

Gudeng Precision Industrial Co.,  
Ltd.

Parent Company Only Financial  
Statements and Independent  
Auditors' Report

For the Years Ended December 31, 2022 and 2021

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

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## **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, 2022 and 2021, 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, 2022 and 2021, 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 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 December 31, 2022. 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 December 31, 2022 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(13) 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.

## **Other Matters**

As stated in the Note 12 of the parent company financial statements, listed in the parent company financial statements, the long-term equity investments and its profit or loss of the investments of JIN HUI Technology Co., Ltd. and i Analyzer Incorporation, which was the investee companies accounted for using the equity method in the financial statements of the investee companies accounted for using the equity method (Gudeng Venture Capital Co., Ltd.) as of December 31, 2022 and 2021 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 and disclosures of related information of the investments accounted for using the equity method of investee companies, and share of comprehensive income or loss of associates accounted for using the equity method are according to other certified public accountants' audit reports. The

balance of the investment under the equity method on December 31, 2022 and 2021 were \$103,678 thousand and \$47,463 thousand, accounting for 1.00% and 0.55% of the total amount of the assets, and share of comprehensive income or loss accounted for using the equity method for the year ended 2022 and 2021 were \$5,775 thousand and \$8,834 thousand, accounting for 0.73% and 2.57% 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 December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA-Jian-Ming Zeng

CPA-Pan-Fa Wang

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

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

March 8, 2023

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

**Parent Company Only Balance Sheets**

**For the Years Ended December 31, 2022 and 2021**

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 842,313	8	\$ 1,114,270	13
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	10,975	-	-	-
1136	Financial assets at amortized cost - current (Notes 4 and 9)	189,260	2	11,500	-
1150	Notes receivable from unrelated parties (Notes 4 and 10)	-	-	252	-
1170	Trade receivables from unrelated parties (Notes 4 and 10)	691,976	7	493,529	6
1180	Trade receivables from related parties (Notes 4, 10, and 35)	161,305	1	49,313	-
1200	Other receivables (Note 10)	6,050	-	1,794	-
1210	Other receivables from related parties (Notes 10 and 35)	694	-	5,903	-
130X	Inventories (Notes 4 and 11)	835,719	8	478,706	6
1410	Prepayments (Notes 17 and 35)	103,280	1	58,891	1
1470	Other current assets (Note 18)	4,818	-	1,336	-
11XX	Total current assets	<u>2,846,390</u>	<u>27</u>	<u>2,215,494</u>	<u>26</u>
	Non-current assets				
1517	Purchase of financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	251,124	3	378,886	4
1535	Financial assets at amortized cost - non-current (Notes 4 and 9)	2,546	-	2,542	-
1550	Investments accounted for using the equity method (Notes 4 and 12)	1,643,227	16	900,625	11
1600	Property, plant and equipment (Notes 4 and 13)	4,433,896	43	4,002,669	47
1755	Right-of-use assets (Notes 4 and 14)	20,689	-	30,467	-
1760	Investment properties, net (Notes 4 and 15)	842,760	8	672,896	8
1821	Other intangible assets (Notes 4 and 16)	96,647	1	99,665	1
1840	Deferred tax assets (Notes 4 and 28)	28,910	-	23,261	-
1915	Prepayments for equipment (Note 37)	177,982	2	221,973	3
1920	Refundable deposits	22,867	-	22,537	-
15XX	Total non-current assets	<u>7,520,648</u>	<u>73</u>	<u>6,355,521</u>	<u>74</u>
1XXX	Total assets	<u>\$ 10,367,038</u>	<u>100</u>	<u>\$ 8,571,015</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 4 and 19)	\$ -	-	\$ 150,000	2
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,447	-	-	-
2170	Trade payables to unrelated parties (Note 21)	214,675	2	184,293	2
2180	Trade payables to related parties (Notes 21 and 35)	30,994	-	50,670	1
2219	Other payables (Note 22)	792,076	8	605,375	7
2220	Other payable - related parties (Notes 35)	40,532	1	17,449	-
2230	Current tax liabilities (Notes 4 and 28)	135,690	1	37,115	-
2250	Provisions - current (Notes 4 and 23)	-	-	36	-
2280	Lease liabilities - current (Notes 4 and 14)	8,396	-	10,792	-
2131	Contract liabilities— current (Note 26)	85,534	1	2,576	-
2320	Current portion of Long-term borrowings (Notes 4 and 19)	124,578	1	159,450	2
2399	Other current liabilities (Note 22)	3,293	-	2,227	-
21XX	Total current liabilities	<u>1,437,215</u>	<u>14</u>	<u>1,219,983</u>	<u>14</u>
	Non-current liabilities				
2530	Corporate Bonds payable (Notes 4 and 20)	922,582	9	-	-
2540	Long-term borrowings (Notes 4 and 19)	3,079,859	30	2,872,934	34
2570	Deferred tax liabilities (Notes 4 and 28)	769	-	494	-
2580	Lease Liabilities - non-current (Notes 4 and 14)	12,920	-	20,341	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 24)	26,110	-	26,958	-
2645	Guarantee deposits (Note 35)	9,209	-	9,212	-
25XX	Total non-current liabilities	<u>4,051,449</u>	<u>39</u>	<u>2,929,939</u>	<u>34</u>
2XXX	Total liabilities	<u>5,488,664</u>	<u>53</u>	<u>4,149,922</u>	<u>48</u>
	Equity (Note 25)				
	Share capital				
3110	Ordinary shares	840,973	8	840,973	10
3140	Share capital collected in advance	1,521	-	-	-
3100	Total share capital	<u>842,494</u>	<u>8</u>	<u>840,973</u>	<u>10</u>
3200	Capital surplus	<u>3,248,341</u>	<u>31</u>	<u>3,094,606</u>	<u>36</u>
	Retained earnings				
3310	Legal reserve	216,567	2	143,427	2
3320	Special reserve	157,093	2	24,637	-
3350	Unappropriated earnings	560,545	5	338,648	4
3300	Total retained earnings	<u>934,205</u>	<u>9</u>	<u>506,712</u>	<u>6</u>
3400	Other equity	( 146,666 )	( 1 )	( 5,909 )	-
3500	Treasury stock	-	-	( 15,289 )	-
3XXX	Total equity	<u>4,878,374</u>	<u>47</u>	<u>4,421,093</u>	<u>52</u>
	Total liabilities and equity	<u>\$ 10,367,038</u>	<u>100</u>	<u>\$ 8,571,015</u>	<u>100</u>

The attached notes are part of this parent company only financial statements.  
(Please refer to Deloitte & Touche's audit report on March 8, 2023)

Chairman: Ming-Chien Chiu

Manager: Tian-Ruei Lin

Accounting Supervisor: Po-An Lai



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

**Parent Company Only Statements of Comprehensive Income  
From January 1 to December 31, 2022 and 2021**

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

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 26, and 35)	\$ 3,159,978	100	\$ 1,994,676	100
5000	Operating costs (Notes 4, 11, 27 and 35)	<u>1,569,086</u>	<u>50</u>	<u>1,053,535</u>	<u>53</u>
5900	Gross Profit	<u>1,590,892</u>	<u>50</u>	<u>941,141</u>	<u>47</u>
	Operating expenses (Notes 27 and 35)				
6100	Selling and marketing expenses	223,938	7	113,404	6
6200	General and administrative expenses	416,334	13	342,743	17
6300	Research and development expenses	222,723	7	146,422	7
6450	Expected credit impairment loss (reversal benefits)	<u>3,011</u>	<u>-</u>	( <u>35</u> )	<u>-</u>
6000	Total operating expenses	<u>866,006</u>	<u>27</u>	<u>602,534</u>	<u>30</u>
6900	Net operating income	<u>724,886</u>	<u>23</u>	<u>338,607</u>	<u>17</u>
	Non-operating income and expenses				
7100	Interest income (Notes 27 and 35)	2,775	-	593	-
7010	Other income (Notes 27 and 35)	75,054	2	58,835	3
7020	Other gains and losses (Notes 27 and 35)	51,091	2	( 8,105 )	-
7050	Finance costs (Note 27)	( 52,592 )	( 2 )	( 25,749 )	( 1 )
7070	Share of profit or loss from subsidiaries, associates, and joint ventures accounted for using the equity method	<u>267,013</u>	<u>9</u>	<u>46,333</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>343,341</u>	<u>11</u>	<u>71,907</u>	<u>4</u>
7900	Net income before tax	1,068,227	34	410,514	21

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Code		2022		2021	
		Amount	%	Amount	%
7950	Income tax expense (Notes 4 and 28)	( <u>135,156</u> )	( <u>5</u> )	( <u>73,854</u> )	( <u>4</u> )
8200	Net income for the year	<u>933,071</u>	<u>29</u>	<u>336,660</u>	<u>17</u>
	Other comprehensive income/(loss)				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (Note 24)	825	-	( 8,326 )	( 1 )
8330	Share of other comprehensive profit and loss from subsidiaries accounted for using the equity method	119	-	-	-
8316	Unrealized valuation gain/(loss) on investments in equity instruments at fair value through other comprehensive income	( 140,936 )	( 4 )	16,845	1
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	<u>179</u>	<u>-</u>	( <u>1,678</u> )	<u>-</u>
8300	Total other comprehensive income/(loss) for the year (net of income tax)	( <u>139,813</u> )	( <u>4</u> )	<u>6,841</u>	<u>-</u>
8500	Total comprehensive income/(loss) for the year	<u>\$ 793,258</u>	<u>25</u>	<u>\$ 343,501</u>	<u>17</u>
	Earnings per share (Note 29)				
9710	Basic	<u>\$ 11.12</u>		<u>\$ 4.03</u>	
9810	Diluted	<u>\$ 10.84</u>		<u>\$ 4.02</u>	

