of long-term capital to real property, plant and equipment (%)	369.15	217.18	176.42	197.75	211.01
Debt service ability	Current ratio (%)	132.96	184.63	176.80	210.52	251.08
	Quick ratio (%)	66.92	127.07	118.07	142.94	184.41
	Interest coverage ratio	8.02	18.75	17.96	23.28	14.38
Operating ability	Accounts receivable turnover rate (times)	8.53	7.21	5.96	5.27	5.16
	Average days for cash receipts	43	51	61	69	71
	Inventory turnover rate (times)	2.55	2.21	2.07	1.74	1.49
	Accounts payable turnover rate (times)	7.93	7.06	5.76	4.63	4.74
	Average days for sale of goods	143	165	176	210	245
	Property, plant and equipment turnover ratio (times)	2.25	1.62	0.98	0.99	0.92
	Total assets turnover rate (times)	0.55	0.45	0.40	0.41	0.36
Profitability	Return on assets (ROA) (%)	6.18	9.40	4.98	9.86	7.67
	Return on equity (ROE) (%)	14.18	20.93	10.08	20.80	14.35
	Ratio of net income before tax to paid-in capital (%) (Note 6)	39.14	73.43	55.59	145.57	126.58
	Net profit margin (%)	9.88	19.57	11.85	22.86	20.15
	Earnings per share (NT\$)	3.25	6.18	4.03	11.12	10.24
Cash flows	Cash flow ratio (%)	45.21	11.13	21.78	31.79	39.03
	Cash flow adequacy ratio (%)	39.26	31.10	26.58	32.36	37.84
	Cash reinvestment ratio (%)	25.99	0.60	0.52	6.68	4.10
Leverage	Operating leverage	1.68	2.68	1.46	1.26	1.34
	Financial leverage	1.26	1.55	1.06	1.05	1.09
Please explain the reasons for the changes in financial ratios in the most recent two years (increase or decrease by 20%). 1. Increase in quick ratio: This is mainly due to the increase in cash and cash equivalents resulting from financing activities. 2. Decrease in interest coverage ratio: This is mainly due to the demand for operation, expansion of factory buildings, and purchase of equipment, resulting in an increase in interest expenses. 3. Decrease in return on assets: This is mainly due to the expansion of operations and the increase in assets in the current period. 4. Decrease in return on equity: This is mainly due to the increase in shareholders' equity resulting from the issuance of new shares at a premium during the current period. 5. Increase in cash flow ratio: This is mainly due to the increase in cash flows resulting from operating activities. 6. Decrease in the cash reinvestment ratio: This is mainly due to the increase in property, plant and equipment and operating capital.						

Financial Analysis - Parent Company Only

Items (Note 2)		Year	Most Recent 5-Year Financial Analysis (Note 1)				
			2019	2020	2021	2022	2023
Financial structure	Ratio of liabilities to assets (%)		55.79	50.18	48.42	52.94	40.66
	Ratio of long-term capital to real property, plant and equipment (%)		425.13	236.64	182.27	200.46	223.87
Debt service ability	Current ratio (%)		129.57	210.77	181.60	198.05	254.34
	Quick ratio (%)		80.48	171.98	137.53	132.71	180.27
	Interest coverage ratio		7.97	18.50	16.94	21.31	12.71
Operating ability	Accounts receivable turnover rate (times)		6.53	5.56	4.43	4.53	4.43
	Average days for cash receipts		56	66	82	81	82
	Inventory turnover rate (times)		2.34	2.72	2.59	2.39	1.91
	Accounts payable turnover rate (times)		4.78	6.09	5.82	6.53	6.03
	Average days for sale of goods		156	134	141	153	191
	Property, plant and equipment turnover ratio (times)		1.30	1.04	0.67	0.74	0.71
	Total assets turnover rate (times)		0.32	0.30	0.28	0.33	0.29
Profitability	Return on assets (ROA) (%)		6.67	10.05	5.08	10.30	8.09
	Return on equity (ROE) (%)		13.90	20.08	9.40	20.07	14.43
	Ratio of net income before tax to paid-in capital (%) (Note 6)		36.72	67.75	48.81	126.79	104.43
	Net profit margin (%)		18.47	32.19	16.88	29.53	25.89
	Earnings per share (NT\$)		3.25	6.18	4.03	11.12	10.24
Cash flows	Cash flow ratio (%)		79.86	(2.04)	14.76	40.48	39.11
	Cash flow adequacy ratio (%)		47.97	26.82	17.11	19.89	22.35
	Cash reinvestment ratio (%)		24.90	(3.98)	(3.30)	4.05	(0.26)
Leverage	Operating leverage		1.67	6.36	1.50	1.31	1.44
	Financial leverage		1.32	(2.82)	1.08	1.08	1.15

Please explain the reasons for the changes in financial ratios in the most recent two years (increase or decrease by 20%).

1. Decrease in ratio of liabilities to assets and return on assets: This is mainly due to the expansion of operations and the increase in assets in the current period.
2. Increase in current ratio and quick ratio: This is mainly due to the increase in cash and cash equivalents resulting from financing activities.
3. Decrease in interest coverage ratio: This is mainly due to the demand for operation, expansion of factory buildings, and purchase of equipment, resulting in an increase in interest expenses.
4. Decrease in inventory turnover rate and increase in average days for sale of goods: This is mainly due to the increase in inventory stocking in response to future order growth.
5. Decrease in return on equity: This is mainly due to the increase in shareholders' equity resulting from the issuance of new shares at a premium during the current period.
6. Decrease in the ratio of operating profit to paid-in capital: This is mainly due to the issuance of new shares through capital increase in the current year.
7. Decrease in the cash reinvestment ratio: This is mainly due to the increase in property, plant and equipment and operating capital.

Note 1: The above annual financial information has been audited and signed by the CPAs.

Note 2: The following lists the formulas used for performing the financial analysis:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment.
2. Debt service ability
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
 - (3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses.
3. Operating ability
 - (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts

receivable and bills receivable from business activities).

(2) Average days for cash receipts = $365 / \text{Accounts receivable turnover}$.

(3) Inventory turnover rate = $\text{Cost of sales} / \text{Average inventory}$.

(4) Payables turnover rate (including accounts payable and bills payable from business activities) = $\text{Cost of sales} / \text{Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)}$.

(5) Average days for sale of goods = $365 / \text{Inventory turnover}$.

(6) Turnover rate for property, plant and equipment = $\text{Net sales} / \text{Average net property, plant, and equipment}$.

(7) Total asset turnover rate = $\text{Net sales} / \text{Average total assets}$.

4. Profitability

(1) Return on assets (ROA) = $[\text{Profit or loss after tax} + \text{Interest expenses} \times (1 - \text{Tax rate})] / \text{Average total assets}$.

(2) Return on equity (ROE) = $\text{Profit or loss after tax} / \text{Average total equity}$.

(3) Net profit ratio = $\text{Profit or loss after tax} / \text{Net sales}$.

(4) Earnings per share = $(\text{Income attributable to owners of parent company} - \text{Preferred shares dividends}) / \text{Weighted average number of shares issued. (Note 4)}$

5. Cash flows

(1) Cash flow ratio = $\text{Net cash flows from operating activities} / \text{Current liabilities}$.

(2) Cash flow sufficiency ratio = $\text{Net cash flow from operating activities for the most recent five years} / (\text{Capital expenditures} + \text{Inventory increment} + \text{Cash dividends}) \text{ for the most recent five years}$.

(3) Cash reinvestment ratio = $(\text{Net cash flow from operating activities} - \text{Cash dividends}) / (\text{Gross property, plant, and equipment} + \text{Long-term investment} + \text{Other non-current assets} + \text{Working capital})$. (Note 5)

6. Leverage:

(1) Operating Leverage = $(\text{Net Operating Revenue} - \text{Variable Costs and Operating Expenses}) / \text{Operating Income}$

(2) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{Interest expenses})$.

Note 3: Special attention shall be paid to the following matters when using the calculation formula of earning per share above:

1. Use the weighted average number of common shares, not the number of shares outstanding at the end of year.
2. Shares from cash capital increase or treasury stock transactions shall be considered when calculating the weighted average number of shares.
3. The shares from capitalization of earnings or capital surplus shall be retrospectively adjusted by the proportion of capital increase when calculating the earnings per share for previous annual and semi-annual periods. The issuance period of the capital increase does not have to be considered.
4. If preferred shares are cumulative non-convertible preferred shares, dividends (regardless of whether they are paid out in dividends) of the current year shall be subtracted from after tax net profit, or net loss after tax shall be increased. If preferred shares are non-cumulative, in the event of net profits, preferred shares shall be subtracted after tax, but no adjustments needed if there are losses.

Note 4: Special attention should be paid to the following when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the annual cash outflows for capital investments.
3. The increase in inventory is included only if the balance at the end of period is greater than the balance at the beginning of period. If it is the other way around, the number used should be zero.
4. Cash dividends include cash dividends from common and preferred shares.
5. Gross property, plant, and equipment refers to the total property, plant and equipment before deduction of accumulated depreciation.

Note 5: The issuer shall classify the operating costs and operating expenses as fixed or variable as per their nature. If it involves estimation or subjective judgment, they are classified based on rationality and consistency.

Note 6: Where Corporation shares have no par value or where the par value per share is not NTD 10, any calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio belonging to the owner of the parent Corporation of the asset balance sheet.

III. Audit Committee's Report in the Most Recent Year's Financial Statements

Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2023 business report, consolidated financial statements, and earnings distribution proposal, of which the consolidated financial statements have been audited by the CPAs Jien-Ming Tseng and Pan-Fa Wang of Deloitte & Touche and an Audit Report is submitted. The report fairly represents the Company's financial status.

The aforementioned business report, financial statements and the earnings distribution proposal were reviewed by the Audit Committee and no discrepancy was found. The report is shown above pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. The report is submitted for approval.

To

2024 Annual General Meeting of Shareholders of Gudeng Precision Industrial Co., Ltd.

Gudeng Precision Industrial Co., Ltd.

Convener of Audit Committee: Kuang-Hui Chiu

March 6, 2024

IV. Financial Statements in the Most Recent Year's Financial Statements

Declaration of Consolidated Financial Statements of Affiliates

In 2023 (from January 1, 2023 to December 31, 2023), companies that should be included in the Affiliate Consolidated Financial Statements as provided by the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports of Affiliated Enterprises, and Consolidated Financial Statements of Affiliated Enterprises” are the same as what should be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Accounting Standards No. 10, and the relevant information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of the parent and its subsidiaries. The company shall not be required to prepare separate Affiliate Consolidated Financial Statements.

Sincerely,

Company name: Gudeng Precision Industrial Co., Ltd.

Person in Charge: Ming-Chien Chiu

March 6, 2024

v. Individual Financial Statements Certified by CPAs in the Most Recent Year:

Affiliates' Statement of Consolidated Financial Statements

In 2023 (from January 1 to December 31, 2023), the “companies” required to be included in the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Accounting Standards No. 10 (IAS 10), and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the proceeding consolidated financial statements of parent and subsidiary companies, thus the Company is not required to prepare separate consolidated financial statements of affiliates.

Hereby declare

Name of Company: Gudeng Precision Industrial Co., Ltd.

Chairman: Ming-Chien Chiu

March 6, 2024

Independent Auditors' Report

To: Gudeng Precision Industrial Co., Ltd.

Audit Opinion

We have audited the accompanying parent company consolidated financial statements of the Gudeng Precision Industrial Co., Ltd. and its subsidiary (Gudeng consolidated company), which comprise the parent company only balance sheets as of December 31, 2023 and 2022 and the parent company consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company consolidated 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 consolidated financial statements present fairly and the preparation of International Financial Reporting Standards, International Accounting Standards, interpretations and explanatory announcements approved and issued by the Financial Supervisory Commission, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company consolidated financial performance and its parent company consolidated 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 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 consolidated Financial Statements section of our report. In accordance with the professional ethics code of accountants, the staff of the accounting firm under the independence standard have maintained their independence from Gudeng consolidated company and fulfilled other responsibilities under the standard. 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 consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company consolidated 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 consolidated company consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Sale revenue recognition

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. Additionally, Gudeng Equipment Co., Ltd. generates its main revenue from selling equipment and machinery. The products are custom-made, and the transaction terms for selling equipment and machines are the delivery completion, customers acceptance and the contractual obligations are fulfilled. This requires determining whether the control of the goods sold has transferred, 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(16) and 28 of the consolidated 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 and sales of equipment and machinery 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

Related associates in the consolidated financial statements of Gudeng consolidated company shall be checked by other accountants. Therefore, our opinions expressed in the parent company consolidated financial statements regarding the amounts stated in respect of such investments

using the equity method are based on the audit reports of other accountants. The balance of the investment under the equity method of associates on December 31, 2023 and 2022 were \$165,987 thousand and \$103,678 thousand, accounting for 1.02% and 0.85% of the total amount of the assets, and associates' share of comprehensive income or loss accounted for using the equity method for the year ended December 31, 2023 and 2022 were \$4,763 thousand and \$5,775 thousand, accounting for and 0.38% and 0.65% of the total amount of consolidated comprehensive income.

Gudeng Precision Industrial Co., Ltd. has prepared the individual financial reports for the year of 2023 and 2022, and the audit report issued by the accountant with unqualified opinion is on file for reference.

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

Management is responsible for the preparation and fair presentation of the parent company consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Preparation of International Financial Reporting Standards, International Accounting Standards, Explanations and Explanatory Announcements approved and issued by the Financial Supervisory Commission” and for such internal control as management determines is necessary to enable the preparation of parent company consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company consolidated financial statements, management is responsible for assessing Gudeng consolidated company'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 Gudeng consolidated company 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 Gudeng consolidated company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement on consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gudeng consolidated company'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 consolidated company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Gudeng consolidated company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes, and whether the consolidated 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 consolidated company to express an opinion on the parent company consolidated financial statements. We are responsible for the direction, supervision and performance of the consolidated company audit. We remain solely responsible for our opinion to consolidated company.

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 consolidated company's parent company consolidated financial statements for the year ended December 31, 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-
1100356048

March 6, 2024

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated 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)	\$ 4,004,779	25	\$ 2,270,488	19
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	167,095	1	142,562	1
1136	Financial assets at amortized cost - current (Notes 4 and 9)	550,294	3	329,760	3
1150	Notes receivable from unrelated parties (Note 10)	1,453	-	1,433	-
1160	Notes receivable from related parties' net (Notes 10 and 39)	222	-	615	-
1170	Trade receivables from unrelated parties (Notes 4, 10 and 28)	885,391	5	1,077,420	9
1180	Trade receivables from related parties' net (Notes 10 and 39)	147	-	275	-
1200	Other receivables (Note 10)	41,792	-	6,850	-
1210	Other receivables from related parties (Notes 10 and 39)	12,653	-	9	-
1220	Current tax assets (Note 30)	2,218	-	9	-
130X	Inventories (Notes 4 and 11)	1,908,982	12	1,645,942	13
1410	Prepayments (Notes 19 and 39)	165,030	1	166,918	1
1479	Other current assets (Note 20)	70,544	1	4,901	-
11XX	Total current assets	<u>7,810,600</u>	<u>48</u>	<u>5,647,182</u>	<u>46</u>
	Non-current assets				
1517	Purchase of financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	652,143	4	403,475	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 13)	165,987	1	103,678	1
1600	Property, plant and equipment (Notes 4, 14 and 39)	6,079,627	37	4,737,362	39
1755	Right-of-use assets (Notes 4 and 15)	170,021	1	92,468	1
1760	Investment properties, net (Notes 4 and 16)	654,375	4	780,755	6
1805	Goodwill (Notes 4 and 17)	176,750	1	65,383	1
1821	Other intangible assets (Notes 4 and 18)	162,035	1	103,569	1
1840	Deferred tax assets (Notes 4 and 30)	59,193	-	49,762	-
1915	Prepayments for equipment (Note 41)	240,820	2	216,846	2
1990	Other non-current assets - other (Notes 20 and 26)	871	-	1,453	-
1920	Refundable deposits (Note 39)	125,942	1	28,945	-
15XX	Total non-current assets	<u>8,487,764</u>	<u>52</u>	<u>6,586,242</u>	<u>54</u>
1XXX	Total assets	<u>\$ 16,298,364</u>	<u>100</u>	<u>\$ 12,233,424</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Note 21)	\$ 125,000	1	\$ 28,000	-
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	3,300	-	1,447	-
2150	Notes payable to unrelated parties (Note 23)	123	-	8,753	-
2160	Notes payable to related parties (Notes 23 and 39)	-	-	100	-
2170	Trade payables to unrelated parties (Note 23)	514,411	3	541,279	5
2180	Trade payables to related parties (Notes 23 and 39)	35,132	-	13,616	-
2219	Other payables (Note 24)	1,115,561	7	954,093	8
2220	Other payable - related parties (Notes 39)	10	-	-	-
2230	Current tax liabilities (Note 30)	73,511	-	202,458	2
2250	Provisions - current (Notes 4 and 25)	29,318	-	26,618	-
2280	Lease liabilities - current (Notes 4 and 15)	39,377	-	28,827	-
2131	Contract liabilities - current (Notes 4 and 28)	837,105	5	709,026	6
2320	Current portion of Long-term borrowings (Notes 4 and 21)	257,712	2	154,638	1
2399	Other current liabilities (Notes 24 and 39)	80,218	1	13,696	-
21XX	Total current liabilities	<u>3,110,778</u>	<u>19</u>	<u>2,682,551</u>	<u>22</u>
	Non-current liabilities				
2530	Corporate Bonds payable (Notes 4 and 22)	942,415	6	922,582	8
2540	Long-term borrowings (Note 21)	3,175,392	19	3,169,205	26
2570	Deferred tax liabilities (Notes 4 and 30)	815	-	4,140	-
2580	Lease liabilities - non-current (Notes 4 and 15)	112,882	1	65,674	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 26)	36,289	-	26,110	-
2645	Guarantee deposits (Note 39)	9,022	-	8,538	-
25XX	Total non-current liabilities	<u>4,276,815</u>	<u>26</u>	<u>4,196,249</u>	<u>34</u>
2XXX	Total liabilities	<u>7,387,593</u>	<u>45</u>	<u>6,878,800</u>	<u>56</u>
	Equity attributable to owners of the company (Note 27)				
	Share capital				
3110	Ordinary shares	941,844	6	840,973	7
3140	Share capital collected in advance	1,128	-	1,521	-
3100	Total share capital	<u>942,972</u>	<u>6</u>	<u>842,494</u>	<u>7</u>
3200	Capital surplus	<u>5,989,152</u>	<u>37</u>	<u>3,248,341</u>	<u>26</u>
	Retained earnings				
3310	Legal reserve	310,168	2	216,567	2
3320	Special reserve	-	-	157,093	1
3350	Unappropriated earnings	794,151	5	560,545	5
3300	Total retained earnings	<u>1,104,319</u>	<u>7</u>	<u>934,205</u>	<u>8</u>
3400	Other equity	<u>82,801</u>	<u>-</u>	<u>(146,666)</u>	<u>(1)</u>
31XX	Total equity attributable to owners of the Company	<u>8,119,244</u>	<u>50</u>	<u>4,878,374</u>	<u>40</u>
36XX	Non-controlling interests (Note 27)	<u>791,527</u>	<u>5</u>	<u>476,250</u>	<u>4</u>
3XXX	Total equity	<u>8,910,771</u>	<u>55</u>	<u>5,354,624</u>	<u>44</u>
	Total liabilities and equity	<u>\$ 16,298,364</u>	<u>100</u>	<u>\$ 12,233,424</u>	<u>100</u>

The attached notes are part of this consolidated financial statements.

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

**Consolidated 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, 28, and 39)	\$ 5,078,345	100	\$ 4,494,031	100
5000	Operating costs (Notes 4, 11, 29 and 39)	<u>2,639,697</u>	<u>52</u>	<u>2,303,716</u>	<u>51</u>
5900	Gross profit	<u>2,438,648</u>	<u>48</u>	<u>2,190,315</u>	<u>49</u>
	Operating expenses (Notes 26, 29 and 39)				
6100	Selling and marketing expenses	256,607	5	198,603	4
6200	General and administrative expenses	680,729	13	579,886	13
6300	Research and development expenses	436,395	9	297,794	7
6450	Expected credit impairment loss	<u>4,839</u>	<u>-</u>	<u>21,729</u>	<u>1</u>
6000	Total operating expenses	<u>1,378,570</u>	<u>27</u>	<u>1,098,012</u>	<u>25</u>
6900	Net operating income	<u>1,060,078</u>	<u>21</u>	<u>1,092,303</u>	<u>24</u>
	Non-operating revenue and expenses (Note 29)				
7100	Interest income	43,064	1	5,587	-
7190	Other income (Note 39)	131,668	2	79,568	2
7020	Other gains and losses (Note 39)	43,226	1	98,283	2
7050	Finance costs	(89,181)	(2)	(55,056)	(1)
7060	Share of profit or loss from associates accounted for using the equity method	<u>4,763</u>	<u>-</u>	<u>5,775</u>	<u>-</u>
7000	Total non-operating revenue and expenses	<u>133,540</u>	<u>2</u>	<u>134,157</u>	<u>3</u>
7900	Net income before tax	1,193,618	23	1,226,460	27
7950	Income tax expense (Notes 4 and 30)	(<u>170,245</u>)	(<u>3</u>)	(<u>199,131</u>)	(<u>4</u>)
8200	Net income for the year	<u>1,023,373</u>	<u>20</u>	<u>1,027,329</u>	<u>23</u>

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Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive income/(loss)				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (Note 26)	(\$ 5,409)	-	\$ 1,074	-
8316	Unrealized valuation gain/(loss) on investments in equity instruments at fair value through other comprehensive income	263,940	5	(140,936)	(3)
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	Other comprehensive income/(loss) for the year (net of income tax)	246,698	5	(139,683)	(3)
8500	Total comprehensive income/(loss) for the year	<u>\$ 1,270,071</u>	<u>25</u>	<u>\$ 887,646</u>	<u>20</u>
	Net profit attributable to				
8610	owners of the Company	\$ 905,006	18	\$ 933,071	21
8620	Non-controlling interests	118,367	2	94,258	2
8600		<u>\$ 1,023,373</u>	<u>20</u>	<u>\$ 1,027,329</u>	<u>23</u>
	Total comprehensive income/(loss) attributable to				
8710	owners of the Company	\$ 1,151,925	23	\$ 793,258	18
8720	Non-controlling interests	118,146	2	94,388	2
8700		<u>\$ 1,270,071</u>	<u>25</u>	<u>\$ 887,646</u>	<u>20</u>
	Earnings per share (Note 31)				
9710	Basic	<u>\$ 10.24</u>		<u>\$ 11.12</u>	
9810	Diluted	<u>\$ 10.08</u>		<u>\$ 10.84</u>	

The attached notes are part of this consolidated financial statements.