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

(Please refer to Deloitte & Touche's audit report on March 8, 2023)

Chairman: Ming-Chien Chiu

Manager: Tian-Ruei 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, 2022 and 2021  
Unit: In Thousands of New Taiwan Dollars

		Share capital				Retained earnings			Other equity items		Treasury stock	Total equity
Code		Number of Shares (in Thousand Shares)	Ordinary shares	Share capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive gains and losses		
A1	Balance on January 1, 2021	76,059	\$ 760,586	\$ 79,795	\$ 1,396,857	\$ 103,238	\$ 34,374	\$ 400,850	( \$ 16,990 )	( \$ 4,086 )	( \$ 15,289 )	\$ 2,739,335
	Appropriation of earnings											
B1	Appropriation of legal reserve	-	-	-	-	40,189	-	( 40,189 )	-	-	-	-
B3	Appropriation of special reserve	-	-	-	-	-	( 9,737 )	9,737	-	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	-	( 360,029 )	-	-	-	( 360,029 )
M7	Changes in percentage of ownership interests in subsidiaries (Note 31)	-	-	-	-	-	-	( 55 )	-	-	-	( 55 )
E1	Share capital collected in advance transferred to ordinary shares	7,979	79,795	( 79,795 )	1,671,575	-	-	-	-	-	-	1,671,575
I1	Conversion of convertible corporate bonds	59	592	-	6,371	-	-	-	-	-	-	6,963
N1	Issuance of employees stock options	-	-	-	19,803	-	-	-	-	-	-	19,803
D1	Net income for 2021	-	-	-	-	-	-	336,660	-	-	-	336,660
D3	Other comprehensive income/(loss) after tax for 2021	-	-	-	-	-	-	( 8,326 )	( 1,678 )	16,845	-	6,841
D5	Total comprehensive income/(loss) for 2021	-	-	-	-	-	-	328,334	( 1,678 )	16,845	-	343,501
Z1	Balance on December 31, 2021	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											
C5	Equity item of convertible bonds issued	-	-	-	42,872	-	-	-	-	-	-	42,872
C7	Changes in associates and joint venture accounted for using the equity method	-	-	-	1,188	-	-	-	-	-	-	1,188
I1	Conversion of convertible corporate bonds	-	-	1,521	32,178	-	-	-	-	-	-	33,699
N1	Issuance of employees stock options	-	-	-	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

The attached notes are part of this parent company only financial statements.  
(Please refer to Deloitte & Touche’s audit report on March 8, 2023)

Chairman: Ming-Chien Chiu

Manager: Tian-Ruei Lin

Accounting Supervisor: Po-An Lai

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

**Parent Company Only Statements of Cash Flows**  
**From January 1 to December 31, 2022 and 2021**

Unit: In Thousands of New Taiwan Dollars

Code		2022	2021
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 1,068,227	\$ 410,514
A20010	Adjustments for		
A20100	Depreciation expenses	194,776	141,794
A20200	Amortization expenses	19,139	16,433
A20300	Expected credit impairment loss (reversal benefits)	3,011	( 35 )
A20400	Net (gain) loss on financial assets and liabilities at fair value through profit or loss	( 4,383 )	34
A20900	Finance costs	52,592	25,749
A21200	Interest income	( 2,775 )	( 593 )
A21300	Dividend income	( 25,209 )	-
A21900	Compensation costs of share-based payment	77,497	19,803
A22400	Share of profit and loss from subsidiaries accounted for using the equity method	( 267,013 )	( 46,333 )
A22500	Gain on disposal of property, plant and equipment	( 769 )	( 249 )
A22900	Gain on lease amendment	-	( 21 )
A29900	Income from odd lot transferred from corporate bonds	( 1 )	( 1 )
A23700	Inventory valuation loss (gain on reversal)	25,563	( 128,027 )
A30000	Net Changes in operating assets and liabilities		
A31130	Notes receivable	252	-
A31150	Trade receivables	( 313,450 )	( 185,291 )
A31180	Other receivables	953	( 1,456 )
A31200	Inventories	( 382,576 )	( 16,011 )
A31230	Prepayments	( 44,389 )	( 26,556 )
A31240	Other current assets	( 3,482 )	147
A32150	Trade payables	10,706	107,741
A32180	Other payables	171,432	18,705
A32200	Provisions	( 36 )	36
A32210	Contract liabilities	82,958	14
A32230	Other current liabilities	1,066	672
A32240	Net defined benefit liabilities	( 23 )	( 123 )
A33000	Cash generated from/(used in) operations	664,066	336,946
A33100	Interest received	2,775	593
A33300	Interest paid	( 43,166 )	( 23,763 )
A33500	Income tax paid	( 41,955 )	( 133,660 )
AAAA	Net cash inflow from operating activities	<u>581,720</u>	<u>180,116</u>

(Continued on the next page)

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Code		2022	2021
	Cash flows from investing activities		
B00010	Purchase of financial assets at fair value through other comprehensive income	-	( 380,000 )
B00040	Purchase of financial assets at amortized cost	( 189,264 )	( 11,500 )
B00050	Proceeds from sale of financial assets at amortized cost	11,500	2,000
B00100	Purchase of financial assets at fair value through profit or loss	( 9,011 )	-
B01800	Acquisition of subsidiaries	( 489,364 )	( 274,895 )
B02700	Payments for property, plant and equipment	( 783,911 )	( 1,775,099 )
B02800	Proceeds from disposal of property, plant and equipment	9,189	266
B03700	Increase in refundable deposits	( 330 )	( 1,882 )
B04500	Payments for intangible assets	( 16,121 )	( 16,476 )
B07100	Increase in prepayments for equipment	( 197,448 )	( 222,510 )
B07600	Dividend received	<u>25,209</u>	<u>-</u>
BBBB	Net cash outflow from investment activities	( <u>1,639,551</u> )	( <u>2,680,096</u> )
	Cash flows from financing activities		
C01200	Issuing corporate bonds	994,720	-
C00100	Proceeds from short-term borrowings	700,300	630,000
C00200	Repayments of short-term borrowings	( 850,300 )	( 680,000 )
C01600	Proceeds from long-term borrowings	1,728,240	2,203,000
C01700	Repayments of long-term borrowings	( 1,556,187 )	( 1,052,813 )
C03100	Refund of guarantee deposits	( 3 )	( 866 )
C04020	Return on lease principal	( 11,470 )	( 9,595 )
C04500	Cash dividends distribution	( 234,715 )	( 406,630 )
C04600	Issuance of ordinary shares for cash	-	1,671,575
C05100	Treasury shares purchased by employees	<u>15,289</u>	<u>-</u>
CCCC	Net cash inflow from financing activities	<u>785,874</u>	<u>2,354,671</u>
EEEE	Net decrease in cash and cash equivalents	( 271,957 )	( 145,309 )
E00100	Cash and cash equivalents at the beginning of the year	<u>1,114,270</u>	<u>1,259,579</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 842,313</u>	<u>\$ 1,114,270</u>

The attached notes are part of this parent company only financial statements.  
(Please refer to Deloitte & Touche's audit report on March 8, 2023)

Chairman: Ming-Chien Chiu

Manager: Tian-Ruei Lin

Accounting Supervisor: Po-An Lai

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

Notes to Parent Company Only Financial Statements

From January 1 to December 31, 2022 and 2021

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

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### **1. Company Overview**

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

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

The 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 8, 2023.

### **3. Application of New and Amended Standards and Interpretations**

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

The first application of the IFRSs endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of the Company.

- b. IFRSs endorsed by the FSC that are applicable in 2023

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

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

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

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

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

This amendment prescribes that the Company shall apply the concept of materiality in making decisions about the disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in the Group's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

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

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

- (a) Has changed during the period by the Company, and this change results in a significant change on information of the financial statements
- (b) Was chosen properly by the Company from alternatives permitted by IFRS Standards
- (c) Was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;
- (d) Relates to an area for which the Company is required to make significant judgments and assumptions

(e) Relates to complex accounting practices, and users of the Group's financial statements would otherwise not understand the relating significant transactions, other events or conditions

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

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

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

The amendment clarifies that the exemption provisions originally recognized in IAS 12 are not applicable to the transactions of taxable and deductible temporary differences of the same amount resulting at the time of original recognition. The Company will recognize the deferred income tax assets (where taxable income is likely to be used to deduct temporary differences) and deferred income tax liabilities for all deductible and taxable temporary differences related to the lease and decommissioning obligations on January 1, 2022, and recognize the cumulative impact as an adjustment to the initial balance of retained earnings on that date. The amendment is deferred for transactions other than lease and decommissioning obligations occurring after January 1, 2022.

Besides the above-mentioned effects, 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. IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 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
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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 apply the amendments to IFRS 16 to sale and leaseback transactions concluded after the initial application of IFRS 16.

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

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

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

- 2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" (Amendments in 2020) and "Non-current Liabilities with Covenants" (Amendments in 2022)

The amendments in 2020 clarify that whether the Company has the right to defer the settlement period of liabilities at the closing date of the reporting period to at least 12 months after the reporting period when the liabilities are classified as current. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The amendments in 2020 also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The amendments in 2022 further clarify that only the covenants that are required to comply with before the end of the reporting period will affect the classification of liabilities. Although the covenants that must be complied with within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed so that financial report users can understand that the Company may not be able to comply with the covenants and must repay within 12 months after the reporting period risk.

The amendments in 2020 also stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

- 3) Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

This amendment clarifies that in the case of a sale and leaseback transaction, where the transfer of the asset meets the requirements of IFRS 15 "Revenue from Customer Contracts" to be treated as a sale asset, the seller and lessee's liability arising from the leaseback shall be treated under the lease liability provisions of IFRS 16, provided that in the case of a change in lease benefits not dependent on the index or rate, The seller and lessee shall measure such liability in such a way as

to exclude gains and losses relating to the rights of use retained. Subsequently, the difference between the current lease payment and the actual payment included in the calculation of lease liabilities shall be included in profit or loss.

Besides the above-mentioned effects, 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**

These accompanying financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **b. Basis of Preparation**

The accompanying financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the 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

In the preparation of financial statements, transactions denominated in a currency other than the Company's functional currency (i.e., foreign currency) are translated into the Company's functional currency by using the exchange rate at 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. 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.

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 uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other

comprehensive income of the subsidiary. In addition, changes in the Company's interests of subsidiaries are recognized according to the ownership proportion.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. As for any differences between the carrying amount of the investment and the fair value of the consideration paid or received, the Company recognizes them directly as equity.

When the Company's shares of losses of a subsidiary equal or exceed its equity in that subsidiary (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 Company's net investment in the subsidiary), the Company continues recognizing its losses according to the ownership proportion.

Any excess of acquisition cost over the Company's share of an subsidiary's identifiable assets and liabilities measured at the fair value on the date of acquisition is recognized as goodwill. The goodwill shall be included in the carrying amount of the investment but not allowed for amortization. If the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities exceeds acquisition cost, the excessive amount is recognized immediately in current profit or loss.

When the Company assesses its investment for any impairment, it considers cash generating units on the entire financial statements and comparing the carrying amount with the estimated recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss as gain; however, the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized after deducting the amortization had no impairment loss been recognized. The impairment loss attributable to goodwill shall not be reversed in subsequent periods.

When the Company loses control over a subsidiary, it measures the investment retained in the former subsidiary at its fair value on the date when control is lost. The difference between the fair value of the retained investment plus any disposal proceeds and the carrying amount of the previous investment on the date when the control is lost is recognized as a profit or loss for current period. Besides, the Company accounts for all amounts previously recognized in other comprehensive income related to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

The unrealized profits or losses resulting from downstream transactions between the Company and the subsidiaries are eliminated in the accompanying financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the accompanying financial statements only to the extent of interests in the subsidiaries of parties that are not related to the Company.

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

h. 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.

i. 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. Amortization is recognized on a straight-line basis during the useful life. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. 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.

j. 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. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates 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 an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is 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 in prior years. The reversal of impairment losses is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized in the accompanying balance sheet when the 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

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

The 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 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 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 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 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

a) Follow-up measurement

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

b) 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).

l. 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.

m. Revenue recognition

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

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 accounts receivable at that point in time.

n. Leasing

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

1) The 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 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 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 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.

o. 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.

p. 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.

q. 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.

r. 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.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint agreement, except where the 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 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.

**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.

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

**6. Cash and cash equivalents**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working capital	\$ 681	\$ 801
Bank checking and demand deposits	<u>841,632</u>	<u>1,113,469</u>
	<u>\$ 842,313</u>	<u>\$ 1,114,270</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank deposits	0.001% ~ 1.05%	0.001% ~ 0.20%

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets - current</u>		
Mandatorily at fair value through profit or loss		
Derivatives (not designated for hedging)		
- Conversion of options (Note 20)	\$ 2,605	\$ -
Non-derivative financial assets		
- Domestic publicly traded shares	<u>8,370</u>	<u>-</u>
	<u>\$ 10,975</u>	<u>\$ -</u>
 <u>Financial liabilities - current</u>		
Held for trading		
Derivatives (not designated for hedging)		
- Conversion of options (Note 20)	<u>\$ 1,447</u>	<u>\$ -</u>

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

<u>Investments in equity instruments</u>		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Domestic investment		
Publicly traded placement shares		
Symtek Automation Asia Co., Ltd.	<u>\$ 251,124</u>	<u>\$ 378,886</u>

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, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Pledged certificate of deposit	\$ 5,000	\$ 11,500
Time deposits with an original maturity date more than 3 months	<u>184,260</u>	<u>-</u>
	<u>\$ 189,260</u>	<u>\$ 11,500</u>
 <u>Non-current</u>		
Pledged deposits	<u>\$ 2,546</u>	<u>\$ 2,542</u>

- a. As of December 31, 2022 and 2021, the interest rates of time deposits were 0.815%~5.05% and 0.815%, respectively.
- b. Please refer to Note 36 for information on financial assets at amortized cost pledged as collateral.

# **10. Notes Receivable, Accounts Receivable, Other Receivables, and Collection**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ -	\$ 252
Less: allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 252</u>
 <u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 692,597	\$ 494,127
Less: allowance for loss	( <u>621</u> )	( <u>598</u> )
	<u>\$ 691,976</u>	<u>\$ 493,529</u>
 <u>Accounts receivable - related parties</u> (Note 35)		
Measured at amortized cost		
Total carrying amount	\$ 161,305	\$ 49,313
Less: allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 161,305</u>	<u>\$ 49,313</u>
 <u>Other receivables</u>		
Other receivable - non-related parties		
Purchase discount receivable	\$ -	\$ 1,738
Others	<u>6,050</u>	<u>56</u>
	<u>\$ 6,050</u>	<u>\$ 1,794</u>
 Other receivables from related parties (Note 35)	 <u>\$ 694</u>	 <u>\$ 5,903</u>
 <u>Collection</u>		
Measured at amortized cost		
Total carrying amount	\$ 3,221	\$ 233
Less: allowance for bad debts	( <u>3,221</u> )	( <u>233</u> )
	<u>\$ -</u>	<u>\$ -</u>

### Accounts receivable

The average credit period of the Company for commodity sales is 60 to 120 days. In assessing the recoverability of accounts receivable, the Company considers any change in the credit quality of the accounts 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. In this regard, the management believes the Company's credit risk is significantly reduced.

The Company applies the simplified approach of IFRS 9 and recognizes allowance for uncollectible accounts for accounts 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 accounts 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 accounts receivable based on the provision matrix were as follows:

### Notes receivable

#### 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>\$ -</u></u>

December 31, 2021

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

Accounts receivable

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>

December 31, 2021

	<u>1-90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>271-365 days</u>	<u>Total</u>
Expected credit loss rate	0.08%	0.83%	5.55%	-	
Total carrying amount	\$ 517,981	\$ 24,761	\$ 698	\$ -	\$ 543,440
Allowance for losses (lifetime expected credit losses)	( <u>354</u> )	( <u>205</u> )	( <u>39</u> )	<u>-</u>	( <u>598</u> )
Costs after amortization	<u>\$ 517,627</u>	<u>\$ 24,556</u>	<u>\$ 659</u>	<u>\$ -</u>	<u>\$ 542,842</u>

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

Changes in loss allowance for accounts receivable are as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 598	\$ 866
Add: Allowance of impairment losses in the current year	3,011	-
Less: Reversal for impairment losses in the current year	-	( 35 )
Transferred out due to reclassification for the period	( <u>2,988</u> )	( <u>233</u> )
Ending balance	<u>\$ 621</u>	<u>\$ 598</u>

Changes in loss allowance for collection are as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 233	\$ -
Add: Transferred in due to reclassification in the current year	<u>2,988</u>	<u>233</u>
Ending balance	<u>\$ 3,221</u>	<u>\$ 233</u>

## 11. Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials	\$ 305,434	\$ 156,991
Semi-finished products	259,513	127,953
Work in process	50,088	56,436
Finished products	<u>220,684</u>	<u>137,326</u>
	<u>\$ 835,719</u>	<u>\$ 478,706</u>

Nature of cost of goods sold as below:

	<u>2022</u>	<u>2021</u>
Cost of inventory sold	\$ 1,524,770	\$ 1,048,627
Inventory valuation loss (gain on reversal)	25,563	( 128,027)
Loss on inventory scrap	17,107	131,768
Others	<u>1,646</u>	<u>1,167</u>
	<u>\$ 1,569,086</u>	<u>\$ 1,053,535</u>

The rebound in the net realizable value of inventories was due to the scrapping of inventories that had been provided for impairment losses.

## 12. Investments accounted for using the equity method

### Investment in subsidiaries

<u>Name of Subsidiary</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Rich Point Global Corp.	\$ 350,930	\$ 264,715
Gudeng Investment Co., Ltd.	718,138	389,454
We Solution Technology Co., Ltd.	260,498	133,842
Gudeng Equipment Co., Ltd. (Note)	275,762	108,307
Gudeng Inc.	<u>37,899</u>	<u>4,307</u>
	<u>\$ 1,643,227</u>	<u>\$ 900,625</u>

<u>Name of Subsidiary</u>	<u>Ratio of equity held and voting right</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Rich Point Global Corp.	100%	100%
Gudeng Investment Co., Ltd.	100%	100%
We Solution Technology Co., Ltd.	83.33%	100%
Gudeng Equipment Co., Ltd. (Note)	50.10%	50.93%
Gudeng Inc.	100%	100%

Note: Gudeng Equipment Co., Ltd. was renamed from Gudeng Equipment Co., Ltd. in February 2023.

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

The share of profits or losses and other composite gains or losses of subsidiaries using the equity method for 2022 and 2021 are recognized based on the financial reports of each subsidiary audited by an accountant for the same period.