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
From January 1 to December 31, 2023 and 2022
Unit: In Thousands of New Taiwan Dollars

		Equity attributable to owners of the company												
		Ordinary shares				Retained earnings			Other equity					
Code		Number of Shares	Share capital	Share capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Exchange differences on translating the financial statements of foreign operations	Treasury stock	Total	Non-controlling interests	Total equity
A1	Balance on January 1, 2022	84,097	\$ 840,973	\$ -	\$ 3,094,606	\$ 143,427	\$ 24,637	\$ 338,648	(\$ 18,668)	\$ 12,759	(\$ 15,289)	\$ 4,421,093	\$ 104,581	\$ 4,525,674
	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 by the Company	-	-	-	-	-	-	(504,435)	-	-	-	(504,435)	-	(504,435)
M7	Changes in percentage of ownership interests in subsidiaries (Note 35)	-	-	-	-	-	-	(2,087)	-	-	-	(2,087)	-	(2,087)
	Changes in other capital surplus:													
C5	Equity component of convertible bonds issued by the Company	-	-	-	42,872	-	-	-	-	-	-	42,872	-	42,872
C7	Changes in associates and joint venture accounted for using the equity method	-	-	-	1,188	-	-	-	-	-	-	1,188	1,174	2,362
I1	Conversion of convertible corporate bonds	-	-	1,521	32,178	-	-	-	-	-	-	33,699	-	33,699
N1	Issuance of employees stock options by the Company	-	-	-	77,497	-	-	-	-	-	15,289	92,786	-	92,786
O1	Increase/decrease in non-controlling interests (Note 27)	-	-	-	-	-	-	-	-	-	-	-	(1,451)	(1,451)
M5	Acquisition of part of the equity of subsidiaries (Note 27)	-	-	-	-	-	-	-	-	-	-	-	277,558	277,558
D1	Net income for 2022	-	-	-	-	-	-	933,071	-	-	-	933,071	94,258	1,027,329
D3	Other comprehensive income/(loss) after tax for 2022	-	-	-	-	-	-	944	179	(140,936)	-	(139,813)	130	(139,683)
D5	Total comprehensive income/(loss) for 2022	-	-	-	-	-	-	934,015	179	(140,936)	-	793,258	94,388	887,646
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	476,250	5,354,624
	Appropriation of earnings													
B1	Legal reserve	-	-	-	-	93,601	-	(93,601)	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	(157,093)	157,093	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(724,236)	-	-	-	(724,236)	-	(724,236)
M7	Changes in percentage of ownership interests in subsidiaries (Note 35)	-	-	-	-	-	-	(12,228)	-	-	-	(12,228)	-	(12,228)
	Changes in other capital surplus:													
M5	Acquisition or disposal of part of the equity of subsidiaries (Note 35)	-	-	-	86,856	-	-	-	-	-	-	86,856	203,317	290,173
C7	Changes in associates and joint venture accounted for using the equity method	-	-	-	(106)	-	-	(15,880)	-	-	-	(15,986)	-	(15,986)
C5	Equity items of convertible bonds issued by the Company	-	-	-	56,446	-	-	-	-	-	-	56,446	-	56,446
E1	Issuance of ordinary shares for cash	5,800	58,000	-	1,678,960	-	-	-	-	-	-	1,736,960	-	1,736,960
N1	Issuance of employees stock options by the Company	-	-	-	37,726	-	-	-	-	-	-	37,726	-	37,726
I1	Conversion of convertible corporate bonds	4,287	42,871	(393)	880,929	-	-	-	-	-	-	923,407	-	923,407
O1	Increase/decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,186)	(6,186)
D1	Net income for 2023	-	-	-	-	-	-	905,006	-	-	-	905,006	118,367	1,023,373
D3	Other comprehensive income/(loss) after tax for 2023	-	-	-	-	-	-	(5,188)	(11,833)	263,940	-	246,919	(221)	246,698
D5	Total comprehensive income/(loss) for 2023	-	-	-	-	-	-	899,818	(11,833)	263,940	-	1,151,925	118,146	1,270,071
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	\$ 791,527	\$ 8,910,771

The attached notes are part of this consolidated financial statements.

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated 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	\$ 1,193,618	\$ 1,226,460
A20010	Adjustments for		
A20100	Depreciation expenses	317,285	234,924
A20200	Amortization expenses	20,391	23,070
A20300	Expected credit impairment loss	4,839	21,729
A20400	Net loss (profit) on financial assets at fair value through profit or loss	(45,793)	10,425
A20900	Finance costs	89,181	55,056
A21200	Interest income	(43,064)	(5,587)
A21300	Dividend income	(52,097)	(31,857)
A21900	Compensation costs of share-based payment	37,726	79,535
A22300	Share of profit or loss from associates accounted for using the equity method	(4,763)	(5,775)
A22800	Gains on bargain purchase	-	(36)
A23200	Gain on disposal of subsidiaries	-	(54,936)
A22500	Gain (loss) on disposal of property, plant and equipment	1,607	(1,580)
A22900	Loss (gain) on lease amendment	(553)	192
A23700	Write-downs of inventories for price loss (gain on reversal) and obsolescence	(4,219)	30,009
A29900	Income from the conversion of corporate bonds into fractional shares	(30)	(1)
A30000	Net Changes in operating assets and liabilities		
A31130	Notes receivable	373	6,752
A31150	Trade receivables	236,184	(430,526)
A31180	Other receivables	3,921	(4,362)
A31200	Inventories	(232,917)	(600,645)
A31230	Prepayments	17,483	(75,833)
A31240	Other current assets	(65,643)	(1,801)
A32130	Notes payable	(8,730)	(39,816)
A32150	Trade payables	(59,688)	122,903
A32180	Other payables	(65,649)	113,262
A32200	Provisions	2,700	(2,204)
A32210	Contract liabilities	128,079	261,708

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Code		2023	2022
A32230	Other current liabilities	\$ 66,522	\$ 6,147
A32240	Net defined benefit liabilities	<u>4,770</u>	<u>226</u>
A33000	Cash generated from/(used in) operations	1,541,533	937,439
A33100	Interest received	40,527	5,587
A33200	Dividends received	36,095	31,741
A33300	Interest paid	(88,991)	(46,102)
A33500	Income tax paid	(<u>315,092</u>)	(<u>75,771</u>)
AAAA	Net cash inflow from operating activities	<u>1,214,072</u>	<u>852,894</u>
	Cash flows from investing activities		
B00010	Purchase of financial assets at fair value through other comprehensive income	(21,237)	(68,714)
B00020	Disposal of financial assets at fair value through other comprehensive income	36,704	-
B00040	Purchase of financial assets at amortized cost	(220,534)	(307,848)
B00050	Proceeds from sale of financial assets at amortized cost	2,546	-
B00100	Purchase of financial assets at fair value through profit or loss	(27,025)	(161,340)
B00200	Sale of financial assets at fair value through profit or loss	57,767	57,858
B01800	Acquisition of long-term equity investments accounted for using the equity method	(71,466)	-
B02200	Net cash outflow on acquisition of subsidiaries (Note 33)	(214,403)	(23,664)
B02300	Net cash inflow on disposal of subsidiaries (Note 34)	-	208,129
B02700	Payments for property, plant and equipment	(1,292,709)	(966,354)
B02800	Proceeds from disposal of property, plant and equipment	75,957	10,115
B03700	Increase in refundable deposits	(96,997)	-
B03800	Decrease in refundable deposits	-	998
B04200	Decrease in other receivables	-	103,152
B04500	Payments for intangible assets	(59,508)	(18,303)
B04600	Disposal of intangible assets	980	-
B06700	Increase in other non-current assets	-	(1,026)
B06800	Decrease in other non-current assets	582	-
B07100	Increase in prepayments for equipment	(134,424)	(56,737)
B07600	Receive associates' dividend	<u>3,500</u>	<u>3,500</u>
BBBB	Net cash outflow from investment activities	(<u>1,960,267</u>)	(<u>1,220,234</u>)

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Code		2023	2022
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	\$ 1,400,120	\$ 799,284
C00200	Repayments of short-term borrowings	(1,303,120)	(918,710)
C01200	Issuing corporate bonds	997,285	994,720
C04600	Issuance of ordinary shares for cash	1,736,960	-
C01600	Proceeds from long-term borrowings	2,168,353	1,728,240
C01700	Repayments of long-term borrowings	(2,059,092)	(1,571,430)
C03000	Increase in guarantee deposits	484	-
C03100	Refund of guarantee deposits	-	(416)
C04020	Return on lease liabilities principal	(36,165)	(23,650)
C04500	Cash dividends distribution	(683,351)	(234,715)
C05100	Treasury stocks purchased by employees	-	15,289
C05400	Acquisition of equity of subsidiaries	(6,322)	-
C05500	Disposal of equity of subsidiaries	113,538	-
C05800	Cash dividends paid to non-controlling interests	(22,515)	-
C09900	Changes in non-controlling interests	<u>182,896</u>	<u>141,782</u>
CCCC	Net cash inflow from financing activities	<u>2,489,071</u>	<u>930,394</u>
DDDD	Impact of changes in interest rates on cash and cash equivalents	(<u>8,585</u>)	<u>105</u>
EEEE	Net increase in cash and cash equivalents	1,734,291	563,159
E00100	Cash and cash equivalents at the beginning of the year	<u>2,270,488</u>	<u>1,707,329</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 4,004,779</u>	<u>\$ 2,270,488</u>

The attached notes are part of this consolidated financial statements.

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

From January 1 to December 31, 2023 and 2022

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

1. Company Overview

Gudeng Precision Industrial Co., Ltd. (hereinafter “the Company”) was a company limited by shares incorporated at New Taipei City in March 1998, and opened for business in March of the same year with primary business of trading and manufacturing of 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 consolidated financial statements of the Company are presented in the New Taiwan Dollars, the functional currency of the Company.

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were reported to and issued by the Company’s 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 endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of Gudeng Precision Industrial Co., Ltd. and its subsidiaries (hereinafter referred to as the Consolidated Company).

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
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)

Note 1: 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.

Note 2: 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.

Note 3: When applying this amendment for the first time, exemptions apply to certain disclosure requirements.

As of the date the accompanying consolidated financial statements were authorized for issue, the consolidated 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)

Note 1: 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.

Note 2: 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 consolidated 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 consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the aforementioned standards or

interpretations. The related impact will be disclosed when the evaluation has been completed.

4. Summary of Significant Accounting Policies

a. Statement of Compliance

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

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the related inputs are observable and based on the significance of the related inputs, are described as follows:

- 1) Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
- 2) Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- 3) Level 3: Inputs are unobservable inputs for the asset or liability.

c. 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, excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

The construction part of the consolidated company has an operating cycle longer than one year. Assets related to the construction business are classified as current or non-current according to the normal operating cycle.

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. Basis for merger

This consolidated financial statement includes the financial statements of the Company and the entities (subsidiaries) controlled by the Company. The consolidated statements of comprehensive income include the operating profit or loss of subsidiaries that have been acquired or disposed of from the acquisition date to the disposal date of the current period. The financial statements of the subsidiaries have been adjusted to align their accounting policies with those of the consolidated company. During the preparation of the consolidated financial statements, all transactions, account balances, gains and losses between the individual companies have been eliminated. The total comprehensive income and loss of the subsidiaries is attributable to the owners of the Company and non-controlling interests, even if the non-controlling interests result in a deficit balance.

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

For details of subsidiaries, ratio of shareholding, and operations, please refer to Note 12 and Tables 7 & 8.

e. Business combinations

Enterprise combinations are handled using the acquisition method. Acquisition related costs are recognized as expenses in the current period of cost occurrence and labor acquisition.

Goodwill is measured by the total amount of the fair value of the transfer consideration and the fair value of the acquirer's previously held interest in the acquiree on the acquisition date, which exceeds the net amount of the identifiable assets acquired and liabilities assumed on the acquisition date.

f. Foreign currency

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

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 that are measured at fair value are translated at the exchange rates prevailing on the date of measurement of the fair value. 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 consolidated 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. Income and expense items are translated at the average exchange rates on the balance sheet date. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the consolidated company and non-controlling interests as appropriate).

If the retained interests after the consolidated company disposes of all the interests in the foreign operation, or disposes of part of the interests in the subsidiaries of the foreign operation but loses control, or disposes of the joint agreement of the foreign

operation or the related enterprise are financial assets and are treated in accordance with the accounting policy of financial instruments, all accumulated exchange differences attributable to the owner of the consolidated company and related to the foreign operation 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 are reattributed to the non-controlling interests in proportion, and are not 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.

g. Inventory and inventory - site for construction

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.

The land to be developed is classified as construction land upon acquisition of ownership. The construction land is measured by the lower of the cost and net realized value. Comparative cost and net realized value is based on individual projects.

h. Investment in affiliated companies

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

The consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 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 consolidated 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 consolidated company's net investment in the associate), the consolidated company discontinues recognizing its further losses. Additional losses and liabilities are recognized only to the extent that the consolidated company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

In the assessment of impairment, the consolidated 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 loss recognized is also part of the carrying amount of the investment. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The consolidated 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 consolidated

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 consolidated company continues to use the equity method without any remeasurement of retained interest.

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

i. 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 consolidated company at least at the end of each year. Also, it defers the impact of changes in accounting estimates.

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

j. 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.

k. Goodwill

Goodwill acquired through M&A uses the goodwill value recognized on the M&A day as the cost, subsequently measured by cost deducting accrued impairment loss.

For purposes of impairment test, the goodwill shares to the consolidated company benefits cash-generating unit or its consolidated company due to integrative M&A effect (hereinafter referred to as the “Cash-generating Unit”).

The cash-generating unit shared with the goodwill conducts impairment test through comparison between its face value containing goodwill and recoverable value every year (and the time with sign showing potential impairment). If the goodwill with such shares was acquired by corporate M&A, then, the unit should conduct impairment test at end of the year. If the recoverable amount of the cash-generating unit with shared goodwill is less than its face value, firstly, the loss deducts the face value with shared goodwill, second, decrease the face value of each asset with respect of the proportion in the unit. Any impairment loss is directly recognized as current loss. Goodwill impairment losses may not be reversed in subsequent periods.

The disposal of profit/loss is defined by including disposal related goodwill value during operation of the cash generation unit with goodwill shares.

l. 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 consolidated company at least at the end of each year. Also, the impact of changes in applicable accounting estimates is postponed.

2) Acquisition through business combinations

The intangible assets acquired by business combinations are recognized at the fair value of the acquisition date and are separately recognized with goodwill. The

subsequent measurement method is the same as the intangible assets acquired separately.

3) De-recognition

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

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

On each balance sheet date, the consolidated company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the consolidated company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the consolidated company of the smallest cash-generating unit on 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.

Because the inventory, real estate, plant and equipment and intangible assets recognized in the customer contract are subject to impairment recognition according to the inventory impairment loss regulations and the above regulations first, and then the difference between the carrying amount of the assets related to the contract cost and the remaining amount of the consideration expected to be recovered from the provision of goods or services less the directly related cost shall be recognized as the impairment loss, and then the carrying amount of the assets related to the contract cost shall be included in the cash generating unit for the impairment assessment of the cash generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost related assets are increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization or depreciation) that would have been determined to have no impairment loss recognized on the asset or cash-generating unit or contract cost related assets in prior years. The reversal of impairment losses is recognized in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the consolidated company becomes a party to the contractual provisions of the instruments.

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

Financial assets held by the consolidated company are classified into the following categories: financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, investment in equity instruments measured at fair value through other comprehensive profits and losses.

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

Financial assets measured at fair value through profit and loss are financial assets that are forced to be measured at fair value through profit and loss. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated to be measured at fair value through other comprehensive income, and debt instrument investments not subject to classification as measured at amortized cost or to be measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit and loss are measured at fair value, and the dividends and interest generated are recognized in other income and interest income respectively, and profits or losses generated by re-measurement are recognized in other profits and losses. Please refer to Note 38 for the method of determining the fair value.

(b) Financial assets at amortized cost

The consolidated company's financial assets that meet the following conditions are subsequently measured 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

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

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

- ii. Impairment of financial assets

The consolidated company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including account receivables) on each balance sheet date.

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

On 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 consolidated 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 consolidated 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).

o. 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 consolidated company's obligations, and recognize revenue when the relevant products are recognized.

p. Revenue recognition

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

1) Sales revenue of commodities

Merchandise sales revenue is derived from the sale of manufacturing light cover cases and their design services. Upon shipping of the products, the clients have the right to set prices and to use the merchandise as well as the major responsibility of reselling, and bear the risk of obsolescence. The consolidated company recognizes revenue and accounts receivable at that point in time.

Merchandise sales revenue comes from the sale of equipment for manufacturing semiconductors. Revenue and accounts receivable are recognized when the customer accepts the equipment, that is, the performance obligations are satisfied and the customer has control over the product.

2) Service revenue

Service income comes from maintenance services.

For the maintenance services provided by the consolidated company, the relevant income is recognized at the time of service provision.

q. Leasing

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

1) The consolidated company as 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 consolidated 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 consolidated company as 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. A right-of-use asset is separately presented on the consolidated 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 consolidated company remeasures 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 consolidated balance sheets.

r. 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.

s. Employee benefits

1) Short-term employee benefits

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

t. 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.

u. Income tax

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

1) Current income tax

The consolidated company determines the current income (loss) in accordance with the laws as well as regulations established by each income tax reporting jurisdiction, and calculates the payable (recoverable) income tax accordingly.

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.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint agreement, except where the consolidated company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not

reverse in the foreseeable future. Deferred 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 income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated company expects, at the end of the balance sheet, 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.

If current income tax or deferred income tax is derived from the business combination, the income tax impact is included in the accounting treatment of the business combination.

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

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

After evaluation by the management of the consolidated 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	\$ 982	\$ 940
Bank checking and demand deposits	3,777,399	2,249,548
Cash equivalents (investments with original maturity date within 3 months)		
Bank time deposits	<u>226,398</u>	<u>20,000</u>
	<u>\$ 4,004,779</u>	<u>\$ 2,270,488</u>

At the end of the balance sheet date, the ranges of the market rates for bank deposits were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current deposit	0.001%~1.45%	0.001%~1.05%
Fixed deposit	0.55%~4.95%	0.31%~0.435%

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)		
– Foreign exchange forward contracts (1)	\$ -	\$ 460
– Conversion of options (Note 22)	1,000	2,605
Non-derivative financial assets		
– Domestic publicly traded shares	152,540	139,497
– Non-guaranteed financial products with floating rate income	<u>13,555</u>	<u>-</u>
	<u>\$ 167,095</u>	<u>\$ 142,562</u>

Financial liabilities - current

Held for trading

Derivatives (not designated for hedging)

– Conversion of options (Note 22)

\$ 3,300

\$ 1,447

- a. At the end of the balance sheet date, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2022

	Currency	Maturity period	Contract amount (in thousands)
Buy forward exchange contracts	USD:NTD	From January 2022 to January 2023	NTD 4,145/USD150

The consolidated company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

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		
Asia Neo Tech Industrial Co., Ltd.	148,844	83,150
Symtek Automation Asia Co., Ltd.	16,897	-
Non-publicly traded shares		
NanoClean Materials Co., Ltd.	4,020	1,465
MontJade Engineering Co., Ltd.	7,883	16,669
Jiurun Precision Technology Co., Ltd.	29,032	12,202
Origin Precision Technology Co., Ltd.	5,021	5,918
Certain Micro Application Technology Inc.	42,009	32,947
	<u>\$ 652,143</u>	<u>\$ 403,475</u>

The consolidated company invests in publicly and non-TWSE/TPEX ordinary shares in Taiwan under the medium and long-term strategy and expects to make profits through long-term investment. The management of the consolidated 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 consolidated company are private ordinary shares subject to transfer restrictions pursuant to Article 43-8 of the Securities and Exchange Act.

9. Financial assets at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Pledged certificate of deposit	\$ 121,500	\$ 126,500
Time deposits with original maturity date exceeding 3 months	372,054	203,260
Pledged deposits	<u>56,740</u>	<u>-</u>
	<u>\$ 550,294</u>	<u>\$ 329,760</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 0.56%~5.4% and 0.815%~5.05%, respectively.
- b. Refer to Note 40 for information related to financial assets at amortized cost pledged as security.

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	\$ 1,453	\$ 1,433
Less: allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 1,453</u>	<u>\$ 1,433</u>
Arising from operations	<u>\$ 1,453</u>	<u>\$ 1,433</u>
<u>Notes receivable from related parties (Note 39)</u>		
Measured at amortized cost		
Total carrying amount	\$ 222	\$ 615
Less: allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 222</u>	<u>\$ 615</u>
<u>Trade receivables</u>		
Measured at amortized cost		
Total carrying amount	\$ 897,291	\$ 1,084,009
Less: allowance for loss	<u>(11,900)</u>	<u>(6,589)</u>
	<u>\$ 885,391</u>	<u>\$ 1,077,420</u>

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	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts receivable from related parties (Note 39)</u>		
Measured at amortized cost		
Total carrying amount	\$ 147	\$ 275
Less: allowance for loss	-	-
	<u>\$ 147</u>	<u>\$ 275</u>
<u>Other receivables</u>		
Other receivable - non-related parties		
Land receivables (Note 36)	\$ 32,722	\$ -
Dividends receivable	4,155	155
Interest receivable	2,537	-
Others	<u>2,378</u>	<u>6,695</u>
	<u>\$ 41,792</u>	<u>\$ 6,850</u>
Other receivables from related parties (Note 39)	<u>\$ 12,653</u>	<u>\$ 9</u>
<u>Collection</u>		
Measured at amortized cost		
Total carrying amount	\$ 20,203	\$ 20,248
Less: allowance for loss	(<u>20,203</u>)	(<u>20,248</u>)
	<u>\$ -</u>	<u>\$ -</u>

Trade receivables

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

The consolidated company applies the simplified approach of IFRS 9 and recognizes allowance for uncollectible accounts for trade receivables as lifetime expected credit losses for the duration of contract. The lifetime expected credit loss is determined the provision

matrix which refers to past default records and the current financial condition of the clients and industrial economic conditions. Due to the historical experience of credit losses of the consolidated company, there is no significant difference in the loss patterns of different client's groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of notes receivable and entry days of trade receivable.

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

The consolidated company's loss allowance for notes receivable and trade receivables 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	\$ 1,675
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u>\$ 1,675</u>

December 31, 2022

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 2,048
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u>\$ 2,048</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	0.39%	5.03%	11.66%	6.72%	
Total carrying amount	\$ 773,404	\$ 52,645	\$ 29,870	\$ 41,519	\$ 897,438
Allowance for losses (lifetime expected credit losses)	(<u>2,978</u>)	(<u>2,646</u>)	(<u>3,484</u>)	(<u>2,792</u>)	(<u>11,900</u>)
Costs after amortization	<u>\$ 770,426</u>	<u>\$ 49,999</u>	<u>\$ 26,386</u>	<u>\$ 38,727</u>	<u>\$ 885,538</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	0.26%	3.52%	6.46%	15.19%	
Total carrying amount	\$ 993,258	\$ 79,704	\$ 6,253	\$ 5,069	\$1,084,284
Allowance for losses (lifetime expected credit losses)	(<u>2,611</u>)	(<u>2,804</u>)	(<u>404</u>)	(<u>770</u>)	(<u>6,589</u>)
Costs after amortization	<u>\$ 990,647</u>	<u>\$ 76,900</u>	<u>\$ 5,849</u>	<u>\$ 4,299</u>	<u>\$1,077,695</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	\$ 6,589	\$ 2,861
Add: Allowance of impairment losses in the current year	13,734	21,729
Add: Acquisition through business combinations	493	399
Less: Transferred out due to reclassification for the period	(8,891)	(17,991)
Less: Disposal of subsidiaries (Note 34)	-	(25)
Less: Actual write-off of the current year	-	(398)
Exchange difference of foreign currency	(<u>25</u>)	<u>14</u>
Ending balance	<u>\$ 11,900</u>	<u>\$ 6,589</u>

Changes in loss allowance for collection are as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 20,248	\$ 2,228
Add: Transferred in due to reclassification in the current year	8,891	17,991
Less: Reversal for impairment losses in the current year	(8,895)	-
Less: Actual write-off of the current year	(19)	-
Exchange difference of foreign currency	(<u>22</u>)	<u>29</u>
Ending balance	<u>\$ 20,203</u>	<u>\$ 20,248</u>

11. Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 400,489	\$ 383,578
Semi-finished products	297,235	259,513
Work in process	661,845	643,849
Finished products	400,829	242,117
Merchandise Inventory	26,450	2,807
	<u>1,786,848</u>	<u>1,531,864</u>
<u>Land Held for Construction Site</u>		
Sanxia District, New Taipei City	122,134	114,078
	<u>\$ 1,908,982</u>	<u>\$ 1,645,942</u>

Nature of cost of goods sold as below:

	2023	2022
Cost of inventory sold	\$ 2,625,887	\$ 2,258,249
Inventory loss (recovery gain) for market price decline	(4,219)	30,009
Loss on inventory scrap	22,584	17,107
Others	(4,555)	(1,649)
	<u>\$ 2,639,697</u>	<u>\$ 2,303,716</u>

As of December 31, 2022, part of the construction land of the consolidated company is the agricultural and animal husbandry land to be developed, which is temporarily registered as the ownership in the name of a third party. The trustee has issued a closing letter.