### 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, 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>
<u>Cost</u>							
Balance on January 1, 2021	\$ 903,149	\$ 455,466	\$ 428,983	\$ 4,085	\$ 711,298	\$ -	\$ 2,502,981
Addition	1,452,995	38,264	169,039	12,930	98,797	283,009	2,055,034
Disposal	-	-	( 163 )	-	( 2,499 )	-	( 2,662 )
Reclassification	44,240	33,105	( 2,658 )	-	58,750	-	133,437
From investment properties	9,938	23,204	-	-	-	-	33,142
Balance on December 31, 2021	<u>\$ 2,410,322</u>	<u>\$ 550,039</u>	<u>\$ 595,201</u>	<u>\$ 17,015</u>	<u>\$ 866,346</u>	<u>\$ 283,009</u>	<u>\$ 4,721,932</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2021	\$ -	\$ 40,419	\$ 206,337	\$ 2,475	\$ 347,667	\$ -	\$ 596,898
Disposal	-	-	( 163 )	-	( 2,482 )	-	( 2,645 )
Depreciation expenses	-	10,191	40,509	448	72,042	-	123,190
From investment properties	-	1,820	-	-	-	-	1,820
Balance on December 31, 2021	<u>\$ -</u>	<u>\$ 52,430</u>	<u>\$ 246,683</u>	<u>\$ 2,923</u>	<u>\$ 417,227</u>	<u>\$ -</u>	<u>\$ 719,263</u>
Net amount on December 31, 2021	<u>\$ 2,410,322</u>	<u>\$ 497,609</u>	<u>\$ 348,518</u>	<u>\$ 14,092</u>	<u>\$ 449,119</u>	<u>\$ 283,009</u>	<u>\$ 4,002,669</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.

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



#### 14. Lease Agreements

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Buildings	\$ 14,297	\$ 18,482
Transportation Equipment	<u>6,392</u>	<u>11,985</u>
	<u>\$ 20,689</u>	<u>\$ 30,467</u>
	<u>2022</u>	<u>2021</u>
Additions of right-of-use assets	<u>\$ 1,167</u>	<u>\$ 23,169</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 4,185	\$ 2,441
Transportation Equipment	<u>6,760</u>	<u>6,822</u>
	<u>\$ 10,945</u>	<u>\$ 9,263</u>

##### b. Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liabilities		
Current	<u>\$ 8,396</u>	<u>\$ 10,792</u>
Non-current	<u>\$ 12,920</u>	<u>\$ 20,341</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Buildings	1.50%	1.50%
Transportation Equipment	2.00% ~ 7.90%	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>2022</u>	<u>2021</u>
Short-term leases expenses	<u>\$ 11,840</u>	<u>\$ 11,801</u>
Total cash (outflow) for leases	<u>( \$ 23,796 )</u>	<u>( \$ 21,985 )</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, 2022</u>	<u>December 31, 2021</u>
Lease commitments	<u>\$ 30</u>	<u>\$ 51</u>

#### 15. Investment properties

	<u>Completed Investment Properties</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>
<u>Cost</u>	
Balance on January 1, 2021	\$ 752,940
Reclassified to Property, Plant and Equipment	( <u>33,142</u> )
Balance on December 31, 2021	<u>\$ 719,798</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2021	\$ 39,381
Reclassified to Property, Plant and Equipment	( <u>1,820</u> )
Depreciation expenses	<u>9,341</u>
Balance on December 31, 2021	<u>\$ 46,902</u>
Net amount on December 31, 2021	<u>\$ 672,896</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year 1	\$ 19,811	\$ 33,070
Year 2	<u>320</u>	<u>16,407</u>
	<u>\$ 20,131</u>	<u>\$ 49,477</u>

Investment properties are depreciated by straight-line basis using the useful lives as follows:

Main buildings	51 years
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The investment property of the parent company only company is located at No. 19, Zilian Rd., Xinshi Dist., Tainan City, and the fair value cannot be reliably determined due to the scarcity of nearby buildings, which leads to less frequent comparable market transactions and reliable alternative estimates to replace the fair value.

The 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	Cost of Computer software	Golf membership card	Total
<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>
<u>Cost</u>				
Balance on January 1, 2021	\$ 97,425	\$ 31,701	\$ 8,763	\$ 137,889
Acquired separately	<u>-</u>	<u>16,476</u>	<u>-</u>	<u>16,476</u>
Balance on December 31, 2021	<u>\$ 97,425</u>	<u>\$ 48,177</u>	<u>\$ 8,763</u>	<u>\$ 154,365</u>
<u>Accumulated amortization and impairment</u>				
Balance on January 1, 2021	\$ 14,138	\$ 24,129	\$ -	\$ 38,267
Amortization expenses	<u>8,329</u>	<u>8,104</u>	<u>-</u>	<u>16,433</u>
Balance on December 31, 2021	<u>\$ 22,467</u>	<u>\$ 32,233</u>	<u>\$ -</u>	<u>\$ 54,700</u>
Net amount on December 31, 2021	<u>\$ 74,958</u>	<u>\$ 15,944</u>	<u>\$ 8,763</u>	<u>\$ 99,665</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 useful lives as follows:

Cost of Computer software	2 to 9 years
Patents	10 years

Amortization expenses summarized by function:

	2022	2021
Operating costs	\$ 7,238	\$ 5,190
General and administrative expenses	3,000	2,295
Research expenses	8,901	8,948
	<u>\$ 19,139</u>	<u>\$ 16,433</u>

#### 17. Prepayments

	December 31, 2022	December 31, 2021
<u>Current</u>		
Advance payment	\$ 73,537	\$ 38,939
Prepaid rent	-	27
Tax overpaid retained for offsetting the future tax payable	12,698	7,828
Prepaid insurance fee	1,140	-
Other prepayments	15,905	12,097
	<u>\$ 103,280</u>	<u>\$ 58,891</u>

#### 18. Other Assets

	December 31, 2022	December 31, 2021
<u>Current</u>		
Other current assets		
Temporary payments	<u>\$ 4,818</u>	<u>\$ 1,336</u>

#### 19. Borrowings

##### a. Short-term borrowings

	December 31, 2022	December 31, 2021
<u>Secured loans</u> (Note 36)		
Bank loans	<u>\$ -</u>	<u>\$ 150,000</u>

The interest rate on bank revolving loans was 1.28% for the year ended December 31, 2021.

b. Long-term Borrowings

The Company's borrowings include:

	Maturity Date	Material terms and conditions	Effective interest rate	December 31, 2022	December 31, 2021
<u>Secured loans</u>					
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2024.6.30	The borrowing period was from April 5, 2017 to June 30, 2024 with principal due upon maturity.	1.75	\$ 25,000	\$ 25,000
Secured bank loans in New Taiwan Dollars of First Bank	2039.8.6	The borrowing period was from August 6, 2019 to August 6, 2039 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.75	38,019	39,973
Secured bank loans in New Taiwan Dollars of Chang Hwa Bank	2040.3.31	The loan period is from March 31, 2020 to March 31, 2040, with a grace period of 36 installments, which is amortized into 216 installments starting from March 31, 2023, with monthly principal and interest amortized evenly.	1.65	712,861	712,861
Secured bank loans in New Taiwan Dollars of Bank of Panhsin	2035.2.21	The borrowing period was from February 21, 2020 to February 21, 2035 with principal and interests evenly split into a total of 180 installments, and with fixed annuities.	2.07	43,071	46,229
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2041.3.2	The grace period was from March 2, 2021 to March 2, 2024 with interests paid monthly by the amount of the loans during this period, and principal and interests evenly split into a total of 204 installments from March 2, 2024.	1.75	389,000	389,000
Secured bank loans in New Taiwan Dollars of Bank of Panhsin	2041.4.6	The loan period is from April 6, 2021 to April 6, 2041, which is amortized into 240 installments starting from May 6, 2021, with monthly principal and interest amortized evenly.	1.93	58,436	61,164
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.	1.78	728,000	728,000
Secured bank loans in New Taiwan Dollars of Chang Hwa Bank	2028.7.16	The borrowing period was from July 16, 2021 to July 16, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly. It was fully repaid in advance in July 2022.	1.63	-	565,736
Secured bank loans in New Taiwan Dollars of First Bank	2028.7.16	The borrowing period was from July 16, 2021 to July 16, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly. It was fully repaid in advance in September 2022.	1.45	-	32,998
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2028.7.16	The borrowing period was from July 16, 2021 to July 16, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly. It was fully repaid in advance in July 2022.	1.63	-	158,000
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2028.10.4	The borrowing period was from October 4, 2021 to October 4, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly. It was fully repaid in advance in July 2022.	1.63	-	117,143
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2042.1.4	The grace period was from January 4, 2022 to January 4, 2027 with interests paid monthly by the amount of the loans during this period, and principal and interests evenly split into a total of 180 installments from January 4, 2027.	1.78	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.	1.75	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.	1.75	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.	1.85	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.	1.85	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.	1.75	3,460	-
<u>Line of credit loans</u>					
Line of credit loans in New Taiwan Dollars of Chang Hwa Bank	2025.3.31	The borrowing period was from April 1, 2020 to March 31, 2025 with principal and interests evenly split into a total of 60 installments, and interests calculated monthly.	1.75	35,679	50,581
Line of credit loans in New Taiwan Dollars of Chang Hwa Bank	2025.3.31	The borrowing period was from May 15, 2020 to March 31, 2025 with principal and interests evenly split into a total of 59 installments, and interests calculated monthly.	1.75	18,131	25,699
Line of credit loans in New Taiwan Dollars of First Bank	2023.2.3	The borrowing period was from August 5, 2021 to February 3, 2023 with monthly interest and principal due upon maturity. It was fully repaid in advance in July 2022.	1.25	-	80,000
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.	1.91	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.	1.63	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.	1.63	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.	1.63	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.	1.63	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.	1.75	150,000	-
Less: current portion matured in 1 year				3,204,437 (124,578)	3,032,384 (159,450)
Long-term Borrowings				<u>\$ 3,079,859</u>	<u>\$ 2,872,934</u>

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

## 20. Corporate Bonds Payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Domestic unsecured convertible bonds	\$ 922,582	\$ -
Less: current portion matured in 1 year	<u>-</u>	<u>-</u>
	<u>\$ 922,582</u>	<u>\$ -</u>

### The third domestic secured convertible bonds

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

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the Company at NT\$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, 2022 are as follows:

	2022
Total amount of requested conversion of bonds	\$ 35,200
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	( 1,521 )
premium on conversion	33,679
Add: capital surplus – share option	1,510
Financial liabilities at fair value through profit or loss	75
Less: discount on corporate bonds payable	( 1,434 )
Financial assets at fair value through profit or loss	( 141 )
Odd lot transferred into other revenue	( 1 )
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	<u>\$ 33,688</u>

Movements of the master contracts of debt from the issuance date to December 31, 2022 are as follows:

	Amount
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>

#### The second domestic secured convertible bonds

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

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the Company at NT\$125 per share. After such conversion price is determined, if there is an increase in the ordinary shares in issue, the conversion price adjustment formula shall be adjusted. On September 24, 2019, the Board of Directors of the parent company only company resolved to issue 3,000 thousand new shares with a par value of NT\$10 per share for the cash capital increase, with the base date of the capital increase of November 26, 2019, and the conversion price of the corporate bonds was adjusted to NT\$124 per share beginning in the record date of that capital increase. The conversion price of the corporate bonds was adjusted to NT\$123.3 as per the Adjustment Method on March 18, 2020. The conversion price of the corporate bonds was adjusted to NT\$122.8 as per the adjustment formula on August 28, 2020. The conversion price of the corporate bonds was adjusted to NT\$121.3 as

per the Adjustment Method on January 25, 2021. The conversion price of the corporate bonds was adjusted to NT\$120.7 as per the Adjustment Method on March 17, 2021. The conversion price of the corporate bonds was adjusted to NT\$119.1 as per the Adjustment Method on July 12, 2021. The conversion period was from February 22, 2020 to November 21, 2022. The corporate bonds not converted during the period will be redeemed in cash at par value on November 21, 2022.

From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the closing price of the 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

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

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

The contents of the conversion which was fully converted by the Company per the requests of the bond holders as of December 31, 2021 are as follows:

	2021
Total amount of requested conversion of bonds	\$ 7,200
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	( 592 )
premium on conversion	6,608
Add: capital surplus – share option	109
Less: discount on corporate bonds payable	( 222 )
Financial assets at fair value through profit or loss	( 14 )
Odd lot transferred into other revenue	( 1 )
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	<u>\$ 6,480</u>



Movements of the master contracts of debt from the issuance date to December 31, 2021 are as follows:

	<u>Amount</u>
Issue proceeds on November 21, 2019 (less transaction costs of NT\$ 4,411 thousand)	\$ 295,589
Equity components (less transaction cost allocated to equity of NT\$171 thousand)	( 11,469 )
Derivatives components - redemption rights	<u>570</u>
Liability components on issuance date (Derivatives components - redemption rights)	284,690
Interests calculated at the effective interest rate of 1.76%	4,273
Ordinary shares converted from corporate bonds payable	( 281,996 )
Liability components on December 31, 2020	<u>\$ 6,967</u>
Liability components on January 1, 2021	\$ 6,967
Interests calculated at the effective interest rate of 1.76%	11
Ordinary shares converted from corporate bonds payable	( 6,978 )
Liability components on December 31, 2021	<u>\$ -</u>

## 21. Note Payables and Trade Payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts payable</u>		
Arising from operations - unrelated parties	<u>\$ 214,675</u>	<u>\$ 184,293</u>
<u>Accounts payable</u>		
Arising from operations - related parties (Note 35)	<u>\$ 30,994</u>	<u>\$ 50,670</u>

The average credit periods of parts of Commodities purchased by the Company are 1 ~ 3 months, and interests are not added to the accounts payable. 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, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Other payables		
Equipment payment payable	\$ 68,371	\$ 300,379
Salaries and bonuses payable	155,980	80,282
Employee compensation payable	35,338	19,042
Directors and supervisors remuneration payable	34,130	13,285
Interest payable	2,788	2,148
Vacation leave payment payable	16,388	11,708
Dividends payable	336,998	67,278
Others	<u>142,083</u>	<u>111,253</u>
	<u>\$ 792,076</u>	<u>\$ 605,375</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other Liabilities		
Temporary received	\$ 142	\$ 90
Received on behalf of others	<u>3,151</u>	<u>2,137</u>
	<u>\$ 3,293</u>	<u>\$ 2,227</u>

### **23. Provisions**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Warranty	<u>\$ -</u>	<u>\$ 36</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 plan under the “Labor Pension Act” of ROC (the “LPA”) is considered as a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees’ individual pension accounts in Bureau of Labor Insurance at 6% of monthly salaries and wages.

#### **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 amounts included in the accompanying balance sheets arising from the Company's obligation in respect of its defined benefit plans were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 31,214	\$ 31,658
Fair value of plan assets	( 5,104)	( 4,700)
Net defined benefit liabilities	<u>\$ 26,110</u>	<u>\$ 26,958</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, 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>
January 1, 2021	<u>\$ 23,201</u>	<u>( \$ 4,446)</u>	<u>\$ 18,755</u>
Interest expenses (income)	<u>70</u>	<u>( 15)</u>	<u>55</u>
Recognized in profit or loss	<u>70</u>	<u>( 15)</u>	<u>55</u>
Re-measurement on the net defined benefit liability			
Actuarial losses – changes in financial assumptions	1,032	-	1,032
Actuarial (gains) losses - experience adjustments	<u>7,355</u>	<u>( 61)</u>	<u>7,294</u>
Recognized in other comprehensive income	<u>8,387</u>	<u>( 61)</u>	<u>8,326</u>
Contributions from employer	-	( 178)	( 178)
December 31, 2021	<u>\$ 31,658</u>	<u>( \$ 4,700)</u>	<u>\$ 26,958</u>

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

	<u>2022</u>	<u>2021</u>
General and administrative expenses	<u>\$ 130</u>	<u>\$ 55</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 was calculated by the independent actuary. The principal assumptions on the measurement date were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.7000%	0.4850%
Expected rates of salary increase	4.0000%	3.0000%

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, 2022</u>	<u>December 31, 2021</u>
Discount rate		
0.5% increase	( \$ 1,435 )	( \$ 1,647 )
0.5% decrease	<u>\$ 1,523</u>	<u>\$ 1,705</u>

Expected rates of salary increase

0.5% increase	\$ 1,463	\$ 1,688
0.5% decrease	( \$ 1,394 )	( \$ 1,599 )

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, 2022</u>	<u>December 31, 2021</u>
The expected amount of contribution within 1 year	\$ 159	\$ 183
The average maturity period of defined benefit obligations	9.7 years	10.8 years

## 25. Equity

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

	<u>December 31, 2022</u>	<u>December 31, 2021</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>84,097</u>	<u>84,097</u>
Share capital issued	<u>\$ 840,973</u>	<u>\$ 840,973</u>
Share capital collected in advance	<u>\$ 1,521</u>	<u>\$ -</u>

On October 16, 2020, the Board of Directors resolved a capital increase in cash to issue 7,600 thousand of new shares with a par value of NT\$10 per share, and issued on premiums for NT\$236 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 November 12, 2020, and the ex-rights date of the capital increase was December 15, 2020 resolved by the Board of Directors. The statutory procedures were completed on February 24, 2021 as the share capital collected in advance was transferred to ordinary share capital.

As at December 31, 2022 and 2021, the debenture holders of the Company had requested to convert their secured and unsecured corporate bonds into 152 thousand and 2,437 thousand ordinary shares, respectively, of which 152 thousand shares were recognized as share capital collected in advance amounted to NT\$1,521 thousand, 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, 2022</u>	<u>December 31, 2021</u>
<u>Used to offset deficit, distribute cash, or replenish share capital</u>		
(1)		
Premium on issuance of shares	\$ 2,696,145	\$ 2,696,145
Premium on conversion of convertible corporate bonds	309,185	275,497
Treasury shares transactions	200,461	103,161
Changes in net equity values of associates and joint venture accounted for using the equity method	1,188	-
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Not to be used for any purposes</u>		
Employees stock options	\$ -	\$ 19,803
Stock option	<u>41,362</u>	<u>-</u>
	<u>\$ 3,248,341</u>	<u>\$ 3,094,606</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 association, the Company's earning distribution or appropriation for deficits shall be made after the end of the half-year period in a fiscal year. As in the form of new share issuance, the proposal shall be resolved in the shareholders' meeting before the distribution; as in the form of cash, the proposal shall be resolved by the Board of Directors and then reported in the shareholders' meeting.

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

and remuneration of directors as stipulated in the articles of association of the Company, please refer to Note 27 (7): Remunerations for Employees and Directors.