12. Subsidiaries

Subsidiaries included in the consolidated financial statements

The main entity responsible for the preparation of this consolidated financial statement is as follows:

Name of Investor Company	Name of Subsidiary	Nature of Business	Percentage of equity held		Description
			December 31, 2023	December 31, 2022	
Gudeng Precision Industrial Co., Ltd. (hereinafter "the Company")	Gudeng Venture Capital Co., Ltd. (hereinafter "Gudeng Venture")	Venture capital and management consulting business	100%	100%	-
	We Solutions Technology Co., Ltd. (hereinafter "We Solutions")	Trading, repair, and maintenance of various precision instruments	83.33%	83.33%	-
	Gudeng Equipment Co. Ltd. (formerly: Gudeng Automation Corporation) (hereinafter "Gudeng Equipment")	Manufacture, trading, repair, and maintenance of various precision instruments	46.83%	50.10%	Note 1, 8, and 10
	Rich Point Global Corp. (hereinafter "Rich Point")	Engaged in various investment activities	100%	100%	-
	Partner one Ltd.	Engaged in various investment activities	-	-	Note 2
	Gudeng Inc. (USA)	Engaging in various electronic component businesses	51%	100%	Note 1 and 11
	Gudeng Aerospace Technologies Corporation. (hereinafter "Gudeng Aerospace")	Retail, wholesale, and manufacturing of aircraft and their components.	100%	-	Note 12
	Jia Shuo Construction, Inc. (hereinafter "Jia Shuo Construction")	Industrial plant, residential and building development and leasing, real estate sales and leasing	100%	100%	-
Gudeng Venture					

(Continued on the next page)

(Continued from previous page)

Name of Investor Company	Name of Subsidiary	Nature of Business	Percentage of equity held		Description
			December 31, 2023	December 31, 2022	
Rich Point	Hengyang Green Energy Co., Ltd. (hereinafter “Hengyang”)	Piping works and electrical installations	45%	45%	Note 7
	Sun Park Development Limited (hereinafter “Sun Park”)	Engaged in various investment activities	100%	100%	-
	Gudeng Investment Co., Ltd. (hereinafter “Gudeng Investment”)	Engaged in various investment activities	100%	100%	-
Sun Park	Shanghai Gudeng Trading Co., Ltd. (hereinafter “Shanghai Gudeng”)	Sales of plastic and electronic products	100%	100%	-
	Suzhou Kun Ju Trading Co., Ltd. (hereinafter “Suzhou Kun Ju”)	Sales and maintenance of automobiles, trading various types of alcoholic beverages and aluminum foil	-	100%	Note 13
Gudeng Investment	Suzhou Wu Jiang Start-up Automobile Trade Co., Ltd. (hereinafter “Wu Jiang Start-up”)	Sales and maintenance of automobiles	-	-	Note 4
Shanghai Gudeng	Kawaguchi Plastic Industry (Kunshan) Co., Ltd. (hereinafter “Kunshan Kawaguchi”)	Sales of plastic and electronic products	100%	-	Note 14
Kunshan Kawaguchi	Dachuan Plastic Industrial (Kunshan) Co., Ltd. (hereinafter “Kunshan Dachuan”)	Sales of plastic and electronic products	100%	100%	Note 14
Partner one Ltd.	Gudeng Investment (HK)	Engaged in various investment activities	-	-	Note 2
Gudeng Investment (HK)	Welton Technology Limited. (hereinafter “Welton”)	Engaged in the business of manufacturing plastic products, electronic and communication equipment, electric machinery and equipment	-	-	Note 3
Gudeng Equipment Co., Ltd.	Showa Precision Co., Ltd. (hereinafter “Showa”)	Manufacture, trading, repair, and maintenance of various precision instruments	100%	100%	-
	Gudeng Inc. (USA)	Engaging in various electronic component businesses	4%	-	Note 11
We Solutions	Fu Rui Sheng Industrial Co., Ltd. (hereinafter “Fu Rui Sheng”)	Investment and management consulting business	54.94%	54.94%	Note 5
	Shuoting Precision Industry Co., Ltd. (hereinafter “Shuoting”)	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	70.43%	41.37%	Notes 1, 6 and 9
	Bor Sheng Industrial Co., Ltd. (hereinafter “Bor Sheng”)	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	0.5%	-	Note 1
Fu Rui Sheng	Bor Sheng	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	93%	93%	Note 5
	Shuoting	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	-	29.06%	Notes 1, 6 and 9

Note 1: Please refer to Note 35 for details of change in percentage of equity held by the consolidated company.

Note 2: The registration was completed in 2017, but no capital has been invested yet.

- Note 3: Welton is currently in the pre-approval stage for its name and has not yet been established.
- Note 4: The related assets and liabilities of Suzhou Wu Jiang Start-up Automobile Trade Co., Ltd. have been reclassified as disposal consolidated company held for sale, and all transactions, account balances, gains and losses between the individual companies and the consolidated company have been eliminated upon consolidation. The consolidated company signed an agreement of 100% equity transfer of Wu Jiang Start-up with Jiaxing Fengmiao Trading Co., Ltd. and Suzhou Chengfeng Trading Co., Ltd., and completed the equity transfer on April 25, 2022, losing control over Wu Jiang Start-up since then.
- Note 5: We Solutions invested NT\$96,551 thousand on July 29, 2022, and acquired 54.94% of Fu Rui Sheng's equity interests and 93% of its subsidiaries' equity interests.
- Note 6: We Solutions acquired Shuoting for NT\$23,860 thousand on July 29, 2022, and the consolidated shareholding ratio was 69.15%, including Fu Rui Sheng's shareholding, with obtaining the control over Shuoting; therefore, it was included to the consolidated entity from July 29, 2022. Shuoting handled a cash capital increase of NT\$45,000 thousand on September 29, 2022, but the consolidated company did not subscribe according to the shareholding ratio, resulting in an increase in the consolidated shareholding ratio from 69.15% to 70.43%.
- Note 7: Gudeng Venture invested NT\$54,000 thousand on September 1, 2022 to acquire a 45% equity interests in Hengyang. Since the consolidated company had more than half of the board seats of Hengyang, it had substantial control and was included to the consolidated entity from September 1, 2022.
- Note 8: Gudeng Automation Corporation changed its name to Gudeng Equipment Co., Ltd. on February 10, 2023.
- Note 9: For the purpose of organizational restructuring, We Solutions acquired 29.06% of the shares of Shuoting from Fu Rui Sheng for NT\$31,505 thousand on May 12, 2023, and the consolidated shareholding ratio was still 70.43%.

Note 10: Since Gudeng Equipment is a domestic listed company, the consolidated company holds 46.83% of its shares, and the remaining 53.27% of its shares are held by hundreds of shareholders who are not related parties to the consolidated company, taking into account the absolute number, relative size and distribution of voting rights held by other shareholders. It is judged that the consolidated company has the substantive ability to dominate the relevant activities of Gudeng Equipment, so it is classified as a subsidiary.

Note 11: Gudeng Inc. (USA) increased its capital on September 30, 2023. Gudeng and Gudeng Equipment participated in the subscription, with shareholding ratio of 51% and 4% respectively. The consolidated shareholding ratio is 55%.

Note 12: The consolidated company invested NT\$320,000 thousand on September 6, 2023 to acquire 100% equity of Gudeng Aerospace.

Note 13: On September 14, 2023, Suzhou Kun Ju's registration was canceled, and the consolidated company lost control.

Note 14: Shanghai Gudeng invested RMB 107,500 thousand on November 30, 2023, to acquire 100% equity of Kunshan Kawaguchi and its subsidiaries.

13. **Investments accounted for using the equity method**

Investment in affiliated companies

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Individual insignificant associates	<u>\$ 165,987</u>	<u>\$ 103,678</u>
On June 9, 2023, the consolidated 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.		
On April 15, 2023, the consolidated company participated in the cash capital increase of i Analyzer at NT\$3.24 per share and acquired 7,667 thousand ordinary shares, totaling NT\$24,866 thousand. After acquisition, the shareholding ratio increased to 30.64%.		
The consolidated company had been resolved by the Board of Directors on December 2, 2022 to participate in the cash capital increase of YAHOO System Technology Inc. for the year ended December 31, 2023 through acquiring 700 thousand ordinary shares of YAHOO		

System Technology Inc. by cash at NT\$38 per share with a shareholding of 21.05% and obtained significant influence over the company.

The consolidated company held 10,474 thousand ordinary shares of i Analyzer Incorporation (herein after “i Analyzer”) on February 10, 2022, recognized as financial assets at FVTOCI—non-current, with a book value of NT\$33,970 thousand, and a shareholding ratio of 16.40%. On June 30, 2022, it participated in the cash capital increase of i Analyzer at NT\$3.24 per share and acquired 6,157 thousand shares of common stock for a total of NT\$19,970 thousand. After the acquisition, the shareholding ratio increased to 23.24%. The acquisition had a significant impact on the company, therefore, based on the fair value at the time of acquisition (NT\$3.24 per share), the financial assets measured by fair value via other comprehensive profit and loss are transferred to investment by equity method.

Please refer to Table 7 “Names, Locations and Relevant Information of Investee Companies” for nature of business, primary business premises, and countries of company registration of the above-mentioned associates.

The share of profit or loss and other comprehensive income enjoyed by the associate and the consolidated company using the equity method is calculated on the basis of the financial statements audited by other accountants.

14. Property, plant and equipment

	Self-owned land	Buildings	Machinery equipment	Leasehold improvements	Other equipment	Real property under construction	Total
<u>Cost</u>							
Balance on January 1, 2023	\$ 2,640,623	\$ 588,493	\$ 1,059,162	\$ 54,566	\$ 1,157,007	\$ 443,480	\$ 5,943,331
Acquisition through business combinations (Note 33)	-	129,406	216,495	46,828	21,509	-	414,238
Addition	204,552	22,034	277,095	9,349	230,136	561,287	1,304,453
Disposal	(29,490)	-	(59,798)	-	(98,261)	-	(187,549)
Reclassification	-	-	39,384	2,541	68,525	-	110,450
Transfer in from investment properties	38,245	92,074	-	-	-	-	130,319
Net exchange differences	-	(2,435)	(3,562)	(785)	(422)	-	(7,204)
Balance on December 31, 2023	<u>\$ 2,853,930</u>	<u>\$ 829,572</u>	<u>\$ 1,528,776</u>	<u>\$ 112,499</u>	<u>\$ 1,378,494</u>	<u>\$ 1,004,767</u>	<u>\$ 7,708,038</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2023	\$ -	\$ 65,251	\$ 544,329	\$ 21,888	\$ 574,501	\$ -	\$ 1,205,969
Acquisition through business combinations (Note 33)	-	69,350	118,907	15,098	16,097	-	219,452
Disposal	-	-	(43,950)	-	(33,313)	-	(77,263)
Depreciation expenses	-	14,530	95,630	7,120	155,778	-	273,058
Reclassification	-	-	405	540	(945)	-	-
Transfer in from investment properties	-	10,832	-	-	-	-	10,832
Net exchange differences	-	(1,167)	(1,969)	(273)	(228)	-	(3,637)
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 158,796</u>	<u>\$ 713,352</u>	<u>\$ 44,373</u>	<u>\$ 711,890</u>	<u>\$ -</u>	<u>\$ 1,628,411</u>
Net amount on December 31, 2023	<u>\$ 2,853,930</u>	<u>\$ 670,776</u>	<u>\$ 815,424</u>	<u>\$ 68,126</u>	<u>\$ 666,604</u>	<u>\$ 1,004,767</u>	<u>\$ 6,079,627</u>
<u>Cost</u>							
Balance on January 1, 2022	\$ 2,444,861	\$ 677,791	\$ 659,208	\$ 35,899	\$ 924,837	\$ 283,009	\$ 5,025,605
Acquisition through business combinations (Note 33)	147,405	-	265,770	-	39,531	12,008	464,714
Addition	230,835	1,335	127,415	11,868	193,589	166,411	731,453
Disposal	-	-	(46,379)	-	(8,971)	-	(55,350)
Reclassification	-	4,346	53,143	6,790	29,697	(17,948)	76,028
Reclassified as investment property	(182,478)	(7,460)	-	-	-	-	(189,938)
Disposal of subsidiaries (Note 34)	-	(90,783)	-	-	(22,546)	-	(113,329)
Net exchange differences	-	3,264	5	9	870	-	4,148
Balance on December 31, 2022	<u>\$ 2,640,623</u>	<u>\$ 588,493</u>	<u>\$ 1,059,162</u>	<u>\$ 54,566</u>	<u>\$ 1,157,007</u>	<u>\$ 443,480</u>	<u>\$ 5,943,331</u>
<u>Accumulated depreciation and</u>							

impairment							
Balance on January 1, 2022	\$ -	\$ 123,893	\$ 278,155	\$ 17,141	\$ 441,300	\$ -	\$ 860,489
Acquisition through business combinations (Note 33)	-	-	235,164	-	33,312	-	268,476
Disposal	-	-	(37,940)	-	(8,875)	-	(46,815)
Depreciation expenses	-	12,548	68,949	4,739	114,333	-	200,569
Reclassification	-	(40)	-	-	-	-	(40)
Reclassified as investment property	-	(96)	-	-	-	-	(96)
Disposal of subsidiaries (Note 34)	-	(73,683)	-	-	(5,810)	-	(79,493)
Net exchange differences	-	2,629	1	8	241	-	2,879
Balance on December 31, 2022	<u>\$ -</u>	<u>\$ 65,251</u>	<u>\$ 544,329</u>	<u>\$ 21,888</u>	<u>\$ 574,501</u>	<u>\$ -</u>	<u>\$ 1,205,969</u>
Net Balance on December 31, 2022	<u>\$ 2,640,623</u>	<u>\$ 523,242</u>	<u>\$ 514,833</u>	<u>\$ 32,678</u>	<u>\$ 582,506</u>	<u>\$ 443,480</u>	<u>\$ 4,737,362</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 consolidated company's significant components of the buildings includes main buildings of plants, improvement of main buildings, roads and walls, etc., and they are depreciated based on the estimated useful lives of 51 years, 21 years, and 20 years, respectively.

As of December 31, 2023 and 2022, the consolidated company had NT\$220,359 thousand and NT\$29,586 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 40 for the amount of property, plant and equipment pledged as collateral for loans.

15. Lease Agreements

a. Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Land	\$ 20,369	\$ -
Buildings	140,015	83,243
Transportation equipment	<u>9,637</u>	<u>9,225</u>
	<u>\$ 170,021</u>	<u>\$ 92,468</u>
	<u>2023</u>	<u>2022</u>
Additions of right-of-use assets	<u>\$ 71,737</u>	<u>\$ 16,572</u>
Depreciation expense of right-of-use assets		
Land	\$ 45	\$ 170
Buildings	30,621	15,800
Transportation equipment	<u>6,668</u>	<u>9,339</u>

	<u>2023</u>	<u>2022</u>
Additions of right-of-use assets	<u>\$ 71,737</u>	<u>\$ 16,572</u>
	<u>\$ 37,334</u>	<u>\$ 25,309</u>

b. Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease liabilities		
Current	<u>\$ 39,377</u>	<u>\$ 28,827</u>
Non-current	<u>\$ 112,882</u>	<u>\$ 65,674</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	1.45%~5.33%	1.45%~2.72%
Transportation equipment	1.50%~2.99%	1.50%~7.90%

c. Major lease activities and terms

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

The consolidated company has also leased certain land for plant use for a period of 5 to 20 years. Upon the termination of the lease term, the consolidated company does not have any preferential right to purchase the leased land and buildings, and it is agreed that without the consent of the lessor, the consolidated company shall not sublease or transfer the entire or any part of the leased property.

d. Other lease information

	<u>2023</u>	<u>2022</u>
Short-term leases expenses	<u>\$ 18,198</u>	<u>\$ 12,551</u>
Expenses relating to low-value asset leases	<u>\$ 137</u>	<u>\$ 3</u>
Total cash (outflow) for leases	<u>(\$ 56,705)</u>	<u>(\$ 37,694)</u>

The consolidated company has elected to apply the recognition exemption on the leases houses and buildings which qualify as short-term leases and office equipment which qualify for low-cost 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>\$ 62,655</u>

16. Investment properties

	<u>Completed Investment Properties</u>
<u>Cost</u>	
Balance on January 1, 2023	\$ 834,964
Reclassified to Property, Plant and Equipment	(<u>130,319</u>)
Balance on December 31, 2023	<u>\$ 704,645</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2023	\$ 54,209
Reclassified to Property, Plant and Equipment	(<u>10,832</u>)
Depreciation expenses	<u>6,893</u>
Balance on December 31, 2023	<u>\$ 50,270</u>
Net amount on December 31, 2023	<u>\$ 654,375</u>
<u>Cost</u>	
Balance on January 1, 2022	\$ 645,026
Transfer in from property, plant and equipment	<u>189,938</u>
Balance on December 31, 2022	<u>\$ 834,964</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2022	\$ 45,067
Transfer in from property, plant and equipment	96
Depreciation expenses	<u>9,046</u>
Balance on December 31, 2022	<u>\$ 54,209</u>
Net Balance on December 31, 2022	<u>\$ 780,755</u>

The total amount of lease payments to be collected in the future for investment property on operating lease 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 consolidated company held freehold interests in all of its investment properties. Please refer to Note 40 for the amount of investment real estate set as security for borrowing.

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

17. Goodwill

	<u>2023</u>	<u>2022</u>
<u>Cost</u>		
Beginning balance	\$ 89,584	\$ 98,784
Acquisition through business combination for the current year (Note 33)	131,271	40,761
Disposal of subsidiaries (Note 34)	-	(49,961)
Reclassification	(19,904)	-
Ending balance	<u>\$ 200,951</u>	<u>\$ 89,584</u>
<u>Accumulated impairment loss</u>		
Beginning balance	(\$ 24,201)	(\$ 24,201)
Impairment loss recognized for the period	-	-
Ending balance	<u>(\$ 24,201)</u>	<u>(\$ 24,201)</u>
Beginning net balance	<u>\$ 65,383</u>	<u>\$ 74,583</u>
Ending net balance	<u>\$ 176,750</u>	<u>\$ 65,383</u>

The consolidated company acquired Kawaguchi Plastic Industry (Kunshan) Co., Ltd. and Fu Rui Sheng Industrial Co., Ltd. on November 30, 2023 and July 29, 2022, respectively, generating goodwill of NT\$131,271 thousand and NT\$40,761 thousand. The goodwill mainly arises from control premium, including expected combination synergies, revenue growth, future market development, all of which have been assessed and no impairment losses have been recognized.

The recoverable amount of Showa Precision Co., Ltd. is determined on the basis of use value, and is estimated by the cash flow of the financial budget for the next 5 years

approved by the management of the consolidated company, and calculated by the annual discount rate of 13.9% and 14.3% in 2023 and 2022, respectively.

It was assessed that the recoverable amount of Showa Precision Co., Ltd. was more than the carrying amount, so no impairment loss was recognized.

18. Other Intangible Assets

	Patents	Computer Software	Franchise rights	Golf membership card	Technology	Client relationship	Total
<u>Cost</u>							
Balance on January 1, 2023	\$ 97,425	\$ 67,779	\$ -	\$ 8,763	\$ 5,900	\$ 5,300	\$ 185,167
Acquisition through business combinations (Note 33)	-	631	-	-	-	-	631
Acquired separately	2,500	57,008	-	-	-	-	59,508
Disposal	-	(980)	-	-	-	-	(980)
Reclassification	-	-	-	-	-	19,904	19,904
Balance on December 31, 2023	<u>\$ 99,925</u>	<u>\$ 124,438</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 25,204</u>	<u>\$ 264,230</u>
<u>Accumulated amortization and impairment</u>							
Balance on January 1, 2023	\$ 30,796	\$ 43,815	\$ -	\$ -	\$ 1,687	\$ 5,300	\$ 81,598
Acquisition through business combinations (Note 33)	-	183	-	-	-	-	183
Amortization expenses	8,654	10,896	-	-	841	-	20,391
Net exchange differences	-	23	-	-	-	-	23
Balance on December 31, 2023	<u>\$ 39,450</u>	<u>\$ 54,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,528</u>	<u>\$ 5,300</u>	<u>\$ 102,195</u>
Net amount on December 31, 2023	<u>\$ 60,475</u>	<u>\$ 69,521</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 3,372</u>	<u>\$ 19,904</u>	<u>\$ 162,035</u>
<u>Cost</u>							
Balance on January 1, 2022	\$ 97,425	\$ 48,926	\$ 44,158	\$ 8,763	\$ 5,900	\$ 5,300	\$ 210,472
Acquisition through business combinations (Note 33)	-	550	-	-	-	-	550
Acquired separately	-	18,303	-	-	-	-	18,303
Disposal of subsidiaries (Note 34)	-	-	(45,805)	-	-	-	(45,805)
Net exchange differences	-	-	1,647	-	-	-	1,647
Balance on December 31, 2022	<u>\$ 97,425</u>	<u>\$ 67,779</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 5,300</u>	<u>\$ 185,167</u>
<u>Accumulated amortization and impairment</u>							
Balance on January 1, 2022	\$ 22,467	\$ 32,420	\$ 44,158	\$ -	\$ 843	\$ 2,650	\$ 102,538
Acquisition through business combinations (Note 33)	-	148	-	-	-	-	148
Amortization expenses	8,329	11,247	-	-	844	2,650	23,070
Disposal of subsidiaries (Note 34)	-	-	(45,805)	-	-	-	(45,805)
Net exchange differences	-	-	1,647	-	-	-	1,647
Balance on December 31, 2022	<u>\$ 30,796</u>	<u>\$ 43,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,687</u>	<u>\$ 5,300</u>	<u>\$ 81,598</u>
Net Balance on December 31, 2022	<u>\$ 66,629</u>	<u>\$ 23,964</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 4,213</u>	<u>\$ -</u>	<u>\$ 103,569</u>

The franchisor is Wu Jiang Start-up, which is granted the franchising rights to sell Shanghai Volkswagen vehicles in Suzhou City. The consolidated company had completed the equity transfer of Wu Jiang Start-up on April 25, 2022. Please refer to Note 34.

Golf membership card of the consolidated company is a right of use and the management of the consolidated company considers that the consolidated company has the intention and ability to extend the useful life continuously, hence it is an intangible asset with indefinite useful life, and is tested for impairment annually whether or not there is any indication of impairment. Security deposit of golf membership amounted to 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
Technology	7 years
Client relationship	2 to 8 years

Amortization expenses summarized by function:

	2023	2022
Operating costs	\$ 4,981	\$ 8,464
Sales expenses	8	-
General and administrative expenses	6,389	5,705
Research expenses	9,013	8,901
	<u>\$ 20,391</u>	<u>\$ 23,070</u>

19. Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Advance payment	\$ 102,406	\$ 124,572
Tax overpaid retained for offsetting the future tax payable	38,408	17,853
Other prepayments	<u>24,216</u>	<u>24,493</u>
	<u>\$ 165,030</u>	<u>\$ 166,918</u>

20. Other Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other current assets		
Temporary payments	\$ 2,846	\$ 4,901
Payment on behalf of others	<u>67,698</u>	<u>-</u>
	<u>\$ 70,544</u>	<u>\$ 4,901</u>
<u>Non-current</u>		
Other non-current assets		
Net defined benefit plans (Note 26)	\$ 871	\$ 1,379
Others	<u>-</u>	<u>74</u>
	<u>\$ 871</u>	<u>\$ 1,453</u>

21. Borrowings

a. Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured loans (Note 40)		
-Bank loans	<u>\$ 125,000</u>	<u>\$ 28,000</u>

The interest rates on revolving loans of banks were 2.05-2.40% and 2.05-2.47% respectively as of December 31, 2023 and 2022.

b. Long-term Borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loans</u> (Note 40)	\$ 2,644,969	\$ 2,527,770
<u>Unsecured loans</u>	788,135	796,073
Less: current portion matured in 1 year	(<u>257,712</u>)	(<u>154,638</u>)
	<u>\$ 3,175,392</u>	<u>\$ 3,169,205</u>
<u>Contents of borrowings</u>		
Annual Interest Rate	1.850%~3.850%	1.625%~2.995%
Maturity Date	Mature in succession before January 2042	Mature in succession before June 2041

Please refer to Notes 40 and 41 for the collateral of the above bank loans.