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 half year of 2022 as follows:

	<u>January 1, 2022 to June 30, 2022</u>
Date of the resolution of the Board of Directors Meeting	November 9, 2022
Legal reserve	<u>\$ 47,775</u>
Special reserve	<u>\$ 151,184</u>
Cash dividends	<u>\$ 336,998</u>
Cash dividend per share (NT\$)	<u>\$ 4.0</u>

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, and the rest will be resolved by the shareholders' meeting held on May 24, 2023.

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 for the period	(449)	-	-	(449)
Number of shares on December 31, 2022	-	-	-	-
Number of shares on January 1, 2021	449	-	-	449
Number of shares on December 31, 2021	449	-	-	449

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

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

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 shares held by the Company shall not be pledged as collateral in accordance with the Securities and Exchange Act, nor shall it be entitled to dividend distribution and voting rights.

## 26. Revenue

	<u>2022</u>	<u>2021</u>
Revenue from customer contracts		
Sales Revenue of Commodities	<u>\$ 3,159,978</u>	<u>\$ 1,994,676</u>

### a. Explanation of customer contracts

#### Sales Revenue of Commodities

The sales revenue of commodities comes from the manufacturing of mask packages, its service of design, and the sales of semiconductor related products. Upon shipping of the products, the clients 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 accounts receivable at that point in time.

### b. Balance of contracts

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Accounts receivable (Note 10)	<u>\$ 853,281</u>	<u>\$ 542,842</u>	<u>\$ 357,516</u>
Contract liabilities – Unearned sales revenue			
Sales of Commodities	<u>\$ 85,534</u>	<u>\$ 2,576</u>	<u>\$ 2,562</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.

	<u>2022</u>	<u>2021</u>
<u>From beginning contract liabilities</u>		
Sales of Commodities	<u>\$ 2,576</u>	<u>\$ 2,562</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

	<u>2022</u>	<u>2021</u>
Bank deposits	\$ 2,609	\$ 533
Imputed interest on deposits	61	60
Borrowings - related parties	105	-
	<u>\$ 2,775</u>	<u>\$ 593</u>

b. Other income

	2022	2021
Rental income		
Investment properties (Note 15)	\$ 36,243	\$ 33,999
Other rental	<u>6,065</u>	<u>5,550</u>
	<u>42,308</u>	<u>39,549</u>
Dividend income		
Investments in equity instruments at fair value through other comprehensive income	<u>25,209</u>	<u>-</u>
Others	<u>7,537</u>	<u>19,286</u>
	<u>\$ 75,054</u>	<u>\$ 58,835</u>

c. Other gains and (losses)

	2022	2021
Gain (loss) of financial assets and financial liabilities		
Financial assets and liabilities mandatorily classified as at fair value through profit or loss	\$ 4,383	(\$ 34)
Gain on disposal of property, plant and equipment	769	249
Net gain (loss) on foreign exchange	46,128	( 4,323)
Gain on lease amendment	-	21
Others	( <u>189</u> )	( <u>4,018</u> )
	<u>\$ 51,091</u>	( <u>\$ 8,105</u> )

d. Finance costs

	2022	2021
Interest on bank loans	\$ 54,456	\$ 28,015
Interest on convertible corporate bonds	8,300	11
Interest on lease liabilities	486	589
Imputed interest on deposits	34	( 30)
Less: Amount included in the cost of key assets	( <u>10,684</u> )	( <u>2,836</u> )
	<u>\$ 52,592</u>	<u>\$ 25,749</u>

Information on interest capitalization is as follows:

	2022	2021
Amount of capitalized interest	\$ 10,684	\$ 2,836
Capitalized interest rate	1.42%	1.25%

e. Depreciation and amortization expenses

	<u>2022</u>	<u>2021</u>
Depreciation expenses		
summarized by function		
Operating costs	\$ 138,703	\$ 103,770
Operating expenses	<u>56,073</u>	<u>38,024</u>
	<u>\$ 194,776</u>	<u>\$ 141,794</u>
Amortization expenses		
summarized by function		
Operating costs	\$ 7,238	\$ 5,190
Operating expenses	<u>11,901</u>	<u>11,243</u>
	<u>\$ 19,139</u>	<u>\$ 16,433</u>

f. Employee benefits expenses

	<u>2022</u>	<u>2021</u>
Benefits after retirement		
Defined contribution plans	\$ 16,487	\$ 12,095
Defined benefit plans (Note 24)	<u>130</u>	<u>55</u>
	16,617	12,150
Share-based payment		
Equity settlement	77,497	19,803
Other employee benefits	<u>669,369</u>	<u>441,905</u>
Total employee benefit expenses	<u>\$ 763,483</u>	<u>\$ 473,858</u>
Summarized by function		
Operating costs	\$ 317,029	\$ 196,398
Operating expenses	<u>446,454</u>	<u>277,460</u>
	<u>\$ 763,483</u>	<u>\$ 473,858</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, 2022 and 2021 were resolved by the board of directors on March 8, 2023 and March 7, 2022, respectively, as follows:

Estimated ratio

	<u>2022</u>	<u>2021</u>
Employees' compensation	3.106%	4.3%
Remuneration of directors	3%	3%

Amount

	2022		2021	
	Cash	Stock	Cash	Stock
Employees' compensation	\$ 35,338	\$ -	\$ 19,042	\$ -
Remuneration of directors	34,130	-	13,285	-

If there is a change in the amounts after the annual accompanying financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and recognized in the next year.

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

Information on the employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 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:

	2022	2021
Current income tax		
Incurred for the year	\$ 160,531	\$ 47,816
Adjustments from prior years	( 20,001 )	959
	<u>140,530</u>	<u>48,775</u>
Deferred income tax		
Incurred for the year	( 5,374 )	25,079
Income tax expense recognized in profit or loss	<u>\$ 135,156</u>	<u>\$ 73,854</u>

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

	<u>2022</u>	<u>2021</u>
Net income before tax	<u>\$ 1,068,227</u>	<u>\$ 410,514</u>
Income tax expenses of net income before tax calculated at the legal tax rate	\$ 213,645	\$ 82,103
Non-deductible tax expense	1,854	18
Tax-free income	( 59,286)	( 9,226)
Debenture issuance cost	( 1,056)	-
Current income tax expense from previous years adjusted in the year	( 20,001)	959
Income tax expense recognized in profit or loss	<u>\$ 135,156</u>	<u>\$ 73,854</u>

b. Current income tax liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current income tax liabilities		
Income tax payable	<u>\$ 135,690</u>	<u>\$ 37,115</u>

c. Deferred income tax assets and liabilities

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

2022

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Ending balance</u>
<u>Deferred income 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 income 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>

## 2021

	Beginning balance	Recognized in profit or loss	Ending balance
<u>Deferred income tax assets</u>			
Temporary difference			
Unrealized loss on inventories for price loss	\$ 45,572	(\$ 25,605)	\$ 19,967
Unrealized loss on transactions with subsidiaries	346	-	346
Vacation leave payment payable	1,939	403	2,342
Allowance for Doubtful Debts over limit	207	-	207
Unrealized loss on exchange	217	182	399
	<u>\$ 48,281</u>	<u>(\$ 25,020)</u>	<u>\$ 23,261</u>
<u>Deferred income tax liabilities</u>			
Temporary difference			
Unrealized loss on transactions with subsidiaries	(\$ 260)	(\$ 34)	(\$ 294)
Defined benefit retirement plan	( 175)	( 25)	( 200)
	<u>(\$ 435)</u>	<u>(\$ 59)</u>	<u>(\$ 494)</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 2021, through the 2020 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

	2022	2021
Net income used to calculate earnings per share	\$ 933,071	\$ 336,660
Impacts of potential ordinary shares with dilution effect:		
Valuation gain or loss on after-tax interest of convertible corporate bonds and conversion options	1,616	-
Net income used for calculating diluted earnings per share	<u>\$ 934,687</u>	<u>\$ 336,660</u>

### Number of Shares

	Unit: Thousand shares	
	2022	2021
Weighted average of ordinary shares used for calculating basic earnings per share	83,944	83,642
Impacts of potential ordinary shares with dilution effect:		
Convertible corporate bonds	2,108	-
Employees' compensation	<u>146</u>	<u>78</u>
Weighted average of ordinary shares used for calculating dilutive earnings per share	<u>86,198</u>	<u>83,720</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. 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. The second transfer of treasury shares to employees in 2022

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

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

Employee share options of treasury shares	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	( <u>259</u> )	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 shares transferred to employees
Number of Shares	<u>259 thousand</u> 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.

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

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

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

	2022	
Employee share options of treasury shares	Unit (Thousands)	Weighted-Average Exercise price (NT\$)
Outstanding at the beginning of the year	-	\$ -
Granted for the year	120	34.05
Exercised for the year	( <u>120</u> )	34.05
Outstanding at the end of the year	<u>          -</u>	
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 shares transferred to employees
Number of Shares	120 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT\$215
Exercised price	NT\$34.05
Expected Volatility	48.16%
Duration	20 days
Risk-free Interest Rate	0.44%

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

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

The regulations of transfer of treasury shares of the Company were approved by the Board of Directors on March 23, 2019, pursuant to which the employees are entitled to subscribe for such shares, and was considered and approved by the Remuneration Committee on May 27, 2022 to purchase 70 thousand of treasury shares 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 shares is as follows:

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

The information on the outstanding employee stock options is as follows:

	December 31, 2021
Range of exercise price (NT\$)	\$ 34.05
Weighted-average remaining duration of contracts (year)	0.019 years

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

	Treasury shares transferred to employees
Number of Shares	70 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT\$317
Exercised price	NT\$34.05
Expected Volatility	50.64%
Duration	12 days
Risk-free Interest Rate	0.24%

Cost of compensation recognized for the year ended December 31, 2021 amounted to NT\$19,803 thousand.