22. Corporate Bonds Payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
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 consolidated 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 consolidated company at NT\$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 consolidated company's ordinary shares exceeds 30% of the current conversion price for 30 consecutive business days, the

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

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 consolidated 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>\$ 942,415</u>

The third domestic secured convertible bonds

On July 7, 2022, the consolidated 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 consolidated 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 consolidated company's ordinary shares exceeds 30% of the current conversion price for 30 consecutive business days, the consolidated company may, within 30 business days, delivery a "Notice to call back bonds" due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period; from the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the outstanding balance of the convertible corporate bonds is less than 10% of total initial issue amount, the consolidated company may, at any time after that time, delivery a "Notice to call back bonds" due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period.

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 consolidated 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 consolidated 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	(42,478)
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	(30)
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	(33,766)
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	(926,832)
Liability components on December 31, 2023	<u>\$ -</u>

23. Note Payables and Trade Payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes payable</u>		
Arising from operations – non-related parties	\$ <u>123</u>	\$ <u>8,753</u>
Arising from operations - related parties (Note 39)	\$ <u>-</u>	\$ <u>100</u>
<u>Trade payables</u>		
Arising from operations – non-related parties	\$ <u>514,411</u>	\$ <u>541,279</u>
Arising from operations - related parties (Note 39)	\$ <u>35,132</u>	\$ <u>13,616</u>

The average credit period for partial commodities purchased by the consolidated company is 1-3 months, without interest imposed on the accounts payable. The consolidated company has financial risk management policies to ensure that all accounts payable are paid within the pre-determined credit terms.

24. Other Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Equipment payment payable	\$ 122,474	\$ 68,733
Salaries and bonuses payable	185,279	230,658
Employee compensation payable	67,827	67,554
Directors and supervisors remuneration payable	43,839	44,631
Vacation leave payment payable	20,247	23,811
Interest payable	3,336	2,883
Dividends payable	377,883	336,998
Payable for investments (Note 36)	93,031	-
Others	<u>201,645</u>	<u>178,825</u>
	<u>\$1,115,561</u>	<u>\$ 954,093</u>
Other Liabilities		
Temporary received	\$ 337	\$ 518
Received on behalf of others	72,452	4,771
Others	<u>7,429</u>	<u>8,407</u>
	<u>\$ 80,218</u>	<u>\$ 13,696</u>

25. Provisions

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Warranty	<u>\$ 29,318</u>	<u>\$ 26,618</u>

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

26. Benefits after retirement plan

a. Defined contribution plans

The pension system of the Labor Pension Act applicable to the Company, We Solutions, Gudeng Equipment, Gudeng Venture, Showa, Shuoting and Bor Sheng under the consolidated 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.

Wu Jiang Start-up, Shanghai Gudeng, Kunshan Kawaguchi, Kunshan Dachuan, Kun Ju, Sun Park, Gudeng Investment and Rich Point under the consolidated company,

have not yet established employee retirement measures, and the local government has not forced to formulate employee retirement measures, so the provisions of IAS 19 are not applicable.

b. Defined benefit plans

The Company, Shuoting, and Showa under the consolidated company with the pension mechanism under the “Labor Standards Law” is considered as defined benefit plans. 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 plan assets are held in a commingled fund which is operated and managed by the government’s designated authorities; as such, the consolidated company does not have any right to intervene in the investments of the funds.

The amounts included in the accompanying balance sheets arising from the consolidated company’s obligation in respect of its defined benefit plans were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 37,843	\$ 40,120
Fair value of plan assets	(<u>2,425</u>)	(<u>15,389</u>)
Net defined benefit liabilities	<u>\$ 35,418</u>	<u>\$ 24,731</u>

The changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2023	<u>\$ 40,120</u>	<u>(\$ 15,389)</u>	<u>\$ 24,731</u>
Service costs			
Service costs from previous periods	5,151	(37)	5,114
Interest expenses (income)	<u>659</u>	<u>(236)</u>	<u>423</u>
Recognized in profit or loss	<u>5,810</u>	<u>(273)</u>	<u>5,537</u>
Re-measurement on the net defined benefit liability			
Actuarial losses – changes in financial assumptions	1,576	-	1,576
Actuarial losses - experience adjustments	<u>3,815</u>	<u>18</u>	<u>3,833</u>
Recognized in other comprehensive income	<u>5,391</u>	<u>18</u>	<u>5,409</u>
Contributions from employer	<u>(9,569)</u>	<u>(259)</u>	<u>(9,828)</u>
Benefits paid	<u>(3,909)</u>	<u>13,478</u>	<u>9,569</u>
December 31, 2023	<u>\$ 37,843</u>	<u>(\$ 2,425)</u>	<u>\$ 35,418</u>
January 1, 2022	<u>\$ 31,658</u>	<u>(\$ 4,700)</u>	<u>\$ 26,958</u>
Interest expenses (income)	<u>235</u>	<u>(112)</u>	<u>123</u>
Recognized in profit or loss	<u>235</u>	<u>(112)</u>	<u>123</u>
Remeasurements			
Actuarial gains recognized from changes in financial assumptions	<u>(\$ 1,530)</u>	<u>\$ -</u>	<u>(\$ 1,530)</u>
Actuarial (gains) losses - experience adjustments	<u>1,705</u>	<u>(1,249)</u>	<u>456</u>
Recognized in other comprehensive income	<u>175</u>	<u>(1,249)</u>	<u>(1,074)</u>
Business combinations	10,361	(11,460)	(1,099)
Contributions from employer	-	(177)	(177)
Benefits paid	<u>(2,309)</u>	<u>2,309</u>	<u>-</u>
December 31, 2022	<u>\$ 40,120</u>	<u>(\$ 15,389)</u>	<u>\$ 24,731</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>\$ 5,537</u>	<u>\$ 123</u>

The consolidated company is exposed to following risks for the defined benefits plans under the “Labor Standards Law”:

- 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 consolidated 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 consolidated company was calculated by the independent actuary. The principal assumptions on the measurement date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.3000%~1.1580%	1.4402%~1.7000%
Expected rates of salary increase	2.0000%~4.0000%	1.0000%~4.0000%

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

The turnover rate is based on the data obtained from the employee turnover experience data provided by the consolidated company and considering the future trend.

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>(\$ 1,542)</u>	<u>(\$ 2,042)</u>
0.5% decrease	<u>\$ 1,624</u>	<u>\$ 2,186</u>
Expected rates of salary increase		
0.5% increase	<u>\$ 1,558</u>	<u>\$ 2,106</u>
0.5% decrease	<u>(\$ 1,496)</u>	<u>(\$ 2,012)</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>\$ 326</u>	<u>\$ 183</u>
The average maturity period of defined benefit obligations	6~9.3 years	9.7~14.52 years

27. 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 29 (7).

The legal reserve shall be allocated until it reaches the balance of the Company's paid-in capital. The legal reserve can be used to offset deficit. When the Company has no

loss, the part of the legal capital reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to being appropriated as share capital.

The Company has set aside and reversed the special surplus reserve in accordance with the provisions of Financial Supervisory Securities Letter No. 1010012865 and No. 1090150022. If there is a subsequent reversal of the net reduction of other 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:

	From July 1 to December 31, 2023	From January 1 to June 30, 2023
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, and the remaining earnings distribution items were also resolved at the regular shareholders' meeting held on May 24, 2024.

d. Non-controlling interests

	2023	2022
Beginning balance	\$ 476,250	\$ 104,581
Net income for the year	118,367	94,258
Other comprehensive income		
Re-measurements of defined benefit plan	(221)	130
Adjustments of changes in capital surplus of associates accounted for using the equity method	-	1,174
Earnings distribution for the year	(22,515)	-
Increase in non-controlling interests from acquisition of subsidiaries (Note 33)	-	132,563
Acquisition and disposal of part of the equity of subsidiaries (Note 35)	20,421	-
Capital increase in cash in non- controlling interests	182,896	144,995
Increase in non-controlling interests from acquisition of subsidiaries based on non- shareholding ratio	12,123	(1,451)
Increase in non-controlling interests resulting from organizational restructuring	<u>4,206</u>	<u>-</u>
Ending balance	<u>\$ 791,527</u>	<u>\$ 476,250</u>

e. Treasury stock

Reason for buy-back	Shares transferred to employees (in Thousand Shares)	Buy-back for Cancellation (in Thousand Shares)	Shares of parent company held by subsidiaries (in Thousand Shares)	Total (in Thousand Shares)
Number of shares on January 1, 2022	449	-	-	449
Decrease 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 32.

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.

28. Revenue

	2023	2022
Revenue from customer contracts		
Sales revenue of commodities	\$ 4,372,150	\$ 3,897,457
Other operating revenue	<u>706,195</u>	<u>596,574</u>
	<u>\$ 5,078,345</u>	<u>\$ 4,494,031</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 mask packages products, the clients have the right to set prices and to use the merchandise as well as the major responsibility of reselling, and bear the risk of obsolescence. Besides, for the sales of semiconductor equipment, when the customer accepts the equipment, it will satisfy the performance obligation and the customer will take control of the product. The consolidated company recognizes revenue and trade receivables at that point in time.

b. Balance of contracts

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 10)	<u>\$ 885,391</u>	<u>\$ 1,077,420</u>	<u>\$ 626,519</u>
Trade receivables from related parties (Note 10)	<u>\$ 147</u>	<u>\$ 275</u>	<u>\$ -</u>
Contract liabilities – Unearned sales revenue			
Sales of commodities	\$ 817,764	\$ 670,354	\$ 400,677
Others	<u>19,341</u>	<u>38,672</u>	<u>58,882</u>
	<u>\$ 837,105</u>	<u>\$ 709,026</u>	<u>\$ 459,559</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	\$ 561,648	\$ 384,690
Others	<u>40,190</u>	<u>32,736</u>
	<u>\$ 601,838</u>	<u>\$ 417,426</u>

c. Breakdown of revenue from customer contracts

Please refer to Note 44 for information on the breakdown of revenue.

29. Net income before tax

a. Interest income

	2023	2022
Bank deposits	\$ 42,938	\$ 5,504
Imputed interest on deposits	<u>126</u>	<u>83</u>
	<u>\$ 43,064</u>	<u>\$ 5,587</u>

b. Other income

	2023	2022
Rental income		
Investment properties	\$ 35,719	\$ 36,243
Other rental	<u>2,420</u>	<u>2,361</u>
	<u>38,139</u>	<u>38,604</u>
Dividend income		
Financial assets at fair value through profit or loss	16,250	6,648
Investments in equity instruments at fair value through other comprehensive income	<u>35,847</u>	<u>25,209</u>
	<u>52,097</u>	<u>31,857</u>
Others	<u>41,432</u>	<u>9,107</u>
	<u>\$ 131,668</u>	<u>\$ 79,568</u>

c. Other gains and (losses)

	2023	2022
Gain (loss) of financial assets and financial liabilities		
Financial assets and liabilities mandatorily classified as at fair value through profit or loss	\$ 45,793	(\$ 10,425)
Net gain (loss) on foreign exchange	3,172	54,560
Gains on bargain purchase - acquisition of subsidiaries (Note 33)	-	36
Gain (loss) on disposal of property, plant and equipment	(1,607)	1,580
Gain on disposal of subsidiaries (Note 34)	-	54,936
Gain (loss) on lease amendment	553	(192)
Others	<u>(4,685)</u>	<u>(2,212)</u>
	<u>\$ 43,226</u>	<u>\$ 98,283</u>

d. Finance costs

	2023	2022
Interest on bank loans	\$ 87,109	\$ 55,890
Interest on convertible corporate bonds	8,326	8,300
Interest on lease liabilities	2,205	1,490
Imputed interest on deposits	50	25
Other interest expenses	80	35
Less: Amount included in the cost of key assets	<u>(8,589)</u>	<u>(10,684)</u>
	<u>\$ 89,181</u>	<u>\$ 55,056</u>

Information on interest capitalization is as follows:

	<u>2023</u>	<u>2022</u>
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	\$ 208,077	\$ 160,584
Operating expenses	<u>109,208</u>	<u>74,340</u>
	<u>\$ 317,285</u>	<u>\$ 234,924</u>
Amortization expenses summarized by function		
Operating costs	\$ 4,981	\$ 8,464
Operating expenses	<u>15,410</u>	<u>14,606</u>
	<u>\$ 20,391</u>	<u>\$ 23,070</u>

f. Employee benefits expenses

	<u>2023</u>	<u>2022</u>
Benefits after retirement		
Defined contribution plans	\$ 31,622	\$ 23,579
Defined benefit plans (Note 26)	<u>5,537</u>	<u>123</u>
	37,159	23,702
Equity-based payment		
Equity settlement	37,726	79,535
Other employee benefits	<u>1,072,497</u>	<u>992,143</u>
Total employee benefit expenses	<u>\$ 1,147,382</u>	<u>\$ 1,095,380</u>
Summarized by function		
Operating costs	\$ 487,145	\$ 445,337
Operating expenses	<u>660,237</u>	<u>650,043</u>
	<u>\$ 1,147,382</u>	<u>\$ 1,095,380</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

	2023	2022
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 consolidated 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 consolidated 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.

30. Income tax

a. Income tax recognized in profit or loss

The main components of income tax benefits are as follows:

	2023	2022
Current income tax		
Incurred for the year	\$ 237,674	\$ 238,413
Additional levy on undistributed earnings	6,104	425
Adjustments from prior years	(29,588)	(20,003)
Investment Deduction	(31,189)	-
	<u>183,001</u>	<u>218,835</u>
Deferred income tax		
Incurred for the year	(12,756)	(19,715)
Adjustments from prior years	-	11
	(12,756)	(19,704)
Income tax expense recognized in profit or loss	<u>\$ 170,245</u>	<u>\$ 199,131</u>

The adjustment of accounting income and income tax expenses is as follows:

	<u>2023</u>	<u>2022</u>
Net income before tax	<u>\$ 1,193,618</u>	<u>\$ 1,226,460</u>
Income tax expenses of net income before tax calculated at the legal tax rate	\$ 238,724	\$ 245,292
Non-deductible tax expense	3,349	7,293
Tax-free income	(26,667)	(21,149)
Debenture issuance cost	(543)	(1,056)
Deduction for losses not recognized	2,887	(14,169)
Additional levy on undistributed earnings	6,104	425
Effect of different tax rates on subsidiaries operating in other jurisdictions	7,168	2,487
Current income tax expense from previous years adjusted in the year	(\$ 29,588)	(\$ 20,003)
Deferred income tax expense from previous years adjusted in the period	-	11
Investment Deduction	(<u>31,189</u>)	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 170,245</u>	<u>\$ 199,131</u>

b. Directly recognized as income tax in equity

	<u>2023</u>	<u>2022</u>
Current income tax		
Disposal of investments in equity instruments at fair value through other comprehensive income	<u>\$ 935</u>	<u>\$ -</u>
Directly recognized as income tax in equity	<u>\$ 935</u>	<u>\$ -</u>

c. Current income tax assets and liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax assets		
Tax refund receivable	<u>\$ 2,218</u>	<u>\$ 9</u>
Current income tax liabilities		
Income tax payable	<u>\$ 73,511</u>	<u>\$ 202,458</u>

d. Deferred income tax assets and liabilities

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

2023

	Beginning balance	Recognized in profit or loss	Ending balance
<u>Deferred tax assets</u>			
Temporary difference			
Unrealized exchange gain or loss	\$ -	\$ 2,797	\$ 2,797
Unrealized loss on inventories for price loss	29,855	(795)	29,060
Unrealized loss on transactions with subsidiaries	346	-	346
Vacation leave payment payable	4,751	(728)	4,023
Allowance for doubtful debts over limit	3,613	1,507	5,120
Impairment loss of fixed assets	6,250	-	6,250
Warranty loss	4,947	870	5,817
Defined benefit retirement plan	-	1,022	1,022
Deduction for losses	-	4,758	4,758
	<u>\$ 49,762</u>	<u>\$ 9,431</u>	<u>\$ 59,193</u>
<u>Deferred tax liabilities</u>			
Temporary difference			
Unrealized exchange gains	(\$ 3,514)	\$ 3,514	\$ -
Unrealized profit on financial assets	(92)	92	-
Unrealized loss on transactions with subsidiaries	(330)	(16)	(346)
Defined benefit retirement plan	(204)	37	(167)
Gains on bargain purchase	-	(302)	(302)
	<u>(\$ 4,140)</u>	<u>\$ 3,325</u>	<u>(\$ 815)</u>

2022

	Beginning balance	Recognized in profit or loss	Ending balance
<u>Deferred tax assets</u>			
Temporary difference			
Unrealized exchange gain or loss	\$ 1,234	(\$ 1,234)	\$ -
Unrealized loss on inventories for price loss	21,510	8,345	29,855
Unrealized loss on transactions with subsidiaries	346	-	346
Vacation leave payment payable	2,980	1,771	4,751
Allowance for doubtful debts over limit	343	3,270	3,613
Impairment loss of fixed assets	-	6,250	6,250
Warranty loss	-	4,947	4,947
	<u>\$ 26,413</u>	<u>\$ 23,349</u>	<u>\$ 49,762</u>
<u>Deferred tax liabilities</u>			
Temporary difference			
Unrealized exchange gains	\$ -	(\$ 3,514)	(\$ 3,514)
Unrealized profit on financial assets	-	(92)	(92)
Unrealized loss on transactions with subsidiaries	(295)	(35)	(330)
Defined benefit retirement plan	(200)	(4)	(204)
	<u>(\$ 495)</u>	<u>(\$ 3,645)</u>	<u>(\$ 4,140)</u>

- e. Amount of unused loss deduction for deferred income tax assets not recognized in the consolidated balance sheet

Gudeng Venture

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deduction for losses		
Due in 2029	\$ 2,639	\$ 2,639
Due in 2030	1,748	1,748
Due in 2031	600	600
	<u>\$ 4,987</u>	<u>\$ 4,987</u>

Jia Shuo Construction

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deduction for losses		
Due in 2032	\$ 3,890	\$ 3,890
Due in 2033	<u>3,033</u>	<u>-</u>
	<u>\$ 6,923</u>	<u>\$ 3,890</u>

Fu Rui Sheng

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deduction for losses		
Due in 2032	\$ 670	\$ 670
Due in 2033	<u>453</u>	<u>-</u>
	<u>\$ 1,123</u>	<u>\$ 670</u>

f. Income tax assessments

Except for 2022, the annual income tax return of a profit-seeking enterprise of the Company, Gudeng Venture, We Solutions, Gudeng Equipment Co., Ltd., Showa, Fu Rui Sheng, Shuoting, Bor Sheng, Jia Shuo, and Hengyang have been assessed by the tax authorities, through the 2021 annual income tax return of a profit-seeking enterprise.

31. Earnings per Share

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

Net income for the year

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

32. **Share-based Payment Agreement**

a. 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	
	Unit (Thousands)	Weighted average Exercise Price (NT\$)
Employees stock options		
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	<u>-</u>	
Exercisable, ending	<u>-</u>	
Weighted-average fair value of the stock options for the year (NT\$)	<u>\$ 85.8</u>	

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. Employees stock option plan of the subsidiaries

The subsidiary Gudeng Equipment Co., Ltd. (hereinafter “Gudeng Equipment”) under the Company granted 600 thousand stock options to its employees in October 2022.

The information on employee stock options is as follows:

Employees stock options	2022	
	Unit (Thousands)	Weighted average Exercise Price (NT\$)
Outstanding at the beginning of the year	-	\$ -
Granted for the year	600	22
Exercised in the year	(600)	22
Outstanding at the end of the year	<u>-</u>	
Exercisable, ending	<u>-</u>	
Weighted-average fair value of the stock options for the year (NT\$)	<u>\$ 3.3963</u>	

The weighted average share price on the exercise date of employee stock options exercised in 2022 was NT\$22.

Gudeng Equipment priced the granted employee share options granted in October 2022 by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	October 2022
Market value on the grant date	NT\$25.23
Exercised price	NT\$22
Expected volatility	39.61%
Duration	30 days
Expected rate of dividend	0%
Risk-free interest rate	1.157%
Cost of compensation of Gudeng Equipment recognized for the year ended December 31, 2022 amounted to NT\$2,038 thousand.	

c. 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:

Employee share options of treasury stocks	2022	
	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.

d. 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:

Employee share options of treasury stocks	2022	
	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	(120)	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>\$ 180.9</u>	

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

	Treasury stocks transferred to employees
Number of Shares	<u>120 thousand</u> shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT\$215
Exercised price	NT\$34.05
Expected volatility	48.16%
Duration	20 days
Risk-free interest rate	0.44%

Cost of compensation recognized for the year ended December 31, 2022 amounted to NT\$21,708 thousand.

e. 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:

Employee share options of treasury stocks	2022	
	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	-	
Weighted-average fair value of the employee share options of treasury shares granted for the year (NT\$)	\$ 282.9	

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%

33. Business combinations

a. Acquisition of subsidiaries

2023

	Main operational activities	Acquisition date	Ownership interest/ acquisition ratio with voting rights (%)	Transfer consideration
Kunshan Kawaguchi and its subsidiary, Dachuan	Sales of plastic and electronic products	November 30, 2023	100%	\$ 472,892

2022

	Main operational activities	Acquisition date	Ownership interest/ acquisition ratio with voting rights (%)	Transfer consideration
Fu Rui Sheng and its subsidiary, Bor Sheng	Investment and management consulting business	July 29, 2022	54.94%	<u>\$ 96,551</u>
Shuoting Precision Industry Co., Ltd.	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	July 29, 2022	69.15%	<u>\$ 23,860</u>
Hengyang Green Energy Co., Ltd.	Piping works and electrical installations	September 1, 2022	45%	<u>\$ 54,000</u>

The consolidated company acquired Kunshan Kawaguchi, Fu Rui Sheng and Shuoting for the year ended December 31, 2023 and 2022, respectively, to continue to expand the operations of the consolidated company.

b. Transfer consideration

2023

Cash	<u>Kunshan Kawaguchi</u> <u>\$ 472,892</u>
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2022

Cash	<u>Fu Rui Sheng</u> <u>\$ 96,551</u>	<u>Shuoting</u> <u>\$ 23,860</u>	<u>Hengyang</u> <u>\$ 54,000</u>
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c. Assets acquired and liabilities assumed on the acquisition date

2023

Current assets	<u>Kunshan Kawaguchi and subsidiary, Dachuan</u>
Cash and cash equivalents	\$ 165,458
Financial assets mandatorily classified as at fair value through profit or loss - current	13,742
Accounts receivable and other receivables	49,067
Inventories	25,732
Prepayments	15,595

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	<u>Kunshan Kawaguchi and subsidiary, Dachuan</u>
Non-current assets	
Property, plant and equipment	\$ 194,786
Other Intangible Assets	448
Right-of-use assets	20,732
Current liabilities	
Accounts payable and other payables	(143,939)
	<u>\$ 341,621</u>

If the measurement of identifiable assets acquired and liabilities assumed from business combination has not been completed, the balance sheet date shall be recognized with the provisional sum, and retroactive adjustment or additional assets or liabilities shall be recognized during the measurement period to reflect the new information about the actual facts and conditions on the acquisition date.