### 31. **Partially acquisition of disposal of investment in subsidiaries - no impact on control**

On December 28 and November 30, 2022, the Company did not subscribe the shares of Gudeng Equipment Co., Ltd. in accordance with its shareholding ratio, resulting in the shareholding ratio decreased 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 a 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 25, 2022, the Company did not acquire shares of Gudeng Equipment Co., Ltd. in accordance with its shareholding ratio, resulting in the shareholding ratio decreased from 100% to 83.33%.

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 a equity transaction.

	(November 25, 2022) We Solutions Technology Co., Ltd.
Cash consideration paid	\$ -
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	( 797 )
Difference in equity transactions	( \$ 797 )
<u>Adjustment account for difference in equity transactions</u>	
Unappropriated earnings	( \$ 797 )

On September 29, 2022, We Solutions Technology Co., Ltd., a subsidiary of the Company, did not acquire shares of Shuo Ting Precision Ind. Co., Ltd. in proportion to the shareholding ratio resulting in an increase on the shareholding ratio from 69.15% to 70.43%. As the above-mentioned transaction did not change the control over the subsidiary, the Company treated the transaction as a equity transaction.

	(September 29, 2022) Shuoting Precision Industry Co., Ltd.
Cash consideration paid	( \$ 21,000 )
Debt-to-equity swaps	( 11,505 )
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	32,337
Difference in equity transactions	( \$ 168 )
<u>Adjustment account for difference in equity transactions</u>	
Unappropriated earnings	( \$ 493 )
Capital surplus - recognized changes in percentage of ownership interests in subsidiaries	\$ 325

On October 1, 2021, the Company did not acquire shares of Gudeng Equipment Co., Ltd. in proportion to the shareholding ratio, resulting in a increase on the shareholding ratio from 50.87% to 50.93%.

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

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

### 32. **Information on cash flows**

#### Non-cash Transactions

In the year 2022 and 2021, the Company entered into the following non-cash financing activities:

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, 2022 and 2021 (refer to Notes 22 and 25).

### 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, 2022

	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>

Financial assets at fair value through other comprehensive income

Investments in equity instruments				
— Domestic publicly traded shares	\$ -	\$ 251,124	\$ -	\$ 251,124

Financial liabilities at fair value through profit or loss

Derivatives	\$ -	\$ 1,447	\$ -	\$ 1,447
-------------	------	----------	------	----------

December 31, 2021

	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	\$ -	\$ 378,886	\$ -	\$ 378,886

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2022 and 2021.

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

2021

Financial assets	Measured at fair value through profit or loss
	<u>Derivatives</u>
Beginning balance	\$ 48
Recognized in profit or loss (Other gain and loss)	( 34)
Conversion	( 14)
Ending balance	<u>\$ -</u>
Change of unrealized loss in the current period related to assets held by the end of the year and recognized as gains and losses	<u>\$ 34</u>

3) 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 - convertible corporate bond redemption options	Estimated by the binary tree model for convertible corporate bonds valuation, and the significant unobservable inputs used are stock price volatility. When share price volatility increases, the fair value of these derivatives will increase.

c. Classification of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily at fair value through profit or loss	\$ 10,975	\$ -
Financial assets at amortized cost (Note 1)	1,917,011	1,701,640
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	251,124	378,886
<u>Financial liabilities</u>		
Measured at fair value through profit or loss		
Held for trading	1,447	-
Measured at amortized cost (Note 2)	5,214,505	4,049,383

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

Note 2. The balance refers to the financial liabilities measured at amortized cost, including short-term borrowings, accounts payable (including related parties), other payables (including related parties), guarantee deposits, current portion of long-term borrowings, 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, accounts receivable, accounts payable, 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.

a) 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	
	2022	2021	2022	2021
Gains and losses	\$ 6,937	\$ 3,414	\$ 763	(\$ 78)

- i. 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.

- ii. It is mainly derived from JPY-denominated receivables and payables that are still outstanding on the balance sheet date of the Company without cash flow hedging.

b) Interest Rate Risks

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
With interest rate risk of fair value		
– Financial assets	\$ -	\$ -
– Financial liabilities	943,898	31,133
Interest rate risk with cash flows		
– Financial assets	1,033,438	1,127,511
– Financial liabilities	3,207,225	3,184,532

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 a 0.25% increase or decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

If 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, 2022 and 2021 would decrease/increase by NT\$5,434 thousand and NT\$5,143 thousand, respectively.

c) Other Price Risks

The Company has equity price exposure arising from the investments in publicly traded equity securities. The Company manages this exposure by maintaining a portfolio of investments with different risks.

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, 2022 and 2021 would have increased/ decreased by NT\$837 thousand and NT\$0 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 2022 and 2021 would be increased/decreased by NT\$25,112 thousand and NT\$37,889 thousand, respectively due to the increase/decrease in the fair value of the financial asset measured at fair value through other comprehensive income.

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

## 2) Credit Risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. 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:

- a) The carrying amount of financial assets recognized in the parent company only Balance Sheets.
- b) 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. In this regard, the management believes the Company's credit risk is significantly reduced. Therefore, the credit risk is limited.

The Company's credit risks are mainly concentrated on the biggest client, and the ratio of accounts receivable from the above mentioned client as of December 31, 2022 and 2021 were 49% and 72%, respectively.

### 3) Liquidity Risks

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The management of the Company monitors the use of bank facility and ensures compliance with the terms of the loan contract.

The Company relies on bank loans as a significant source of liquidity. 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, 2022 and 2021.

#### a) 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, 2022

	Less than 1 year	1 to 2 years	2 to 3 years	3 years and above	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 245,669	\$ -	\$ -	\$ -	\$ 245,669
Other payables	829,820	-	-	-	829,820
Lease liabilities	8,666	6,413	4,874	1,850	21,803
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>\$ 578,278</u>	<u>\$ 1,112,718</u>	<u>\$ 2,366,800</u>	<u>\$ 5,272,610</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>

## December 31, 2021

	Less than 1 year	1 to 2 years	2 to 3 years	3 years and above	Total
Non-derivative financial liabilities					
Accounts payable	\$ 234,963	\$ -	\$ -	\$ -	\$ 234,963
Other payables	620,676	-	-	-	620,676
Lease liabilities	11,268	8,264	5,810	6,724	32,066
Other current liabilities	2,227	-	-	-	2,227
Borrowings	311,598	159,441	184,778	2,528,715	3,184,532
	<u>\$ 1,180,732</u>	<u>\$ 167,705</u>	<u>\$ 190,588</u>	<u>\$ 2,535,439</u>	<u>\$ 4,074,464</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>\$ 11,268</u>	<u>\$ 8,264</u>	<u>\$ 5,810</u>	<u>\$ 6,724</u>	<u>\$ -</u>

### b) Financing line

	December 31, 2022	December 31, 2021
Credit line of unsecured bank overdraft (to be extended with agreement between two parties)		
Amount used	\$ 576,667	\$ 156,280
Amount unused	900,000	510,000
	<u>\$ 1,476,667</u>	<u>\$ 666,280</u>
Credit line of secured bank loans (to be extended with agreement between two parties)		
Amount used	\$ 2,627,770	\$ 3,026,104
Amount unused	1,209,260	705,000
	<u>\$ 3,837,030</u>	<u>\$ 3,731,104</u>

## 35. Unrelated 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

Name of related party	Relationship with the Company
Jin Peng Investment Co., Ltd. (hereinafter "Jin Peng")	Substantial related party
Sheng Jie Investment Co., Ltd. (hereinafter "Sheng Jie")	Substantial related party
Yun Sheng Investment Co., Ltd. (hereinafter "Yun Sheng")	Substantial related party
Onore King Taiwan International Marketing Co., Ltd. (hereinafter "Onore King")	Substantial related party
JIN HUI Technology Co., Ltd. (hereinafter "JIN HUI")	Associates
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 Co., Ltd. (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")	The Company's subsidiary
Gudeng Inc. (hereinafter "Gudeng USA")	The Company's subsidiary
Shuoting Precision Industry Co., Ltd. (hereinafter "Shuoting")	The Company's subsidiary

b. Operating Revenue

Item	Name of related party	2022	2021
Sales revenue	Shanghai Gudeng	\$ 194,289	\$ 85,132
	Gudeng Equipment Co., Ltd.	9,502	8,309
	We Solutions	-	41
		<u>\$ 203,791</u>	<u>\$ 93,482</u>

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

c. Purchase

Name of related party	2022	2021
We Solutions	\$ 179,823	\$ 78,736
Shuoting	5,867	-
Gudeng Equipment Co., Ltd.	1,672	-
Shanghai Gudeng	154	-
JIN HUI	23,867	-
	<u>\$ 211,383</u>	<u>\$ 78,736</u>

Purchases are based on market prices less discounts to reflect the volume of purchases and the relationship with the related party.

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

Item	Name of related party	December 31, 2022	December 31, 2021
Accounts receivable - related parties		\$ 159,616	\$ 47,826
	Shanghai Gudeng Gudeng Equipment Co., Ltd.	<u>1,689</u>	<u>1,487</u>
		<u>\$ 161,305</u>	<u>\$ 49,313</u>
Other receivable - related parties		\$ 77	\$ 77
	SP		
	RP	304	304
	We Solutions	-	40
	Gudeng Equipment Co., Ltd.	111	904
	Gudeng USA	193	4,562
	JIN HUI	7	16
	Onore King	<u>2</u>	<u>-</u>
		<u>\$ 694</u>	<u>\$ 5,903</u>

The outstanding balances of receivables from related parties is not collateralized. No bad debts expense was set aside for receivables from related parties for the years ended December 31, 2022 and 2021.