2022

	<u>Fu Rui Sheng and subsidiary, Bor Sheng</u>	<u>Shuoting</u>	<u>Hengyang</u>
Current assets			
Cash and cash equivalents	\$ 22,663	\$ 8,994	\$ 119,090
Financial assets			
mandatorily classified as			
at fair value through			
profit or loss - current	2,329	1,500	-
Financial assets at			
amortized cost - current	8,916	-	-
Notes receivable	2,695	5,853	-
Accounts receivable and			
other receivables	87,376	60,675	-
Inventories	65,770	19,711	-
Prepayments	-	4,349	97
Other current assets	1,476	200	-
Non-current assets			
Property, plant and			
equipment	3,710	180,520	12,008
Other Intangible Assets	-	402	-
Right-of-use assets	18,638	27,194	-
Deferred tax assets	-	6,045	-
Guarantee deposits	470	2,052	-
Other current assets	-	4	-

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	Fu Rui Sheng and subsidiary, Bor Sheng	Shuoting	Hengyang
Current liabilities			
Bank loans	(\$ 18,519)	(\$ 28,103)	\$ -
Accounts payable and other payables	(39,905)	(68,132)	(11,115)
Notes payable	(21,224)	(27,355)	-
Other current liabilities	(11,433)	(10,601)	-
Non-current liabilities			
Long-term Borrowings	-	(107,269)	-
Other non-current liabilities	(16,935)	(19,255)	-
	<u>\$ 106,027</u>	<u>\$ 56,784</u>	<u>\$ 120,080</u>

d. Goodwill generated from the acquisition

2023

	Kunshan Kawaguchi and subsidiary, Dachuan
Transfer consideration	\$ 472,892
Less: fair value of identifiable net assets acquired	(341,621)
Goodwill generated from the acquisition	<u>\$ 131,271</u>

2022

	Fu Rui Sheng and its subsidiary, Bor Sheng	Shuoting	Hengyang
Transfer consideration	\$ 96,551	\$ 23,860	\$ 54,000
Less: fair value of identifiable net assets acquired	(106,027)	(56,784)	(120,080)
Add: Fair value of original shareholding held by Fu Rui Sheng	-	16,642	-
Add: Non-controlling interests	<u>50,237</u>	<u>16,282</u>	<u>66,044</u>
Goodwill arising from acquisition (gains on bargain purchase)	<u>\$ 40,761</u>	<u>\$ -</u>	<u>(\$ 36)</u>

The goodwill arising from the acquisition of Kunshan Kawaguchi and Fu Rui Sheng mainly comes from control of premium. In addition, the consideration paid for the combination includes the expected combination synergies, revenue growth and future market development. However, such benefits do not meet the requirements for recognition of identifiable intangible assets, thus they are not recognized separately.

The goodwill generated from the acquisition is not expected to be tax deductible.

e. Net cash outflow on acquisition of subsidiaries

2023

	Kunshan Kawaguchi and subsidiary, Dachuan
Consideration paid in cash	\$ 472,892
Less: balance of cash and cash equivalent acquired	(165,458)
Payable for investments	(93,031)
	<u>\$ 214,403</u>

2022

	Fu Rui Sheng and its subsidiary, Bor Sheng	Shuoting	Hengyang
Consideration paid in cash	\$ 96,551	\$ 23,860	\$ 54,000
Less: balance of cash and cash equivalent acquired	(22,663)	(8,994)	(119,090)
	<u>\$ 73,888</u>	<u>\$ 14,866</u>	<u>(\$ 65,090)</u>

34. Disposal of subsidiaries

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

a. Consideration received

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

b. Analysis of assets and liabilities upon losing control

	Wu Jiang Start-up
Current assets	
Cash and cash equivalents	\$ 3,016
Net trade receivables (including loss allowance of NT\$25 thousand)	2,505
Other receivables	212
Inventories	83,737
Prepayments	24,969
Other current assets	20

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	<u>Wu Jiang Start-up</u>
Non-current assets	
Property, plant and equipment	\$ 33,836
Right-of-use assets	21,610
Goodwill	49,961
Other current assets	7,749
Refundable deposits	5,216
Current liabilities	
Short-term borrowings	(60,668)
Other payables	(3,244)
Unearned receipts	(12,241)
Guarantee deposits	(469)
Net assets disposed of	<u>\$ 156,209</u>

c. Gain on disposal of subsidiaries

	<u>Wu Jiang Start-up</u>
Consideration received	\$ 211,145
Net assets disposed of	(<u>156,209</u>)
Gain on disposal of subsidiaries	<u>\$ 54,936</u>

d. Net cash inflow from disposal of subsidiaries

	<u>Wu Jiang Start-up</u>
Consideration received in cash and cash equivalents	\$ 211,145
Less: cash and cash equivalent balances disposed of	(<u>3,016</u>)
Net cash inflow from disposal of subsidiaries	<u>\$ 208,129</u>

35. Equity transactions with non-controlling interests

The consolidated company disposed 3.37% of its shareholding in Gudeng Equipment in June 2023, resulting in a decrease in shareholding ratio from 50.10% to 46.73%. Additionally, in November and December 2023, the consolidated company did not acquire shares of Gudeng Equipment 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	<u>664</u>	(<u>21,474</u>)
Difference in equity transactions	(\$ <u>5,208</u>)	<u>\$ 92,064</u>

Adjustment account for difference in equity
transactions

Capital surplus - Difference between equity price and book value of subsidiaries' actual acquisition or disposal	(\$ <u>5,208</u>)	<u>\$ 92,064</u>
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In September 2023, the consolidated 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 55%. The consolidated company 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 out of (into) 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	<u>4,491</u>	<u>-</u>
Difference in equity transactions	(\$ <u>12,167</u>)	(\$ <u>61</u>)

Adjustment account for difference in equity
transactions

Unappropriated earnings	(\$ <u>12,167</u>)	(\$ <u>61</u>)
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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>)
<u>Adjustment account for difference in equity transactions</u>		
Unappropriated earnings	(\$ <u>320</u>)	(\$ <u>477</u>)

On November, 2022, the consolidated 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>)

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	(November 25, 2022) We Solutions	(September 29, 2022) Shuoting
<u>Adjustment account for difference in equity transactions</u>		
Capital surplus - Difference between equity price and book value of subsidiaries' actual acquisition or disposal	\$ -	\$ -
Capital surplus - recognized changes in percentage of ownership interests in subsidiaries	\$ -	\$ 325
Unappropriated earnings	(\$ 797)	(\$ 493)

36. Information on cash flows

Non-cash Transactions

In the year 2023 and 2022, the consolidated company entered into the following non-cash investing and financing activities:

- 1) 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 24 and 27).
- 2) As of December 31, 2023, the consolidated 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.
- 3) As of December 31, 2023, the consolidated company acquired the equity of Kunshan Kawaguchi. As of December 31, 2023, the consolidated company has not yet paid NT\$93,031 thousand. This amount is recognized as other payables.

37. Capital Risk Management

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

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

38. Financial instruments

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

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

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

1) Fair Value Hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Derivatives	\$ -	\$ 1,000	\$ -	\$ 1,000
Domestic publicly traded shares	152,540	-	-	152,540
Non-guaranteed financial products with floating rate income	-	13,555	-	13,555
Total	<u>\$ 152,540</u>	<u>\$ 14,555</u>	<u>\$ -</u>	<u>\$ 167,095</u>
<u>Financial assets at fair value</u>				
<u>through other comprehensive income</u>				
Investments in equity instruments				
— Domestic publicly traded shares	\$ 165,741	\$ 398,437	\$ -	\$ 564,178
— Domestic non-publicly traded shares	-	-	87,965	87,965
Total	<u>\$ 165,741</u>	<u>\$ 398,437</u>	<u>\$ 87,965</u>	<u>\$ 652,143</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 3,300</u>	<u>\$ -</u>	<u>\$ 3,300</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Derivatives	\$ -	\$ 3,065	\$ -	\$ 3,065
Domestic publicly traded shares	139,497	-	-	139,497
Total	<u>\$ 139,497</u>	<u>\$ 3,065</u>	<u>\$ -</u>	<u>\$ 142,562</u>

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	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Domestic publicly traded shares	\$ 83,150	\$ 251,124	\$ -	\$ 334,274
— Domestic non-publicly traded shares	<u>-</u>	<u>-</u>	<u>69,201</u>	<u>69,201</u>
Total	<u>\$ 83,150</u>	<u>\$ 251,124</u>	<u>\$ 69,201</u>	<u>\$ 403,475</u>
<u>Financial liabilities at fair value 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) Reconciliation of financial instruments at Level 3 fair value measurement

2023

Financial assets	Financial assets at fair value through other comprehensive income
Beginning balance	Equity instruments
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	\$ 69,201
Ending balance	<u>18,764</u>
	<u>\$ 87,965</u>

2022

Financial assets	Financial assets at fair value through other comprehensive income
Beginning balance	Equity instruments
Addition	\$ 65,273
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	14,774
Ending balance	(<u>10,846</u>)
	<u>\$ 69,201</u>

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

Financial Instruments Classification	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Estimate the future cash flow based on the observable forward exchange rate and the exchange rate specified in the contract, and discount the cash flow based on the discount rate that reflects the credit risk of the specific counterparty.
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.
Domestic publicly traded securities	Private equity investments of the consolidated company are financial commodities that have an active market but cannot be sold subject to a lock-up period, and the consolidated company determines the fair value of such financial commodities based on the relevant market price.
Non-guaranteed financial products with floating rate income	Obtained by referring to quoted prices from counterparties.

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

The fair value of unquoted stocks is determined using market valuation method, such as the price-to-earnings ratio method and the price-to-book ratio method, to assess a reasonable fair value.

c. Classification of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily at fair value through profit or loss	\$ 167,095	\$ 142,562
Financial assets at amortized cost (Note 1)	5,622,673	3,718,341
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	652,143	403,475
<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)	6,174,778	5,800,804

Note 1: The balance refers to financial assets at amortized cost, including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), financial assets at amortized cost, other receivables (including related parties), and refundable deposits.

Note 2: The balance refers to the financial liabilities measured at amortized cost, including short-term borrowings, note payables (including related parties), trade payables (including related parties), other payables, guarantee deposits, current portion of long-term borrowings and corporate bonds payables, and long-term borrowings.

d. Objectives and policy of financial risk management

The consolidated company's main financial instruments include equity investment, accounts receivable, accounts payable, corporate bonds payables, and borrowings. Financial risks relates to operations of the above mentioned financial instruments. (Including foreign exchange rates, interest rates and other price risks), credit risk and liquidity risk.

1) Market Risks

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

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

i. Exchange Rate Risks

The Company's several subsidiaries' sales and purchase transactions are denominated in foreign currency; as a consequence, the consolidated company is exposed to the risk of fluctuation in the exchange rate. The management of the consolidated company's exchange rate exposure is to use foreign exchange forward contracts and options to manage risks within the scope permitted by the policy.

Please refer to Note 42 for the carrying amount of monetary assets and monetary liabilities of the consolidated company denominated in non-functional currencies on the balance sheet date (including monetary items denominated in a non-functional currency in the consolidated financial statements).

Sensitivity analysis

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

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

	<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	\$ 8,485	\$ 11,190(a)	\$ 319	\$ 1,092(b)

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

ii. Interest Rate Risks

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
With interest rate risk of fair value		
- Financial assets	\$ 226,398	\$ 20,000
- Financial liabilities	1,094,674	1,017,083
Interest rate risk with cash flows		
- Financial assets	4,327,693	2,581,854
- Financial liabilities	3,561,440	3,354,726

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. A 25 basis point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates increased/decreased by 0.25% and all other variables were held constant, the consolidated company's pre-tax net profit for the years ended December 31, 2023 and 2022 would increase/decrease by NT\$1,916 thousand and NT\$1,932 thousand, respectively.

iii. Other Price Risks

The consolidated company has equity price exposure arising from the investments in TWSE/TPEX equity securities, and the management of the consolidated company manage the risks by holding different risk investment portfolios.

Sensitivity analysis

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

If the monetary fund price increased/ decreased by 10%, the income before tax for the years ended December 31, 2023 and 2022 would have increased/ decreased by NT\$15,254 thousand and NT\$13,950 thousand, respectively due to an 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\$65,214 thousand and NT\$40,348 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 group caused by the counterparty's default of contractual obligations. As of the balance sheet date, the consolidated company's maximum credit risk exposure that may cause financial

losses due to the failure of the counterparty to fulfill the obligation and the financial guarantee provided by the consolidated company is mainly from:

- i. The carrying amount of financial assets recognized in the consolidated balance sheets.
- ii. Amount of contingent liabilities arising from financial guarantees provided by the consolidated company.

The policies adopted by the consolidated company are to trade only with well-reputed counterparties, and, as it is necessary, sufficient collateral must be obtained to reduce the risk of financial losses. To mitigate the credit risk, the management of the consolidated company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the consolidated company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the consolidated company's credit risk is significantly reduced. Therefore, the credit risk is limited. The consolidated company's credit risks are concentrated on the biggest client, and the ratio of accounts receivable from the above-mentioned client as of December 31, 2023 and 2022 were 41% and 25%, respectively.

3) Liquidity Risks

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

The bank loans are an important source of liquidity for the consolidated company. Please refer to the following (2) description of financing lines for the unused financing lines of the consolidated company as of 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 consolidated company can be required to pay. Therefore, the consolidated company's bank borrowings with repayment on demand clause are included in the earliest duration in below table regardless of the probability of the banks choosing to exercise their rights immediately. The analysis of maturity dates for other non-derivative financial liabilities is based on the agreed repayment dates.

December 31, 2023

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above	Total
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 123	\$ -	\$ -	\$ -	\$ -	\$ 123
Trade payables	549,543	-	-	-	-	549,543
Other payables	1,112,235	-	-	-	-	1,112,235
Lease liabilities	44,835	43,664	33,329	49,952	-	171,780
Guarantee deposits	-	9,022	-	-	-	9,022
Other current liabilities	80,218	-	-	-	-	80,218
Borrowings	386,048	642,924	176,320	2,356,148	-	3,561,440
Convertible corporate bonds	-	-	1,000,000	-	-	1,000,000
	<u>\$ 2,173,002</u>	<u>\$ 695,610</u>	<u>\$ 1,209,649</u>	<u>\$ 2,406,100</u>	<u>\$ -</u>	<u>\$ 6,484,361</u>

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

	Less than 1 year	1-2 years	2-3 years	3-5 years	5 years and above
Lease liabilities	<u>\$ 44,835</u>	<u>\$ 43,664</u>	<u>\$ 33,329</u>	<u>\$ 49,952</u>	<u>\$ -</u>

December 31, 2022

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above	Total
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 8,853	\$ -	\$ -	\$ -	\$ -	\$ 8,853
Trade payables	554,895	-	-	-	-	554,895
Other payables	951,210	-	-	-	-	951,210
Lease liabilities	30,530	24,414	19,004	15,850	9,110	98,908
Guarantee deposits	-	8,538	-	-	-	8,538
Other current liabilities	13,696	-	-	-	-	13,696
Borrowings	185,521	597,050	197,409	2,374,746	-	3,354,726
Convertible corporate bonds	-	-	964,800	-	-	964,800
	<u>\$ 1,744,705</u>	<u>\$ 630,002</u>	<u>\$ 1,181,213</u>	<u>\$ 2,390,596</u>	<u>\$ 9,110</u>	<u>\$ 5,955,626</u>

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

	Less than 1 year	1-2 years	2-3 years	3-5 years	5 years and above
Lease liabilities	<u>\$ 30,530</u>	<u>\$ 24,414</u>	<u>\$ 19,004</u>	<u>\$ 15,850</u>	<u>\$ 9,110</u>

ii. Liquidity of derivative financial liabilities

Liquidity analysis of derivatives is prepared on the basis of undiscounted contract net cash inflows and outflows for derivatives with net delivery. For derivatives to be taken for gross delivery, it is prepared on the basis of undiscounted gross cash inflows and outflows. When the amount payable or receivable is not fixed, the amount disclosed is determined based on the estimated interest rate projected by the yield curve on the balance sheet date.

December 31, 2022

	Payment on demand or less than 1 month	1-3 months	3 months to 1 year	1 to 5 years	5 years above
Net delivery					
Foreign exchange forward contracts	\$ 4,145	\$ -	\$ -	\$ -	\$ -

iii. **Financing facilities**

	<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	\$ 913,135	\$ 650,223
Amount unused	<u>1,364,360</u>	<u>961,000</u>
	<u>\$ 2,277,495</u>	<u>\$ 1,611,223</u>
Credit line of secured bank loans (to be extended with agreement between two parties)		
Amount used	\$ 2,644,969	\$ 2,701,620
Amount unused	<u>748,319</u>	<u>1,209,260</u>
	<u>\$ 3,393,288</u>	<u>\$ 3,910,880</u>

39. Related parties transaction

All transactions, account balances, gains and losses between the Company and subsidiaries (related parties of the Company) have been eliminated upon consolidation and are therefore not disclosed in this note. In addition to those disclosed in other notes, the transactions between the consolidated company and other related parties are as follows:

a. Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Sheng Jie Investment Co., Ltd. (hereinafter “Sheng Jie”)	Substantial related party
Yun Sheng Investment Co., Ltd. (hereinafter “Yun Sheng”)	Substantial related party
Jin Peng Investment Co., Ltd. (hereinafter “Jin Peng”)	Substantial related party
Onore King Taiwan International Marketing Co., Ltd. (hereinafter “Onore King”)	Substantial related party
Ting Shan Enterprise Co., Ltd. (hereinafter “Ting Shan”)	Substantial related party
Shuo Great Co., Ltd. (hereinafter “Shuo Great”)	Substantial related party
Laien Parts Technology Co., Ltd. (hereinafter “Laien Parts”)	Substantial related party
Sun bright Technology Co., Ltd. (hereinafter “Sun bright”)	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

b. Operating Revenue

<u>Item</u>	<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Sales revenue	Substantial related party	\$ 2,664	\$ -
	Associates	<u>12</u>	<u>-</u>
		<u>\$ 2,676</u>	<u>\$ -</u>

c. Purchase

<u>Item</u>	<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Cost of Good sold	Substantial related party	\$ 33,404	\$ -
	Associates	<u>70,754</u>	<u>40,772</u>
		<u>\$ 104,158</u>	<u>\$ 40,772</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	Ting Shan	\$ -	\$ 221
	Shuo Great	134	54
	YAHU	<u>13</u>	<u>-</u>
		<u>\$ 147</u>	<u>\$ 275</u>
Notes receivable - related parties	Ting Shan	\$ 161	\$ -
	Shuo Great	<u>61</u>	<u>615</u>
		<u>\$ 222</u>	<u>\$ 615</u>
Other receivable - related parties	Onore King	\$ -	\$ 2
	Symtek	12,643	-
	JIN HUI	<u>10</u>	<u>7</u>
		<u>\$ 12,653</u>	<u>\$ 9</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	Laien Parts	\$ 14,387	\$ -
	JIN HUI	17,401	13,616
	YAHU	<u>3,344</u>	<u>-</u>
		<u>\$ 35,132</u>	<u>\$ 13,616</u>
Notes payable - related parties	Shuo Great	<u>\$ -</u>	<u>\$ 100</u>
Other payable - related parties	Laien Parts	<u>\$ 10</u>	<u>\$ -</u>

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

f. Prepayments

Name of related party	December 31, 2023	December 31, 2022
YAHU	<u>\$ 4,050</u>	<u>\$ -</u>

g. Acquisition of property, plant and equipment

Name of related party	Acquisition price	
	2023	2022
Laien Parts	<u>\$ 136,000</u>	<u>\$ -</u>

h. Disposal of property, plant and equipment

Name of related party	Proceeds from disposal		Gain (loss) on disposal	
	2023	2022	2023	2022
Shuo Great	<u>\$ 31</u>	<u>\$ -</u>	<u>(\$ 1,386)</u>	<u>\$ -</u>

i. Lease agreements as a lessee

Lease expenses

Lessor	Underlying subject	Rental and payment method of rent	Lease expenses	
			2023	2022
Substantial related party	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>
Substantial related party	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>

j. Lease agreements as a lessor

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

Name of related party	December 31, 2023	December 31, 2022
Substantial related party	<u>\$ 36</u>	<u>\$ 36</u>

- 2) Rental income is summarized as follows:

Lessee	Underlying subject	Rental and payment method of rent	2023	2022
Substantial related party	Office	Rent amounted to NT\$1 thousand per month with monthly payment.	<u>\$ 48</u>	<u>\$ 50</u>

3) Guarantee deposits is summarized as follows:

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sheng Jie	\$ 2	\$ 2
Yun Sheng	2	2
Jin Peng	<u>2</u>	<u>2</u>
	<u>\$ 6</u>	<u>\$ 6</u>

k. Other Related Party Transactions

1) Other income

<u>Item</u>	<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Other income	Substantial related party Associates	\$ 1,353	\$ -
		<u>192</u>	<u>118</u>
		<u>\$ 1,545</u>	<u>\$ 118</u>

2) Other Assets and Liabilities

<u>Item</u>	<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits	Sheng Jie	\$ 23	\$ -
	Yun Sheng	<u>300</u>	<u>-</u>
		<u>\$ 323</u>	<u>\$ -</u>
Received on behalf of others	Sun Bright	<u>\$ 68,638</u>	<u>\$ -</u>

l. Remuneration of key management

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 69,981	\$ 67,063
Share-based payment	<u>1,991</u>	<u>2,038</u>
	<u>\$ 71,972</u>	<u>\$ 69,101</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.

40. Pledged Assets

The following assets were pledged as collateral for financing loans:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Pledged time deposits (recognized as financial assets measured at amortized cost)	\$ 121,500	\$ 126,500
Pledged deposits (recognized as financial assets measured at amortized cost)	56,740	2,546
Self-owned land	2,746,761	2,383,780
Buildings, net	558,605	487,262
Investment properties	<u>654,375</u>	<u>780,755</u>
	<u>\$ 4,137,981</u>	<u>\$ 3,780,843</u>

41. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

a. Significant Commitments

- 1) As of December 31, 2023, guarantee notes issued by the consolidated company for financing facilities applied from financial institutions (including long-term and short-term borrowings) amounted to NT\$681,900 thousand.
- 2) The consolidated company has contracted with various manufacturers to purchase equipment and land. The total contract price is NT\$3,759,588 thousand. As of December 31, 2023, it has paid NT\$376,820 thousand, of which NT\$240,820 thousand is accounted for as prepaid equipment payments and NT\$136,000 thousand as property under construction, and the remaining NT\$3,382,768 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.

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

The following information summarizes the currencies other than the functional currencies of the entities of the consolidated company. The disclosed exchange rates refer to the rates at which these foreign currencies are converted into functional currencies. Information on foreign currency assets and liabilities with significant effect are as follows:

December 31, 2023

	Foreign currency	Exchange rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 53,955	30.705 (USD:NTD)	\$ 1,656,688
JPY	152,823	0.2172 (JPY:NTD)	33,193
RMB	5,652	4.327 (RMB:NTD)	24,456
			<u>\$ 1,714,337</u>
 <u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	26,320	30.705 (USD:NTD)	\$ 808,156
JPY	5,826	0.2172 (JPY:NTD)	1,265
RMB	1,824	4.327 (RMB:NTD)	7,892
			<u>\$ 817,313</u>

December 31, 2022

	Foreign currency	Exchange rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 43,054	30.71 (USD:NTD)	\$ 1,322,188
JPY	469,793	0.2324 (JPY:NTD)	109,180
RMB	80	4.408 (RMB:NTD)	353
			<u>\$ 1,431,721</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	6,618	30.71 (USD:NTD)	\$ 203,239
RMB	6,758	4.408 (RMB:NTD)	29,789
			<u>\$ 233,028</u>

The net foreign exchange gain or loss (realized and unrealized) of the consolidated company for the years ended December 31, 2023 and 2022 were a gain of NT\$3,172 thousand and a gain of NT\$54,560 thousand, respectively. Due to the variety of foreign currency transactions and functional currencies of the group individual entities, the exchange gains or losses could not be disclosed according to the foreign currencies with significant impact.

43. 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 10
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.	Table 7
10	Others: the business relationships and significant transactions and amounts between parent and subsidiaries and between subsidiaries.	Table 6
11	Investee information	Table 7

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 8
2	The following significant transactions with the mainland investee, directly or indirectly through the third region, and their prices, payment terms, unrealized gain or loss:	
	(1) Purchase amount and percentage, ending balance and percentage of payables.	Table 9
	(2) Sales amount and percentage, ending balance and percentage of receivables.	Table 9
	(3) The amount of property transactions and the amount of profit or loss generated.	None
	(4) The ending balance and the purpose of bill endorsement, or provision of collateral.	Table 2
	(5) The maximum balance, ending balance, Interest rate interval and total amount of current interest of financing.	Table 1
	(6) Other transactions that have a significant effect on the current profit or loss or financial situation, such as the provision or acceptance of services.	Table 9

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 11)

44. Segment information

Information provided to key operational decision-makers to allocate resources and evaluate segment performance, focusing on the types of products or services delivered or provided. The reportable segments of the consolidated company are as follows:

Semiconductor - manufacturer.

Motor vehicles - direct sales and maintenance.

Others

a. Segment revenue and operating results

The revenue and operating results of the consolidated company shall be analyzed by the reportable segments as follows:

	2023				
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Adjustment and elimination	Total
Revenue					
Revenue from external clients	\$ 3,371,537	\$ 1,206,778	\$ 500,030	\$ -	\$ 5,078,345
Interdepartmental revenue	419,736	3,166	192,674	(615,576)	-
Interest income	<u>26,230</u>	<u>10,534</u>	<u>8,330</u>	<u>(2,030)</u>	<u>43,064</u>
Total revenue	<u>\$ 3,817,503</u>	<u>\$ 1,220,478</u>	<u>\$ 701,034</u>	<u>(\$ 617,606)</u>	<u>\$ 5,121,409</u>
Interest expenses	<u>\$ 84,199</u>	<u>\$ 733</u>	<u>\$ 6,551</u>	<u>(\$ 2,302)</u>	<u>\$ 89,181</u>
Depreciation and amortization expenses	<u>\$ 284,311</u>	<u>\$ 22,139</u>	<u>\$ 34,733</u>	<u>(\$ 3,507)</u>	<u>\$ 337,676</u>
Segment gains and losses	<u>\$ 961,487</u>	<u>\$ 231,819</u>	<u>\$ 124,600</u>	<u>(\$ 294,533)</u>	<u>\$ 1,023,373</u>

	2022					
	Semiconductor manufacturing	Motor vehicles trading	Semiconductor equipment manufacturing	Others	Adjustment and elimination	Total
Revenue						
Revenue from external clients	\$ 3,240,538	\$ 89,490	\$ 987,755	\$ 176,248	\$ -	\$ 4,494,031
Interdepartmental revenue	383,630	-	1,672	106,087	(491,389)	-
Interest income	<u>2,929</u>	<u>44</u>	<u>963</u>	<u>1,651</u>	<u>-</u>	<u>5,587</u>
Total revenue	<u>\$ 3,627,097</u>	<u>\$ 89,534</u>	<u>\$ 990,390</u>	<u>\$ 283,986</u>	<u>(\$ 491,389)</u>	<u>\$ 4,499,618</u>
Interest expenses	<u>\$ 52,811</u>	<u>\$ 35</u>	<u>\$ 139</u>	<u>\$ 2,106</u>	<u>(\$ 35)</u>	<u>\$ 55,056</u>
Depreciation and amortization expenses	<u>\$ 233,004</u>	<u>\$ 1,728</u>	<u>\$ 11,635</u>	<u>\$ 15,531</u>	<u>(\$ 3,904)</u>	<u>\$ 257,994</u>
Segment gains and losses	<u>\$ 1,011,998</u>	<u>(\$ 3,989)</u>	<u>\$ 203,415</u>	<u>\$ 82,765</u>	<u>(\$ 266,860)</u>	<u>\$ 1,027,329</u>

b. Segment assets and liabilities

December 31, 2023					
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Adjustment and elimination	Total
Segment assets	<u>\$ 14,174,765</u>	<u>\$ 1,880,714</u>	<u>\$ 3,973,711</u>	<u>(\$ 3,730,826)</u>	<u>\$ 16,298,364</u>
Segment liabilities	<u>\$ 5,690,972</u>	<u>\$ 1,147,407</u>	<u>\$ 865,335</u>	<u>(\$ 316,121)</u>	<u>\$ 7,387,593</u>

December 31, 2022					
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Adjustment and elimination	Total
Segment assets	<u>\$ 11,070,014</u>	<u>\$ 1,616,042</u>	<u>\$ 1,882,089</u>	<u>(\$ 2,334,721)</u>	<u>\$ 12,233,424</u>
Segment liabilities	<u>\$ 5,802,021</u>	<u>\$ 1,065,473</u>	<u>\$ 235,987</u>	<u>(\$ 224,681)</u>	<u>\$ 6,878,800</u>

Based on the purpose of supervising segment performance and allocating resources to each segment:

- 1) All assets are evenly allocated to reportable segments other than associates accounted for using the equity method, other financial assets and current and deferred income tax assets. The goodwill has been allocated to the reportable segments. Assets shared by reportable segments are allocated based on the revenue earned by each reportable segment; and

- 2) All liabilities are evenly allocated to reportable segments other than borrowings, other financial liabilities and current and deferred income tax liabilities. The liabilities shared by reportable segments should be allocated proportionally based on the segments' assets.

c. Income from major products and services

The income from main products and services of the consolidated company is analyzed as follows:

	2023	2022
Reticle carrier products	\$ 2,330,972	\$ 2,380,923
Wafer carrier products	967,118	653,771
Machinery and equipment	1,074,060	924,206
Motor vehicles trading	-	71,051
Semiconductor manufacturing raw materials and consumables	94,799	46,137
Others	611,396	417,943
	<u>\$ 5,078,345</u>	<u>\$ 4,494,031</u>

d. Regional Information

The consolidated company mainly operates in two regions - Taiwan and mainland China.

Revenue from external customers of the consolidated company is divided by location of operation and non-current assets by location of assets are listed as follows:

	Revenue from external clients		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Taiwan	\$ 4,770,403	\$ 3,961,871	\$ 7,280,190	\$ 6,076,099
Mainland China	307,890	532,160	271,985	21,970
Others	52	-	98,311	3,445
	<u>\$ 5,078,345</u>	<u>\$ 4,494,031</u>	<u>\$ 7,650,486</u>	<u>\$ 6,101,514</u>

Non-current assets do not include assets classified as financial instruments and deferred income tax assets.

e. Information of major clients:

Revenues from single customer accounting for more than 10% of the consolidated company's total revenue are as follows:

	2023	2022
Client A	<u>\$ 2,068,194</u>	<u>\$ 1,978,663</u>

Table I

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

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	245,640	-	3%	2	-	Operating capital	-	Promissory note	245,640	3,247,698	3,247,698	
0	Gudeng Precision Industrial Co., Ltd.	Jiurun Precision Technology Co., Ltd.	Other receivables	N	(USD 8,000) 25,000	(USD 8,000) 25,000	-	3%	2	-	Operating capital	-	None	(USD 8,000) -	3,247,698	3,247,698	
1	Shanghai Gudeng Trading Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	Other receivable - related parties	Y	30,289	-	-	3%	2	-	Operating capital	-	None	-	3,247,698	3,247,698	
2	Suzhou Kunju Trading Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivable - related parties	Y	(RMB 7,000) 30,289	(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	(RMB 7,000) 30,000	(RMB -) -	(RMB -) -	3%	2	-	Operating capital	-	None	(RMB -) -	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	245,640	92,568	3%	2	-	Operating capital	-	Promissory note	245,640	3,247,698	3,247,698	
					(USD 8,000)	(USD 8,000)	(RMB 21,393)							(USD 8,000)			

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. and Subsidiaries

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. and Subsidiaries

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>	
Dachuan Plastic Industrial (Kunshan) 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 negotiable securities held by the consolidated company are not subject to any guarantee, pledge or other restrictions as agreed except as disclosed in the remarks.

Table IV

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

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.	Kawaguchi Plastic Industry (Kunshan) 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.

Table V

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

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. and Subsidiaries

The business relationships and significant transactions between parent and subsidiaries.

From January 1 to December 31, 2023

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

No. (Note 1)	Name of Counterparty	Trade Counterparty	Relationship with Counterparties (Note 2)	Transaction Status			
				Account	Amount	Transaction Terms (Note 4)	Ratio to total consolidated revenue or total assets (Note 3)
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	1	Sales	\$ 205,675	—	4
			1	Service fees	112,178	—	2
			1	Trade receivables - related parties	74,046	—	-
			1	Other receivable - related parties	1,449	—	-
		Gudeng Equipment Co., Ltd.	1	Other payable - related parties	7,136	—	-
			1	Sales	10,578	—	-
			1	Rental income	3,583	—	-
			1	Other income	2,275	—	-
			1	Trade receivables - related parties	2,046	—	-
		We Solutions Technology Co., Ltd.	1	Prepayments for equipment	13,500	—	-
			1	Purchase	185,543	—	4
		Gudeng Inc. (USA)	1	Trade payable - related parties	33,426	—	-
			1	Service fees	47,967	—	-
		Shuoting Precision Industry Co., Ltd.	1	Other payable - related parties	7,870	—	-
			1	Sales	8,584	—	-
			1	Purchase	24,857	—	-
			1	Trade receivables - related parties	5,874	—	-
		Dachuan Plastic Industrial (Kunshan) Co., Ltd.	1	Other receivable - related parties	27,061	—	-
			1	Sales	9,125	—	-
			1	Trade receivables - related parties	16,709	—	-
1	Gudeng Equipment Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	3	Contract liabilities	17,984	—	-
2	Gudeng Investment	Shanghai Gudeng Trading Co., Ltd.	3	Other receivable - related parties	93,819	—	-
3	We Solutions Technology Co., Ltd.	Shuoting Precision Industry Co., Ltd.	3	Other receivable - related parties	15,034	—	-

Note 1: Information on business transaction information between the parent company and its subsidiaries should be specified separately in the No. column. The method for filling in the numbers is as follows:

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

Note 2: There are three types of relationships with counterparties, simply indicate the type:

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

Note 3: For calculating the ratio of transaction amount to total consolidated revenue or total assets, if it is under the asset and liability accounts, it is the ratio of the ending balance to the total consolidated assets. If it is under the profit or loss account, it is the ratio of the cumulative amount for the interim period to the total consolidated revenue.

Note 4: The prices of purchases and sales between the parent company and its subsidiaries are determined according to the contract, with a payment term of 90 days, and are subject to adjustments based on the capital utilization of affiliated companies. For the rest of the transactions, as there are no relevant or similar transactions to follow, the two parties shall determine through negotiation

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

Table VII

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

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	Notes 1 and 2
	Gudeng Investment 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	Notes 1 and 2
	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	Notes 1 and 2
	Gudeng Equipment 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	Notes 1 and 2
	Gudeng Inc. (USA)	1798 Technology DR, #298 San Jose, CA, 95110	Engaging in various electronic component businesses	USD 2,652	USD 850	2,652,000	51	96,175	17,050	17,445	Notes 1 and 2
	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	Notes 1 and 2
	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	Notes 1 and 2
Gudeng Venture Capital Co., Ltd.	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	Notes 1 and 2
	Jia Shuo Construction, Inc.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Industrial plant, residential and building development and leasing, real estate sales and leasing	165,100	135,100	16,510,000	100	157,637	(3,033)	(3,033)	Notes 1 and 2
	Jinhui Technology Co., Ltd.	No. 43, Jingjian 4th Rd., Guanyin Dist., Taoyuan City	Surface treatment and thermal treatment, wholesale of chemical materials, manufacture of other chemical materials and other metals, wholesale of pollution prevention equipment, wholesale of recycled materials	35,000	35,000	3,500,000	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)	Notes 1 and 2
	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 from previous page)

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 Equipment 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	Notes 1 and 2
	Gudeng Inc. (USA)	1798 Technology DR, #298 San Jose, CA, 95110	Engaging in various electronic component businesses	USD 208	-	208,000	4	7,543	17,050	(32)	Notes 1 and 2
	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	Notes 1 and 2
	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)	Notes 1 and 2
	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	Notes 1 and 2
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)	Notes 1 and 2
	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	Notes 1 and 2

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

Note 2: Wholly eliminated when preparing consolidated financial statements.

Note 3: Please refer to Table 8 for the information about investments in Mainland China.

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

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 -)	-	
Kawaguchi Plastic Industry (Kunshan) 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)	-	
Dachuan Plastic Industrial (Kunshan) Co., Ltd.	Wholesale, import and export of plastic products, power products and hardware & electric materials	-	(1) Investor company: Kawaguchi Plastic Industry (Kunshan) 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. and Subsidiaries

Significant transactions with investee companies in mainland China incurred directly or indirectly through a third region, and their prices, payment terms, unrealized gain or loss, and other relevant information
From January 1 to 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	-	

Table X

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital
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 XI

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 consolidated 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.

- vi. **In the case of any insolvency of the Company and its affiliates, specify its effect on the Company's financial position:** None.

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-
1100356048

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	<u>5,989,152</u>	<u>44</u>	<u>3,248,341</u>	<u>31</u>
	Retained earnings				
3310	Legal reserve	310,168	2	216,567	2
3320	Special reserve	-	-	157,093	2
3350	Unappropriated earnings	<u>794,151</u>	<u>6</u>	<u>560,545</u>	<u>5</u>
3300	Total retained earnings	<u>1,104,319</u>	<u>8</u>	<u>934,205</u>	<u>9</u>
3400	Other equity	<u>82,801</u>	<u>-</u>	<u>(146,666)</u>	<u>(1)</u>
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	<u>652,625</u>	<u>581,720</u>

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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)

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>\$ 1,842,482</u>	<u>\$ 842,313</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>\$ 1,000</u>	<u>\$ 10,975</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

<u>Investments in equity instruments</u>	<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>\$ 415,334</u>	<u>\$ 251,124</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>

Trade receivables

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:

	2023	2022
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	-	(2,988)
Ending balance	<u>\$ 3,061</u>	<u>\$ 621</u>

Changes in loss allowance for collection are as follows:

	2023	2022
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	(3,221)	-
Ending balance	<u>\$ -</u>	<u>\$ 3,221</u>

11. Inventories

	December 31, 2023	December 31, 2022
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>\$ 1,114,696</u>	<u>\$ 835,719</u>

Nature of cost of goods sold as below:

	2023	2022
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>\$ 1,865,206</u>	<u>\$ 1,569,086</u>

12. Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Investment in subsidiaries	\$ 2,541,307	\$ 1,643,227
Investment in affiliated companies	<u>21,781</u>	<u>-</u>
	<u>\$ 2,563,088</u>	<u>\$ 1,643,227</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 Investment Co., Ltd.	967,379	718,138
We Solutions Technology Co., Ltd.	303,790	260,498
Gudeng Equipment 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 Investment Co., Ltd.	100%	100%
We Solutions Technology Co., Ltd.	83.33%	83.33%
Gudeng Equipment 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
<u>Cost</u>							
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>
<u>Accumulated depreciation and impairment</u>							
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>
<u>Cost</u>							
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>
<u>Accumulated depreciation and impairment</u>							
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	(132,290)
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

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

18. Other Assets

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

19. Borrowings

a. Short-term borrowings

	December 31, 2023	December 31, 2022
<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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<u>Line of credit loans</u>	<u>Maturity Date</u>	<u>Material terms and conditions</u>	<u>Effective interest rate</u>	<u>December 31, 2023</u>	<u>December 31, 2022</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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Domestic unsecured convertible bonds	\$ 942,415	\$ 922,582
Less: current portion matured in 1 year	<u>-</u>	<u>-</u>
	<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>\$ 942,415</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	(42,478)
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	(30)
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	(33,766)
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	(926,832)
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	\$ -	(\$ 252)	(\$ 252)
Benefits paid	(<u>3,909</u>)	<u>3,909</u>	<u>-</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	=	=	=	=

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	263,652	188,399
	<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>\$ 87,072</u>	<u>\$ 85,534</u>	<u>\$ 2,576</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>\$ 73,756</u>	<u>\$ 2,576</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	\$ 24,858	\$ 2,609
Imputed interest on deposits	86	61
Loans to related parties	<u>450</u>	<u>105</u>
	<u>\$ 25,394</u>	<u>\$ 2,775</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>\$ 106,612</u>	<u>\$ 75,054</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>\$ 9,012</u>	<u>\$ 51,091</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>\$ 84,121</u>	<u>\$ 52,592</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:

Employees stock options	2023	
	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	-	
Weighted-average fair value of the employee share options of treasury shares granted for the year (NT\$)	\$ 215.4	

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	(120)	34.05
Outstanding at the end of the year	-	
Weighted-average fair value of the employee share options of treasury shares granted for the year (NT\$)	\$ 180.9	

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	120 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT\$215
Exercised price	NT\$34.05
Expected volatility	48.16%
Duration	20 days
Risk-free interest rate	0.44%

Cost of compensation recognized for the 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:

Employee share options of treasury stocks	2021	
	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 Gudeng Equipment Co., Ltd. (hereinafter referred to as “Gudeng Equipment”) 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 Gudeng Equipment 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)	<u>(\$ 5,872)</u>	<u>\$ 113,538</u>
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	<u>664</u>	<u>(21,474)</u>
Difference in equity transactions	<u>(\$ 5,208)</u>	<u>\$ 92,064</u>
<u>Adjustment account for difference in equity transactions</u>		
Capital surplus - Difference between equity price and book value of subsidiaries' actual acquisition or disposal	<u>(\$ 5,208)</u>	<u>\$ 92,064</u>

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	<u>\$ -</u>	<u>(\$ 450)</u>
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	<u>(16,658)</u>	<u>389</u>
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	<u>4,491</u>	<u>-</u>
Difference in equity transactions	<u>(\$ 12,167)</u>	<u>(\$ 61)</u>
<u>Adjustment account for difference in equity transactions</u>		
Unappropriated earnings	<u>(\$ 12,167)</u>	<u>(\$ 61)</u>

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>)
<u>Adjustment account for difference in equity transactions</u>		
Unappropriated earnings	(\$ <u>320</u>)	(\$ <u>477</u>)

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>)
<u>Adjustment account for difference in equity transactions</u>		
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

	Level 1	Level 2	Level 3	Total
<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
<u>December 31, 2022</u>				

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value 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 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 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

	December 31, 2023	December 31, 2022
<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.

	Effect of USD currency			Effect of JPY currency	
	2023	2022		2023	2022
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:

	December 31, 2023	December 31, 2022
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
Gudeng Equipment (hereinafter “Gudeng Equipment”)	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
Dachuan Plastic Industrial (Kunshan) 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
	Gudeng Equipment	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
Gudeng Equipment	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
	Gudeng Equipment	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
	Gudeng Equipment	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
	Gudeng Equipment	-	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	<u>7,870</u>	<u>11,214</u>
		<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	\$ -
Gudeng Equipment	13,500	-
YAHOO	<u>4,050</u>	<u>-</u>
	<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:

Name of related party	December 31, 2023	December 31, 2022
Gudeng Venture	\$ 480	\$ 480
Gudeng Equipment	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:

Name of related party	Underlying subject	Rental and payment method of rent	2023	2022
Gudeng Venture	Office	Rent amounted to \$40 thousand per month with monthly payment.	\$ 480	\$ 480
Gudeng Equipment	Pant and clean room	Rent amounted to NT\$297 thousand per month with monthly payment.	3,571	4,009
Gudeng Equipment	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>
Gudeng Equipment	\$ 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>
Gudeng Equipment	<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	Gudeng Equipment	\$ 2,275	\$ 1,373
	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	Gudeng Equipment	\$ -	(\$ 165)
	Bor Sheng	(68)	-
		<u>(\$ 68)</u>	<u>(\$ 165)</u>
General and administrative expenses	We Solutions	\$ -	(\$ 291)
	Gudeng USA	(424)	-
		<u>(\$ 424)</u>	<u>(\$ 291)</u>
Research expenses	We Solutions	(\$ 33)	\$ -
	Shuoting	(60)	-
		<u>(\$ 93)</u>	<u>\$ -</u>

k. Remuneration of key management

	2023	2022
Short-term employee benefits	\$ 64,146	\$ 65,070
Share-based payment	<u>1,991</u>	<u>-</u>
	<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	<u>721,387</u>	<u>842,760</u>
	<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 I

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 Investment 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 Venture Capital 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>	
Dachuan Plastic Industrial (Kunshan) 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.	Kawaguchi Plastic Industry (Kunshan) 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.

Table V

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 Investment 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
	Gudeng Equipment 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 Venture Capital Co., Ltd.	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
	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)

(Continued from previous page)

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 Equipment 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 -)	-	
Kawaguchi Plastic Industry (Kunshan) 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)	-	
Dachuan Plastic Industrial (Kunshan) Co., Ltd.	Wholesale, import and export of plastic products, power products and hardware & electric materials	-	(1) Investor company: Kawaguchi Plastic Industry (Kunshan) 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§

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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 JPY 114,798 thousand @0.2172	<u>260,618</u>
		<u>1,841,879</u>
		<u>\$ 1,842,482</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
Gudeng Equipment	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>\$1,114,696</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	4,000,000	\$ 251,124	161,692	\$ 15,037	\$ 149,173	4,000,000	\$ 415,334	

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
Cost			
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>
Accumulated depreciation			
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
Dachuan Plastic Industrial (Kunshan) 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	<u>182,537</u>
	<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	<u>702,127</u>
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	<u>1,816,217</u>
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	<u>1,850,152</u>
Stock in hand, beginning	13,805
Less: Stock in hand, ending	(11,976)
Purchase and sales costs	<u>1,829</u>
Sales costs	<u>1,851,981</u>
Maintenance cost	<u>1,471</u>
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)
	<u>11,754</u>
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	<u>12,298</u>	<u>5,363</u>	<u>17,661</u>	<u>7,008</u>	<u>12,776</u>	<u>19,784</u>
	<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. ([Total employee benefit expenses for the current year - Total directors' remuneration] / [Number of employees for the current year - Number of directors who do not serve as employees])
The average employee benefits expenses were \$1,179 thousand for the prior year. ([Total employee benefit expenses for the previous year - Total directors' remuneration] / [Number of employees for the previous year - Number of directors who do not serve as employees])
 - The average employees' salary expenses were \$931 thousand for the year. (Total employee salary expenses for the current year / [Number of employees for the current year - Number of directors who do not serve as employees])
The average employees' salary expenses were \$1,063 thousand for the prior year. (Total employee salary expenses for the previous year / [Number of employees for the previous year - Number of directors who do not serve as employees])
 - The change in the average employees' salary expenses was (12.42%). (The average employee salary expense for the current year-The average employee salary expense for the previous year)/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.

Chapter 7. Review and Analysis of Financial Status and Financial Results and Risk Items (Consolidated Financial Statements)

I. Financial Status

(I) Comparative Analysis of Financial Status

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference	
			Amount	(%)
Current assets	7,810,600	5,647,182	2,163,418	38.31
Property, plant and equipment	6,249,648	4,829,830	1,419,818	29.40
Intangible assets	338,785	168,952	169,833	100.52
Other assets	1,899,331	1,587,460	311,871	19.65
Total assets	16,298,364	12,233,424	4,064,940	33.23
Current liabilities	3,110,778	2,682,551	428,227	15.96
Non-current liabilities	4,276,815	4,196,249	80,566	1.92
Total liabilities	7,387,593	6,878,800	508,793	7.40
Share capital	942,972	842,494	100,478	11.93
Capital surplus	5,989,152	3,248,341	2,740,811	84.38
Retained earnings	1,104,319	934,205	170,114	18.21
Total shareholder equity	8,910,771	5,354,624	3,556,147	66.41
Analysis if variations exceed 20%:				
1. Increase in current assets: This is mainly due to the increase in cash and cash equivalents resulting from financing activities.				
2. Increase in property, plant, and equipment: This is mainly due to the expansion of operations, production capacity, and equipment purchases in the current year.				
3. Increase in intangible assets: This is mainly due to the goodwill generated from the acquisition of subsidiary companies in the current year.				
4. Increase in total assets: This is mainly due to the increase in cash and cash equivalents, long-term investments accounted for using the equity method, and additions to property, plant, and equipment in the current year.				
5. Increase in capital surplus: This is mainly due to the issuance of new shares for capital increase in the current year, resulting in share premium.				
6. Increase in total shareholders equity: This is mainly due to the operating profit and the increase in equity resulting from the issuance of new shares by capital increase in the current year.				

- (II) Where the effect is of material significance, the measures to be taken in response shall be described: None.

II. Financial Performance

- (I) Main reasons for the major changes in operating income, operating net profit and pre-tax net profit in the most recent two years, and projected sales volume and the basis of estimation and the potential impact and response plans for the company's future financial business:

Unit: NT\$ thousand

Item \ Year	2023	2022	Increase (Decrease) Amount	% of change
Net sales	5,078,345	4,494,031	584,314	11.51
Operating costs	2,639,697	2,303,716	335,981	12.73
Operating margin	2,438,648	2,190,315	248,333	10.18
Operating expenses	1,378,570	1,098,012	280,558	20.35
Other profit and expense net amount	-	-	-	-
Net operating profit (loss)	1,060,078	1,092,303	(32,225)	(3.04)
Non-operating income and expenses (loss)	133,540	134,157	(617)	(0.46)
Net income before tax from continuing operating department (loss)	1,193,618	1,226,460	(32,842)	(2.75)
Income tax benefit (expense)	(170,245)	(199,131)	28,886	(16.97)
Net income after tax from continuing operating department (loss)	1,023,373	1,027,329	(3,956)	(0.39)
Analysis if variations exceed 20%: Increase in operating expenses: This is mainly due to the continuous expansion of operations and the increase in management and research and development expenses.				

Note: The financial information of 2023 and 2022 is a consolidated statement prepared in accordance with International Accounting Standards, which has been verified by an accountant.

- (II) Projected sales volume and the basis of estimation and the potential impact and response plans for the Company's future financial business:

The Company did not make any financial forecast in 2023. Therefore, it does not intend to disclose the possible impact of the expected sales volume on the Company's future financial business and its response plan.

III. Cash Flows

Analysis of changes in cash flow and improvement plans for liquidity shortage in the most recent fiscal year, and cash liquidity analysis in the coming fiscal year

(I) Analysis of variance in cash flows for the current year

Unit: NT\$ thousand

Cash balance amount at the beginning of the year (1)	Net cash flow from operating activities in the year (2)	Net cash flow from investment activities in the year (3)	Net cash flow from financing activities in the year (4)	Effect of exchange rate changes on cash and cash equivalents (5)	Surplus (Deficit) (1)+(2)+(3)+(4)+(5)	Response Measures for Cash Inadequacy	
						Investment Plan	Financing Plan
2,270,488	1,214,072	(1,960,267)	2,489,071	(8,585)	4,004,779	None.	

The analytical process is set out below:

(1) Analysis of variance in cash flows for the most recent year:

Operating activities: Mainly due to the increase in net income before tax for the period.

Investment activities: Mainly due to the increase in the purchase of real estate properties, equipment, and investment in securities.

Fundraising activities: Mainly attributable to increased bank loans, issuance of corporate bonds, and cash capital increase.

(2) Remedial measures for estimated cash shortfalls and liquidity analysis:

The Company has no cash shortfalls.

(II) Improvement plans for liquidity shortfalls: The Company has no liquidity shortfalls.

(III) Cash liquidity analysis for the upcoming year: N/A.

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year:

The main capital expenditure in recent years of the Company is the purchase of a piece of land near Sanxia District, New Taipei City for the construction of the new factory office building to move the existing production lines of some EUV carrier and wafer FOUP series from Shu Gu Plant and reserve backup capacity for Shu Gu Plant. In addition, considering the continuous growth of the overall business scale in the future, the Company needs to increase the personnel in various departments for flexibility in reserving staff establishment space for each department and maximizing planned space use in the future. Therefore, it is necessary for the Company to build the factory office to provide sufficient space for medium- and long-term development as planned. The funds for the project mainly came from bank financing, which has no significant impact on the Company's financial structure and business operations.

V. Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improvement, and Investment Plans for the Coming Year:

(I) Reinvestment policy for the most recent fiscal year:

The Company's current reinvestment policy focuses on long-term strategic investment and investment targets related to main businesses, and is implemented by relevant departments in accordance with the internal control system of "Investment Cycle" and "Procedures for Acquiring or Disposing of Assets". After appropriate financial evaluation and analysis on industry trends, business models and risks, the Company makes strategic investments including equity investment or mergers and acquisitions. In order to strengthen the supervision and management of companies carrying out reinvestments, the Company has developed the internal control systems of "Measures for Supervision of Subsidiaries" and "Measures for Mutual Financial Businesses with Related Parties, Specific Companies, and Group Companies", and implements the supervision and management of reinvestment operations in accordance with the "Guidelines on Establishing Internal Control Systems for Public Companies". Based on their information disclosure, finance, businesses, inventory and financial management, the Company develops relevant regulations to maximize the effectiveness of the Company's reinvestment operations.

(II) Reinvestment analysis:

Unit: NT\$ thousand

Name of Investee	Recognition of gain (loss) of invested companies for the most recent fiscal year	Main reasons for profit or loss	Improvement plan	Other future investment plans
Rich Point Global Corp.	69,933	Profit of the Investment Company for the Current Year	-	Depending on operating condition
Sun Park Development Limited	RMB 13,601	Profit of the Investment Company for the Current Year	-	Depending on operating condition
Suzhou Kunju Trading Co., Ltd.	(7,526)	Business expansion fell short of expectations, resulting in operational losses.	-	Registration was cancelled in September 2023.
Shanghai Gudeng Trading Co., Ltd.	68,011	Operations are in good condition	-	Depending on operating condition
Gudeng Venture Capital Co., Ltd.	47,800	Profit of the Investment Company for the Current Year	-	Depending on operating condition
Gudeng Investment Co., Ltd.	RMB 2,155	Profit of the Investment Company for the Current Year	-	Depending on operating condition
We Solutions Technology Co., Ltd.	47,067	Operations are in good condition	-	Depending on operating condition
Gudeng Equipment	110,642	Operations are in good condition	-	Depending on operating condition
Jin Hui Technology Co., Ltd.	3,922	Operations are in good condition	-	Depending on operating condition

Name of Investee	Recognition of gain (loss) of invested companies for the most recent fiscal year	Main reasons for profit or loss	Improvement plan	Other future investment plans
Jia Shuo Construction Co., Ltd.	(3,033)	Transitioned into a construction company in 2021, and the benefits have not been realized	Profits are expected to be improved when the business scale is expanded.	Depending on operating condition
Showa Precision Technology Co., Ltd.	2,733	Operations are in good condition	-	Depending on operating condition
Gudeng Inc. (Note 1)	17,413	Operations are in good condition	-	Depending on operating condition
AIS Analytical Instruments Inc.	(3,142)	Established in 2021 and has yet to demonstrate profitability.	Profits are expected to be improved when the business scale is expanded.	Depending on operating condition
Hengyang Green Energy Co., Ltd.	(4,370)	Established in 2020 and has yet to demonstrate profitability.	Profits are expected to be improved when the business scale is expanded.	Depending on operating condition
YAHOO System Technology Co., Ltd.	4,367	Operations are in good condition	-	Depending on operating condition
Fu Rui Sheng Industrial Co., Ltd.	3,011	Profit of the Investment Company for the Current Year	-	Depending on operating condition
Suting Precision Industry Co., Ltd.	(11,538)	Business expansion fell short of expectations, resulting in operational losses.	Profits are expected to be improved when the business scale is expanded.	Depending on operating condition
Bor Sheng Industrial Co., Ltd. (Note 2)	10,065	Operations are in good condition	-	Depending on operating condition
Gudeng Aerospace Co., Ltd.	381	The primary source of income is from interest earnings.	-	Depending on operating condition
Kunshan Chuangou Plastic Industry Co., Ltd.	16,797	Operations are in good condition	-	Depending on operating condition

Name of Investee	Recognition of gain (loss) of invested companies for the most recent fiscal year	Main reasons for profit or loss	Improvement plan	Other future investment plans
Dachuan Plastic Industrial (Kunshan) Co., Ltd.	13,619	Operations are in good condition	-	Depending on operating condition
TSS Holdings Ltd.	(384)	Established in 2023 and has yet to demonstrate profitability.	Profits are expected to be improved when the business scale is expanded.	Depending on operating condition

Note 1: The reinvested companies are this Company and Gudeng Equipment Co., Ltd.

Note 2: The reinvested companies are We Solutions Technology Co., Ltd. and Fu Rui Sheng Industrial Co., Ltd.

(III) Investment plans for the coming year: No clear investment plans for the present.

VI. Risk Analysis and Assessment for the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report

(I) Effect on the Company's Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future:

(1) Changes in interest rates:

Unit: NT\$ thousand; %

Item	2023		2022	
	Amount	Proportion of Pre-tax Net Profit	Amount	Proportion of Pre-tax Net Profit
Interest Income	43,064	3.6%	5,587	0.45%
Interest Expense	89,181	7.47%	55,056	4.49%

Source: Financial report audited and certified by CPAs.

1. Impact on the Company's income:

The interest expenses in 2023 were mainly due to the business operation needs.

2. Response measures

The Company implements capital plans based on the principle of conservativeness and steadiness, allocates capital taking safety management first, and mainly finances required operating capital and capital expenditures from financial institutions. In addition to strengthening the management of accounts receivable to maintain safe operating turnover, the Company also maintains close contact with banks, regularly evaluates bank saving and borrowing rates, and obtains preferential interest rates. In the future, the Company and its subsidiaries will comprehensively consider the amount and cost of each capital source to raise the required funds, and will continue to pay close attention to the global economic development and take hedging operations to avoid the risk of rising interest rates.

(2) Changes in exchange rate:

Impact on the Company's income:

Unit: NT\$ thousand; %

Item / Year	2023	2022
Exchange (Loss) Gain	3,172	54,560
Net Sales	5,078,345	4,494,031
Percentage of Operating Revenue (%)	0.06%	1.21%

Source: Financial report audited and certified by CPAs.

The exchange gains of the Company in the most recent two years accounted for a low percentage of the operating revenue each year, so the exchange rate fluctuations did not have a significant impact on the Company.

The Company has always paid attention to exchange rate fluctuations in the international market and continues to implement the following response measures:

1. Use foreign currency cash from the sale of foreign products to pay for the foreign currency payables from purchase of materials, and use the characteristics of natural hedging to avoid most of exchange risks. Therefore, it is only necessary to adopt financial instruments to avoid risks of exchange rate fluctuations as appropriate based on the exchange rate fluctuations of foreign currency net assets (liabilities).
2. The finance department maintains close contact with the foreign exchange departments of financial institutions to collect relevant information on exchange rate fluctuations at all times. By staying updated with international exchange rate trends and information, the company can actively respond to the negative impact of exchange rate fluctuations.
3. The Company will use hedging financial derivatives to conduct foreign exchange hedging operations based on changes in the foreign exchange market as appropriate, such as pre-sales of forward foreign exchange, to avoid relevant exchange rate risks and minimize the impact of exchange rate changes on the Company's profits.

(3) Inflation changes:

With rapid changes in the overall economic environment, the Company has not suffered serious immediate impact due to inflation or deflation crisis so far. The Company always grasps changes in global politics and economy and fluctuations in market prices of raw materials and terminal products, and maintains good interactions with customers and suppliers, while flexibly adjusts purchasing and sales strategies, cost structure and transaction methods, to effectively respond to the impact of inflation or deflation, so that the Company has not been seriously affected.

(II) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future:

(1) Engagement in high-risk or high-leverage investments

The Company implements strict financial management and focuses on business, and does not engage in high-risk and high-leverage investments.

(2) Loaning of Funds to Others and Endorsements/Guarantees

The Company and its subsidiaries have rigorously developed the "Measures for Loaning Funds to Others" and "Measures for Endorsements and Guarantees" the Company will handle it in accordance with relevant regulations and take

corresponding measures to protect the Company's rights and interests to the greatest extent.

(3) Transaction of Derivatives

The Company and its subsidiaries do not undertake derivatives. Where there is such a transaction in the future, the Company will handle it in accordance with relevant regulations and take corresponding measures to protect the Company's rights and interests to the greatest extent.

(III) Future R&D Plans and Expected R&D Expense:

(1) Short-term Plan: R&D plan for this year (2024)

1. Mask handling solutions
 - EUV POD
 - BKM POD
 - Smart POD
2. Wafer handling solutions
 - 8-inch wafer carrier
 - 12-inch wafer carrier
 - Diffuser type wafer carrier
 - FOUP purging system
3. Substrate handling solutions
 - 510x510 panel substrate
 - 515x515 panel substrate
 - 510x515 horizontal panel shipper
4. Photoelectric carrier solutions
 - All sizes of LCD reticle SMIF pods
5. New consumables markets development
 - All types of liquid photoresists nozzles
 - Coating plate

(2) Mid-term Plan: Key R&D projects in the next three years:

1. Mask handling solutions
 - EUV POD with pellice
 - LCD reticle carrier
 - Smart POD
2. Wafer handling solutions

- 8-inch wafer carrier
- 12-inch 300mm FOUP
- Smart FOUP

3. Customer integrated service platform

(3) Investment plans in the following year

Product Name	Product Applications	Cost
A. Mask handling solutions		The total R&D budget is appropriately NT\$271 million, including appropriately NT\$97.21 million for personnel costs.
a. EUV POD	Mask handling	
b. LCD EUV pod	Mask handling	
B. Wafer handling solutions		
a. 8-inch wafer carrier	Wafer handling	
b. 12-inch 300mm FOUP	Wafer handling	
c. Smart FOUP	Wafer handling	
d. FOUP purging system	Wafer handling	
C. Carrier handling solutions	Related to substrate handling	
a. 510x510 panel substrate	Related to substrate handling	
b. 510x515 panel substrate	Related to substrate handling	
c. FPS 510 PAH carrier	Related to substrate handling	
d. FPS 510 PAG carrier	Related to substrate handling	
D. Customer integrated service platform	High-tech industry	

(IV) Impact on the Company's financial operations and contingency action regarding changes in domestic and international policies and regulations:

The Company and its subsidiaries comply with all related domestic and foreign laws and regulations in day-to-day operations and continuously pay close attention to domestic and foreign policy development trends and changes in legislation to fully understand changes in the market environment. Therefore, it is estimated that the Company will not be adversely affected by major changes in government policies and laws at home and abroad in the future.

(V) Effect on the Company's financial operations and contingency action regarding changes in science and technology and the industry:

The Company and its subsidiaries pay attention to changes in relevant technologies of the industry at any time, and assign personnel to evaluate and study the impact of the changes on the Company's future development and financial business and response measures depending on the situation. In the most recent year, there have been no major technological changes that have caused significant impacts on the Company's financial business. The Company is actively expanding its future market applications, so technological and industrial changes will have a positive impact on the Company.

(VI) Effect on corporate crisis management of changes in corporate image, and measures to

be taken in response:

The Company has maintained a good image since its establishment. In addition to strengthening internal information management, the Company has improved management quality and performance, maintained corporate image, and complied with relevant laws and regulations; there is no negative reports on corporate image as of the date of publication of the annual report. The company will uphold the same spirit, continue to maintain a good corporate image and actively expand its business.

- (VII) Expected benefits and possible risks associated with any mergers and acquisitions, and measures to be taken in response:

As of the date of publication of the Annual Report, the Company and its subsidiaries do not have any merger or acquisition plan. To ensure the rights and interests of shareholders, if M&A plan is formed in the future, prudent evaluation will be conducted along with consideration of any possible post-merger benefits.

- (VIII) Expected benefits and possible risks associated with any plant expansion, and measures to be taken in response:

The Company's and its subsidiaries' plant expansions have all gone through complete, prudent evaluation from responsible units, and return on investment and possible risks have all been carefully considered.

- (IX) Risks associated with any consolidation of sales or purchasing operations, and measures to be taken in response:

- (1) Procurement Risks:

The main materials of mask boxes and mask transfer boxes sold by our company are ABS and PEEK. The suppliers of such materials are not exclusively irreplaceable, and their sources of supply are still sufficient; in addition, the Company has always adopted the principle of decentralized procurement, and has inquiries from two or more suppliers for the same material, so there is no risk of concentrated purchases.

- (2) Sales Risks:

The Company is a professional provider of mask handling solutions and mainly sells products to foundries and integrated device manufacturers (IDM). Most of the customers are domestic and foreign listed companies or well-known manufacturers, such as Intel, TSMC, Esmore and DAIFUKU, etc, among which the foundries are most important due to their wide range of products and large amount of masks. Taiwan is the main base of the global foundries, and the Company has concentrated sales for the above customers based on industrial characteristics.

In the future, the Company will continue to use the competitive advantages of technology leadership, product innovation and customer partnership to expand new customers and new products relying on its leading position in the field of mask handling solutions to avoid the risk of excessive concentration of customers.

- (X) Impact and risks of massive transfer or replacement of shares held by directors, supervisors or shareholders with 10% or more share ownership and response measures to be taken:

As of the date of publication of the annual report, the transfer of shares held by directors, supervisors or shareholders with 10% or more share ownership was mainly due to gifts to spouses, and did not have any impact or risk on the Company. The directors and supervisors of the Company have been involved in the company's operations for a long time. The Company also maintains good communication with its shareholders who regularly feedback their operations.

- (XI) Effect on and Risk to the Company with Any Change in Operating Rights, and Measures to Be Taken in Response:

As of the date of the publication of the annual report, the Company has not changed its operating rights.

- (XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings as of the date of publication of the annual report where the Company and any of its directors, supervisors, general manager, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: None.

- (XIII) Other important risks, and response measures to be taken:

Description of information security risk assessment:

- (1) Information security operations:

The Company has established a complete information network architecture, data backup and computer security protection systems, including but not limited to anti-virus software systems, data backup systems, hardware firewall systems, etc. The Company uses these information control and protection systems for information security protection, file backup, account verification control and management, computer virus protection, etc. to prevent internal data from outflow and maintain the normal operations of the Company.

- (2) Control of information security and network risks:

The rapid development of information technology and network technology innovations lead to continuous changes in network attack methods and increase in the number of network attacks, so the information security protection system cannot provide maximum guarantees for system security. However, the Company has actively taken operations to enhance information security, manage and reduce information security risks by updating firewalls, centralized control and automatic updates of anti-virus engines and virus features, and updating operating system.

- (3) Employee education and training on information security:

The Company regularly educates employees on information security risks to reduce network attacks caused by employees' negligently clicking on malicious emails or browsing unsafe websites. The Company controls access of general employees to external storage media. When accessing external files, employees with permissions must go through security check by information department to prevent malicious codes from entering the Company's system to ensure information security.

- (4) There is no event of major cyber attack or information security in the company up to the date of publication of the annual report in 112.

VII. Other Important Matters: None.

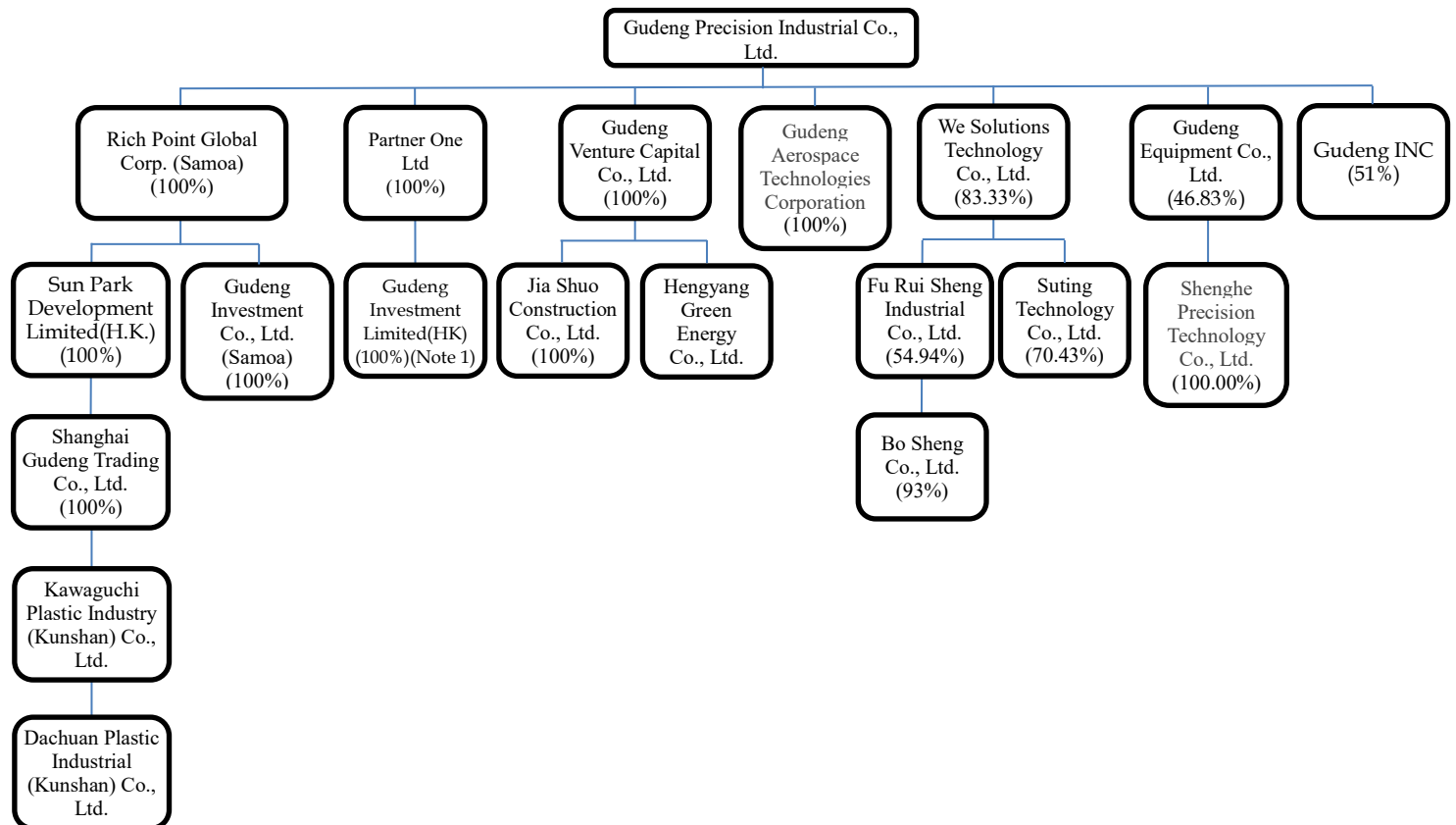
Chapter 8. Special Disclosure

I. Information of Affiliated Companies

(I) Affiliate Consolidated Business Report (as of December 31, 2023)

(1) Overview of Affiliated Companies

1. Structure of Affiliated Companies



Note 1: The company was registered in 2017 with no capital investment yet

2. Name, establishment date, address, paid-up capital and major business activities of the affiliated companies:

Unit: NT\$ thousand, unless stated otherwise

Name of Affiliated Companies	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Rich Point Global Corp.	2011.04	Equity Trust Chambers, P. O. Box 3269, Apia, Samoa	388,571	Reinvestment of various businesses
Sun Park Development Limited	2011.05	Suite 2302-6 23/F Great Eagle CTR 23 Harbour RD Wanchai H.K.	RMB 63,920	Reinvestment of various businesses
Shanghai Gudeng Trading Co., Ltd.	2011.09	Room 1305 B, No. 318-322 Xianxia Road, Changning District, Shanghai	USD 7,950	Wholesale import and export of plastic products, electronic products, hardware and electrical equipment, etc, commission agency and related supporting services
Gudeng Venture Capital Co., Ltd.	2011.10	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	567,000	Venture capital and management consulting
Gudeng Investment Co., Ltd. Gudeng Investment Co., Ltd.	2012.04	TMF Chambers, P.O. Box 3269, Apia, Samoa	RMB 22,549	Reinvestment of various businesses
We Solution Technology Co., Ltd.	2012.07	No. 9, Dongyuan 2nd Road, Zhongli District, Taoyuan City	300,000	Sale, repair and maintenance of precision instruments
Gudeng Equipment Co., LTD.	2016.07	8F.-5, No. 2, Section 4, Zhongyang Road, Tucheng District, New Taipei City	272,976	R&D, production, sales and service of machine equipment
Partner One Ltd	2017.02	Novasage Chambers, Level 2,CCCS Building, Beach Road, Apia, Samoa	USD 1	Reinvestment of various businesses
Gudeng Investment Limited (HK)	2017.02	UNIT 802, CHINA INSURANCE GROUP BLDG 141 DES VOEUX RD CENTRAL	HKD 1	Reinvestment of various businesses
Jia Shuo Construction, Inc.	2018.12	8F.-5, No. 2, Section 4, Zhongyang Road, Tucheng District, New Taipei City	165,100	Housing and building development and rental Industrial factory buildings lease construction and development
Gudeng INC	2019.12	1798 Technology DR, #298, SAN JOSE, USA	USD 5,200	Agency of semiconductor and aerospace products
Shenghe Precision Technology Co., Ltd.	2020.12	8F.-6, No. 100, Sec. 1, Jiafeng 11th Rd., Zhubei City, Hsinchu County	34,514	PVD vacuum technology for semiconductors and panels, design and transformation of related machines
Hengyang Green Energy Co., Ltd.	2020.08	2F, No. 50, Yongkehuan Rd., Wangxing Vil., Yongkang Dist., Tainan City	340,000	Energy equipment installation and engineering

Name of Affiliated Companies	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Fu Rui Sheng Industrial Co., Ltd.	2012.11	16F-3, No. 598, Sec. 1, Dunhua Rd., Houzhuang Vil., Beitun Dist., Taichung City	58,580	Investment and management consulting business
Suting Precision Industry Co., Ltd.	1989.08	1F, No. 8, Ln. 64, Sec. 2, Gansu Rd., Dahe Vil., Xitun Dist., Taichung City	108,430	Mold design, development, and manufacturing; automotive metal parts; terminals and electronic connectors; camera parts and scissor metal parts
Bor Sheng Industrial Co., Ltd.	2015.10	No. 2, Ln. 146, Fuyi Rd., Yixin Vil., Taiping Dist., Taichung City	18,000	Precision tool manufacturing, sales, and service industry.
Gudeng Aerospace Technologies Corporation	2023.09	10F, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	160,000	Retail, wholesale, and manufacturing of aircraft and related components
Kunshan Chuangou Plastic Industry Co., Ltd.	1997.03	999 Datong Road, Kunshan Development Zone, Jiangsu Province, China	RMB 13,656	Wholesale import and export of plastic products, electronic products, hardware and electrical equipment, etc.
Dachuan Plastic Industrial (Kunshan) Co., Ltd.	2013.07	Plant 4, 999 Datong Road, Kunshan Development Zone, Jiangsu Province, China	RMB 500	Wholesale import and export of plastic products, electronic products, hardware and electrical equipment, etc.

3. Companies presumed to have a relationship of control and subordination under Article 369-3 of the Company Act, should disclose the following matters: None.

4. Industries covered by the business operation of the affiliated enterprises:

Name of Affiliated Companies	Businesses Scope	Division of Work
Rich Point Global Corp.	Reinvestment of various businesses	Holding business
Sun Park Development Limited	Reinvestment of various businesses	Holding business
Shanghai Gudeng Trading Co., Ltd.	Wholesale import and export of plastic products, electronic products, hardware and electrical equipment, etc, commission agency and related supporting services	The company is a reinvestment company responsible for trade in the mainland.
Gudeng Venture Capital Co., Ltd.	Venture capital and management consulting	Investment in companies
Gudeng Investment Co.,Ltd. Gudeng Investment Co., Ltd.	Reinvestment of various businesses	Holding business
We Solution Technology Co., Ltd.	Sale, repair and maintenance of precision instruments	Supplier of semiconductor carriers.
Gudeng Equipment Co., LTD.	Manufacturing, sale, repair and maintenance of precision instruments	R&D, production, sales and service of machine equipment

Name of Affiliated Companies	Businesses Scope	Division of Work
Partner One Ltd	Reinvestment of various businesses	Holding business
Gudeng Investment Limited (HK)	Reinvestment of various businesses	Holding business
Jia Shuo Construction, Inc.	Housing and building development and rental Industrial factory buildings lease construction and development	Real Estate Development and Lease.
Gudeng INC	Semiconductor-related business, commission agency and related supporting services	The company is a reinvestment company responsible for trade in the United States.
Shenghe Precision Technology Co., Ltd.	PVD vacuum technology for semiconductors and panels, design and transformation of related machines	R&D, production, sales and service of machine equipment
Hengyang Green Energy Co., Ltd.	Energy equipment installation and engineering	Energy equipment installation and engineering
Fu Rui Sheng Industrial Co., Ltd.	Investment and management consulting business	Holding business
Suting Precision Industry Co., Ltd.	Mold design, development, and manufacturing; automotive metal parts; terminals and electronic connectors; camera parts and scissor metal parts	Product manufacturing and R&D, sales.
Bor Sheng Industrial Co., Ltd.	Precision tool manufacturing, sales, and service industry.	Research, production, sales, and service operations of precision cutting tools.
Gudeng Aerospace Technologies Corporation	Retail, wholesale, and manufacturing of aircraft and related components	Precision component and aircraft equipment manufacturing
Kunshan Chuangou Plastic Industry Co., Ltd.	Wholesale import and export of plastic products, electronic products, hardware and electrical equipment, etc.	The Company is responsible for the subsidiary investment in the manufacturing of semiconductor consumable carrier products in mainland China.
Dachuan Plastic Industrial (Kunshan) Co., Ltd.	Wholesale import and export of plastic products, electronic products, hardware and electrical equipment, etc.	The Company is responsible for the subsidiary investment in the manufacturing of semiconductor consumable carrier products in mainland China.

5. The names of the directors, supervisors, and presidents of each affiliated enterprises, and the number of shares they hold or the amount of capital they contributed:

Date: December 31, 2023; Unit: Share; %

Name of Affiliated Companies	Title	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
Rich Point Global Corp.	Director	Chung-Peng Huang	Gudeng Precision Industry Co., Ltd. holds 100% of the shares	100%
Sun Park Development Limited	Director	Tien-Jui Lin	Gudeng Precision Industry Co., Ltd. indirectly holds 100% of the shares	100%
Shanghai Gudeng Trading Co., Ltd.	Representative	Ming-Chien Chiu	Gudeng Precision Industry Co., Ltd. indirectly holds 100% of the shares	100%
Gudeng Venture Capital Co., Ltd.	Chairman	Representative of Gudeng Precision Industrial Co., Ltd.: Tien-Jui Lin	Gudeng Precision Industry Co., Ltd. holds 56,700,000 shares	100%
	Director	Representative of Gudeng Precision Industrial Co., Ltd.: Ming-Chien Chiu		
	Director	Representative of Gudeng Precision Industrial Co., Ltd.: En-Nien Sheng		
	Supervisor	Representative of Gudeng Precision Industrial Co., Ltd.: Chung-Peng Huang		
Gudeng Investment Co., Ltd. Gudeng Investment Co., Ltd.	Representative	Ming-Chien Chiu	Gudeng Precision Industry Co., Ltd. indirectly holds 100% of the shares	100%
We Solution Technology Co., Ltd.	Chairman	Ming-Chien Chiu	Gudeng Precision Industry Co., Ltd. holds 25,000,000 shares; Director Huang Chung Peng holds 415,000 shares; Supervisor Sheng En Nien holds 55,000 shares.	84.90%
	Director	Tien-Jui Lin		
	Director	Peng Huang Chung		
	Director	Representative of Gudeng Precision Industry Co., Ltd.: Ya-Wen Lin		
	Director	Representative of Gudeng Precision Industry Co., Ltd.: Po-An Lai		

Name of Affiliated Companies	Title	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
	Supervisor	En-Nien Sheng		
Gudeng Equipment Co., LTD.	Chairman	Representative of Gudeng Precision Industry Co., Ltd.: Ming-Chien Chiu	Gudeng Precision Industry Co., Ltd. holds 12,782,268 shares; Director Zhan Yinfeng holds 1,503,771 shares.	52.33%
	Director	Representative of Gudeng Precision Industry Co., Ltd.: Tien-Jui Lin		
	Director	Yin-Feng Chan		
	Director	Jui-Chin Hu		
	Independent Director	Wen-Chung Li		
	Independent Director	Hsiu-yi Lin		
	Independent Director	Juei-Hsing Chen		
Partner One Ltd	Chairman	Ming-Chien Chiu	Gudeng Precision Industry Co., Ltd. holds 100% of the shares	100%
Gudeng Investment Limited (HK)	Chairman	Tien-Jui Lin	Gudeng Precision Industry Co., Ltd. indirectly holds 100% of the shares	100%
Jia Shuo Construction, Inc.	Chairman	Gudeng Investment Co., Ltd. Representative: Ming-chien Chiu	Gudeng Precision Industry Co., Ltd. indirectly holds 100% of the shares	100%
Gudeng INC.	Chairman	Ming-Chien Chiu	Gudeng Precision Industry Co., Ltd. holds 51% of the shares	51%
	Director	Tien-Jui Lin		
	Director	Nian-qing Wang		
Shenghe Precision Technology Co., Ltd.	Chairman	Representative of Gudeng Equipment Co., Ltd.: Yinfeng Zhan	Gudeng Equipment Co., Ltd. holds 100% of the shares.	100%
Hengyang Green Energy Co., Ltd.	Chairman	Representative of Gudeng Investment Co., Ltd.: Ming-Chien Chiu	Gudeng Investment Co., Ltd. holds 45% of the shares, Sun Bright Energy Technology Co., Ltd. holds 5% of the shares, and Laien Parts Technology Co., Ltd. holds 20% of the shares.	70%
	Director	Chih-Fang Wei		
	Director	Representative of Sun Bright Energy Technology Co., Ltd.:		

Name of Affiliated Companies	Title	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
		Cheng-Hung Wang		
	Supervisor	Representative of Laien Parts Technology Co., Ltd.: Chun-Yi Chen		
Fu Rui Sheng Industrial Co., Ltd.	Chairman	Representative of We Solutions Technology Co., Ltd.: Ming-Chien Chiu	We Solutions Technology Co., Ltd. holds 54.94% of the shares, and Director Chou Tien-Ming holds 9.54% of the shares.	64.48%
	Director	Representative of We Solutions Technology Co., Ltd.: Tien-Jui Lin		
	Director	Chou Tien-Ming		
	Supervisor	Chung-Peng Huang		
Suting Precision Industry Co., Ltd.	Chairman	Huang Hsue-Hsin	We Solutions Technology Co., Ltd. holds 70.43% of the shares.	70.43%
	Director	Representative of We Solutions Technology Co., Ltd.: Ming-Chien Chiu		
	Director	Representative of We Solutions Technology Co., Ltd.: Tien-Jui Lin		
	Supervisor	Chung-Peng Huang		
Bor Sheng Industrial Co., Ltd.	Chairman	Representative of Fu Rui Sheng Co., Ltd.: Ming-Chien Chiu	Fu Rui Sheng Co., Ltd. holds 93% of the shares.	93%
	Director	Representative of Fu Rui Sheng Co., Ltd.: Tien-Jui Lin		
	Director	Representative of Fu Rui Sheng Co., Ltd.: Huang Chung-Peng		
	Supervisor	Chiu Ming-Lung		
Gudeng Aerospace Technologies Corporation	Chairman	Representative of Gudeng Precision Industry Co., Ltd.: Tien-Jui Lin	Gudeng Precision Industry Co., Ltd. holds 100% of the shares	100%
Kunshan Chuangou Plastic Industry Co., Ltd.	Representative	Ming-Chien Chiu	Gudeng Precision Industry Co., Ltd. indirectly holds 100% of the shares	100%
Dachuan Plastic Industrial (Kunshan) Co., Ltd.	Representative	Ming-Chien Chiu	Gudeng Precision Industry Co., Ltd. indirectly holds 100% of the shares	100%

(2) Operating Status of Affiliates

Date: December 31, 2023
Unit: NT\$1,000, unless stated otherwise

Name of Affiliated Companies	Capital	Total Assets	Total Liabilities	Net Worth	Revenue	Net Operating Profit	Profit or Loss After Tax for the Period	Per Share After Tax Net Profit (NT\$)
Rich Point Global Corp.	388,571	RMB 117,383	RMB 0	RMB 117,383	RMB 0	RMB 0	RMB 15,879	0
Sun Park Development Limited	RMB 63,920	RMB 89,757	RMB 0	RMB 89,757	RMB 0	RMB 0	RMB 13,601	0
Shanghai Gudeng Trading Co., Ltd.	USD 7,950	RMB 203,624	RMB 120,258	RMB 83,366	RMB 91,911	RMB 14,111	RMB 15,471	0
Gudeng Venture Capital Co., Ltd.	567,000	968,581	1,202	967,379	0	(2,712)	47,800	0.84
Gudeng Investment Co., Ltd.	RMB 22,549	RMB 27,510	RMB 0	RMB 27,510	RMB 0	RMB 0	RMB 2,155	0
We Solution Technology Co., Ltd.	300,000	491,614	127,066	364,548	201,359	76,884	56,480	1.88
Gudeng Equipment Co., LTD.	272,976	1,863,143	1,129,836	733,307	1,163,487	255,872	228,243	8.36
Jia Shuo Construction, Inc.	165,100	160,251	2,614	157,637	0	(3,067)	(3,033)	(0.18)
Gudeng INC.	USD 5,200	USD 8,509	USD 2,367	USD 6,142	USD 1,549	USD 578	USD 558	0
Shenghe Precision Technology Co., Ltd.	34,514	60,016	18,113	41,903	46,457	4,286	3,576	1.03
Hengyang Green Energy Co., Ltd.	340,000	322,271	350	321,921	0	(10,761)	(9,710)	(0.29)
Fu Rui Sheng Industrial Co., Ltd.	58,580	119,339	1,742	117,597	0	(1,013)	5,480	0.94
Suting Precision Industry Co., Ltd.	108,430	255,994	186,065	69,929	157,297	(8,168)	(16,382)	(1.51)
Bor Sheng Industrial Co., Ltd.	18,000	142,387	61,598	80,789	155,521	16,803	10,794	6.00
Gudeng Aerospace Technologies Corporation	160,000	320,419	39	320,380	0	(89)	381	0.02
Kawaguchi Plastic Industry (Kunshan) Co., Ltd.	RMB 13,656	RMB 85,019	RMB 3,539	RMB 81,480	RMB 1,093	RMB 839	RMB 3,821	0
Dachuan Plastic Industrial (Kunshan) Co., Ltd.	RMB 500	RMB 67,092	RMB 26,208	RMB 40,884	RMB 3,839	RMB 3,073	RMB 3,098	0

(II) Consolidated Financial Statements of Affiliates
Gudeng Precision Industry Co., Ltd.

Declaration of Consolidated Financial Statements of Affiliates

For 2023 (from January 1, 2023 to December, 31, 2023), companies that should be included in the Affiliate Consolidated Financial Statements as provided by the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports of Affiliated Enterprises, and Consolidated Financial Statements of Affiliated Enterprises” are the same as what should be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Accounting Standards No. 10, and the relevant information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of the parent and its subsidiaries. The company shall not be required to prepare separate Affiliate Consolidated Financial Statements.

Sincerely,

Company name: Gudeng Precision Industries Co., Ltd.

Person in Charge: Ming-Chien Chiu

March 6, 2024

(III) Reports on Affiliations: N/A.

- II. Private placement of securities during the most recent fiscal year and as of the date of publication of the annual report: None.**
- III. Acquisition or disposal of the Company's shares by subsidiaries during the most recent fiscal year and as of the date of publication of the annual report: None.**
- IV. Other matters required to be specified:**

Statements or undertakings disclosed in the prospectus and their current implementation status when the Company applied for listing for the first time, listed on the OTC, or filed (applied for) raising and issuing securities in the previous time and the most recent three years:

- (I) Statements or undertakings disclosed in the prospectus and their current implementation status when the Company listed on the OTC for the first time in 2011:

Statement and Commitments	Implementation Status
The Company pledges to Gre Tai Securities Market (GTSM) that when necessary, it may require the Company to commission the CPA or institution designated by GTSM to conduct external professional inspections within the inspection scope designated by GTSM. The inspection results shall be delivered to GTSM and the related expenses shall be borne by the Company.	The Company will implement the commitments accordingly.

- (II) The Company increased cash capital and issued the second domestic guaranteed conversion corporate bonds in 2019, which has been reported in Jin Guan Zheng Fa Zi No. 1080332768 document and Jin Guan Zheng Fa Zi No. 1080332768 document by the Financial Supervisory Commission (FSC) on October 30, 2019 before coming into force. The statements or undertakings disclosed in the prospectus and their current implementation status according to the documents are as follows:

Statement and Commitments	Implementation Status
The Company pledges to FSC to report the implementation of the operation improvement plan to the Board of Directors for control and management on a quarterly basis and report it to the shareholders meeting, and that the Company should specifically evaluate the implementation of the cases when raising and issuing securities in the future.	The Company will report the implementation of the operation improvement plans of Q3 and Q4/2019 to the Board of Directors for control and management as pledged, and submit the report to the 2020 regular meeting of shareholders.
Pursuant to the provisions of Jin Guan Zheng Fa Zi No.1010057938 document issued by FSC, where a co-underwriter is	The Company has checked the relevant statement was disclosed in the prospectus.

Statement and Commitments	Implementation Status
added thereafter, a statement that the allotment subjects within the range of enquiry shall not be related parties, insiders, etc. should be issued, which shall be disclosed in the prospectus.	
FSC requires that the letter of undertaking that “underwriters shall charge liquidated damages to purchasers who make false statements” shall be disclosed in the prospectus, where a co-underwriter is added thereafter, the co-underwriter is also required to issue a prior letter of undertaking, and disclose in the prospectus.	The Company has disclosed the relevant letter of undertaking in the prospectus in accordance with the requirements of FSC.

- (III) In 2022, the Company carried out the third issuance of unsecured convertible corporate bonds in the domestic market, which was approved by the Financial Supervisory Commission.

This was reported in Jin Guan Zheng Fa Zi No. 1110342692 issued by the Financial Supervisory Commission (FSC) on May 25, 2022 before coming into force. The statements or undertakings disclosed in the prospectus and their current implementation status according to the documents are as follows:

Statement and Commitments	Implementation Status
Pursuant to the provisions of Jin Guan Zheng Fa Zi No.1010057938 document issued by FSC, where a co-underwriter is added thereafter, a statement that the allotment subjects within the range of enquiry shall not be related parties, insiders, etc. should be issued, which shall be disclosed in the prospectus.	The Company has checked the relevant statement was disclosed in the prospectus.
FSC requires that the letter of undertaking that “underwriters shall charge liquidated damages to purchasers who make false statements” shall be disclosed in the prospectus, where a co-underwriter is added thereafter, the co-underwriter is also required to issue a prior letter of undertaking, and disclose in the prospectus.	The Company has disclosed the relevant letter of undertaking in the prospectus in accordance with the requirements of FSC.

- (IV) The Company issued the fourth domestic non-guaranteed conversion corporate bonds in 2023, which has been reported in Jin Guan Zheng Fa Zi No. 11203557611 by the Financial Supervisory Commission (FSC) on September 25, 2023 before coming into force. The statements or undertakings disclosed in the prospectus and their current implementation status according to the documents are as follows:

Statement and Commitments	Implementation Status
Pursuant to the provisions of Jin Guan	The Company has checked the relevant

Statement and Commitments	Implementation Status
Zheng Fa Zi No.1010057938 document issued by FSC, where a co-underwriter is added thereafter, a statement that the allotment subjects within the range of enquiry shall not be related parties, insiders, etc. should be issued, which shall be disclosed in the prospectus.	statement was disclosed in the prospectus.
FSC requires that the letter of undertaking that “underwriters shall charge liquidated damages to purchasers who make false statements” shall be disclosed in the prospectus, where a co-underwriter is added thereafter, the co-underwriter is also required to issue a prior letter of undertaking, and disclose in the prospectus.	The Company has disclosed the relevant letter of undertaking in the prospectus in accordance with the requirements of FSC.

v. Any events in 2018 and as of the date of this Annual Report that had significant impacts on shareholders’ right or security prices as stated in item 2 paragraph 2 of article 36 of Securities and Exchange Law of Taiwan:

- (I) The dishonoring of negotiable instruments due to insufficient deposit, the refusal to transact by banking services, or other events that result in the loss of good credit standing: None.
- (II) Litigation, non-litigious proceeding, administrative disposition, administrative dispute, security procedure, or compulsory execution, which has had a significant impact on the financial status or business of the company:
 - (1) Because the Company’s patent (R.O.C. Invention No. I238804) was used without authorization for the manufacturing and sales of wafer transportation boxes and ultraviolet light mask box by Entegris Inc., Bertrand Loy, Entegris Taiwan Technologies Co., Ltd., and Junan Hsieh, the Company filed a lawsuit for damages and compensation to the Intellectual Property and Commercial Court on November 30, 2021, against the damages caused by the infringement of our company’s patent rights by the aforementioned parties. The aforementioned parties are requested to provide NT\$100 million in compensation to the Company, and cease the production, sales, use, or import of the patent infringing products on their own or by third parties. The disputed products shall be destroyed. After court proceedings, the request was dismissed without reason on June 9, 2023. Our company appealed this decision on July 5, 2023. The appeal is currently under review. The Company has engaged Formosa Transnational Attorneys at Law to maintain the rights of the Company and all shareholders. Because the Company is the plaintiff of the case, there is no major impact on the finances and operations of the Company due to the case.
 - (2) Entegris Inc. submitted an affirmative action to the Intellectual Property and Commercial Court on the basis that the Company’s patent, R.O.C. Invention No. I238804, is invalid. The Company received the copy of the complaint on

November 30, 2021, and was made aware of the case. A lawyer has been appointed to handle the case. After the court trial, on June 9, 2023, the defendant's patent was found not to infringe the plaintiff's product, and therefore the claims for exclusion of infringement, prevention of infringement, and damages do not exist. The Company filed an appeal against this judgment on July 5, 2023.

In the second-instance proceedings on January 31, 2024, Entegris declared in court that it was withdrawing the lawsuit. Gudeng has also agreed to withdraw the lawsuit and filed a withdrawal document on February 16, 2024. The case is concluded and only involves the validity of our patent I238804. Therefore, there will be no significant impact on our finances and operations.

- (3) Entegris has filed a lawsuit for damage compensation with the Intellectual Property Court of the Intellectual Property and Commercial Court and alleged that the Company infringed upon its patents of Republic of China No. I606534 and I515159, seeking NT\$30 million in damages from the Company. The Company received the completed copy of the complaint on September 12, 2023, and the case is currently undergoing the first-instance proceedings at the Intellectual Property Court. The above legal cases have not yet been certain and, upon evaluation in terms of finance and business sales function, will not have a significant impact on the Company's operations.
- (III) Serious decrease in the output, complete or partial suspension of work, leasing of the company factory or its main facilities, or complete or partial pledge of the material assets which has had a significant impact on the company business: None.
- (IV) Any event specified under Article 185, Paragraph 1 of the Company Act: None.
- (V) Judgment by the competent court to prohibit the transfer of the Company's shares under Article 287, Paragraph 1, Subparagraph 5 of the Company Act: None.
- (VI) Change in the chairman of the board, general manager, or one-third or more of the directors of the Company: None.
- (VII) Change in CPA However, where the change is due to internal adjustments in the accounting office, this matter shall not be included in the above definition: None.
- (VIII) Execution, amendment, termination, and rescindment of the important memoranda, strategic alliances or other cooperative business plans, or important contracts, change in the material contents of the business plan, completion of new product development, successful development of trial products, and formal entrance into mass production, or acquisition of other enterprises, acquisition or assignment of patent rights, exclusive trademark use rights, copyrights, or other intellectual property rights transactions, which have a major effect on the finances or business of the Company: None.
- (IX) Other important events that have had significant impact on the continuation of Company's operation: None.

Gudeng Precision Industrial Co., Ltd.

**Chairman
Ming-Chien Chiu**