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

Item	Name of related party	December 31, 2022	December 31, 2021
Accounts payable - related parties	We Solutions	\$ 14,850	\$ 35,406
	Gudeng Equipment Co., Ltd.	101	-
	Shuoting	6,161	-
	Shanghai Gudeng	59	-
	JIN HUI	<u>9,823</u>	<u>15,264</u>
		<u>\$ 30,994</u>	<u>\$ 50,670</u>
Other payable - related parties	Shanghai Gudeng	\$ 29,318	\$ 17,449
	Gudeng USA	<u>11,214</u>	<u>-</u>
		<u>\$ 40,532</u>	<u>\$ 17,449</u>

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

f. Prepayments

Name of related party	December 31, 2022	December 31, 2021
Gudeng Equipment Co., Ltd.	<u>\$ -</u>	<u>\$ 120</u>

g. Lease agreements as a lessee

Lease expenses

Lessor	Underlying subject	Rental and Payment Method of Rent	Lease expenses	
			2022	2021
Sheng Jie	Employee dorm	Rent amounted to NT\$105 thousand per month with monthly payment.	<u>\$ 1,457</u>	<u>\$ 1,383</u>
Yun Sheng	Warehouse	The monthly rent is NT\$150 thousand, which shall be paid on a monthly basis.	<u>\$ 1,350</u>	<u>\$ -</u>
Jin Peng	Employee dorm	Rent amounted to NT\$7-8 thousand per month with monthly payment.	<u>\$ -</u>	<u>\$ 24</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, 2022	December 31, 2021
Gudeng Venture	\$ 480	\$ 480
Gudeng Equipment Co., Ltd.	3,574	4,012
Jia Shuo	6	12
Sheng Jie	8	8
Yun Sheng	8	8
Jin Peng	8	8
Onore King	12	-
	<u>\$ 4,096</u>	<u>\$ 4,528</u>

- 2) Rental income is summarized as follows:

Name of related party	Underlying subject	Rental and Payment Method of Rent	2022	2021
Gudeng Venture	Office	Rent amounted to NT\$40 thousand per month with monthly payment.	\$ 480	\$ 480
Gudeng Equipment Co., Ltd.	Pant and clean room	Rent amounted to NT\$333 thousand per month with monthly payment.	4,009	3,956
Gudeng Equipment Co., Ltd.	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.	14	-
			<u>\$ 4,563</u>	<u>\$ 4,496</u>

3) Guarantee deposits is summarized as follows:

<u>Name of related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Gudeng Equipment Co., Ltd.	\$ 669	\$ 669
Jia Shuo	2	2
Sheng Jie	2	2
Yun Sheng	2	2
Jin Peng	2	2
	<u>\$ 677</u>	<u>\$ 677</u>

4) Imputed interest on deposits is summarized as follows:

<u>Name of related party</u>	<u>2022</u>	<u>2021</u>
Gudeng Equipment Co., Ltd.	<u>\$ 9</u>	<u>( \$ 47 )</u>

i. Interest income

<u>Name of related party</u>	<u>2022</u>	<u>2021</u>
Gudeng Venture	<u>\$ 105</u>	<u>\$ -</u>

j. Other Related Party Transactions

1) Service fees

<u>Item</u>	<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Operating expenses	Shanghai Gudeng	\$ 71,587	\$ 38,165
	Gudeng USA	27,580	-
		<u>\$ 99,167</u>	<u>\$ 38,165</u>

2) Other income

<u>Item</u>	<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Other income	Gudeng Equipment Co., Ltd.	\$ 1,373	\$ 2,911
	We Solutions	61	27
	Gudeng USA	-	2,290
	JIN HUI	118	53
		<u>\$ 1,552</u>	<u>\$ 5,281</u>

3) Other expenditures

<u>Item</u>	<u>Name of related party</u>	<u>2022</u>	<u>2021</u>
Sales expenses	Gudeng Equipment Co., Ltd.	( \$ 165 )	\$ 328
General and administrative expenses	Gudeng Equipment Co., Ltd.	-	( 3 )
	We Solutions	( 126 )	( 37 )
		<u>( \$ 291 )</u>	<u>\$ 285</u>

k. Remuneration of key management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	<u>\$ 65,070</u>	<u>\$ 57,229</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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Pledged time deposits (recognized as financial assets measured at amortized cost - current)	\$ 5,000	\$ 11,500
Pledged deposits (recognized as financial assets measured at amortized cost - non-current)	2,546	2,542
Self-owned land	2,213,521	2,276,952
Buildings, net	452,118	454,267
Investment properties	<u>842,760</u>	<u>672,896</u>
	<u>\$ 3,515,945</u>	<u>\$ 3,418,157</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, 2022, guarantee notes issued by the Company for financing facilities applied from financial institutions (including long-term and short-term borrowings) amounted to NT\$381,900 thousand.
- 2) The Company has contracted with various manufacturers to purchase land and equipment. The total contract price is NT\$321,401 thousand. As of December 31, 2022, it has paid NT\$177,982 thousand (prepaid equipment payment), and the remaining NT\$143,419 thousand has not been paid.
- 3) As of December 31, 2022, guarantee notes received by the Company for the outsourced construction works amounted to NT\$156,435 thousand.
- 4) As of December 31, 2022, the guarantee notes issued by the Company for application of research grants amounted to NT\$18,500 thousand.



b. Contingency

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

**38. Other Matters**

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

Assumption to continue as a going concern

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

**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, 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)	<u>76,315</u>
					<u>\$ 813,362</u>
 <u>Non-monetary items</u>					
Joint ventures accounted for using the equity					
RMB		79,612	4.408	(RMB:NTD)	<u>\$ 350,930</u>

December 31, 2021

	<u>Foreign Currency</u>		<u>Exchange Rate</u>		<u>Carrying amount</u>
<u>Foreign currency assets</u>					
<u>Monetary items</u>					
USD	\$	16,378	27.68	(USD:NTD)	\$ 453,343
JPY		1,999	0.2405	(JPY:NTD)	481
					<u>\$ 453,824</u>
 <u>Non-monetary items</u>					
Joint ventures accounted for using the equity					
RMB		60,158	4.344	(RMB:NTD)	<u>\$ 261,326</u>
 <u>Foreign currency liabilities</u>					
<u>Monetary items</u>					
USD		4,044	27.68	(USD:NTD)	111,938
JPY		34,495	0.2405	(JPY:NTD)	8,296
RMB		4,350	4.344	(RMB:NTD)	18,896
					<u>\$ 139,130</u>

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

Foreign Currency	2022		2021	
	Exchange Rate	Net gain (loss) on exchange	Exchange Rate	Net gain (loss) on exchange
USD	30.71 (USD:NTD)	\$ 1,399	27.68 (USD:NTD)	( \$ 77 )
JPY	0.2324 (JPY:NTD)	-	0.2405 (JPY:NTD)	( 161 )
RMB	4.408 (RMB:NTD)	( 216 )	4.344 (RMB:NTD)	( 61 )
		<u>\$ 1,183</u>		<u>( \$ 299 )</u>

#### 41. Supplementary Disclosures

##### a. Information on significant transactions and b. Information on reinvestment business

No.	Item	Description
1	Loans to others.	Table I
2	Endorsements/guarantees to others.	Table II
3	Marketable securities held at the end of the period. (excluding investment in subsidiaries, associates, and joint ventures)	Table III
4	The cumulative purchase or sale of the same securities amounted to NT\$300 million or 20% and above of the paid-in capital.	Table IV
5	The amount of property acquired reached NT\$300 million or 20% and above of the paid-in capital.	Table V
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 VI
8	Receivables from related parties amounted to NT\$100 million or 20% and above of paid-in capital.	Table VII
9	Engaged in derivative products transactions.	Note 7
10	Investee information	Table VIII

##### 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 IX
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 X
	b) Sales amount and percentage, ending balance and percentage of receivables.	Table X
	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 II
	e) The maximum balance, ending balance, Interest rate interval and total amount of current interest of financing.	Table I
	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 X

- 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 XI)

Table I

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

Financing provided to others

From January 1 to December 31, 2022

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

No. (Note 1)	Financing Company	Counterparty	Transaction Item	Related Party or Not	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 Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)	Note
													Name	Value			
0	Gudeng Precision Industrial Co., Ltd.	We Solution Technology Co., Ltd.	Other receivable - related parties	Y	\$ 30,000	\$ 30,000	\$ -	3%	2	\$ -	Operating capital	\$ -	Promissory note	\$ 30,000	\$ 1,951,350	\$ 1,951,350	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Investment Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	1,951,350	1,951,350	
1	Shanghai Gudeng Trading Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	Other receivable - related parties	Y	30,856 (RMB 7,000)	30,856 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	30,856 (RMB 7,000)	1,951,350	1,951,350	
2	Suzhou Kunju Trading Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivable - related parties	Y	30,856 (RMB 7,000)	30,856 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	30,856 (RMB 7,000)	1,951,350	1,951,350	
3	Gudeng Investment Co., Ltd.	Gudeng Precision Industrial Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	1,951,350	1,951,350	
3	Gudeng Investment Co., Ltd.	Hengyang Green Energy Co., Ltd.	Other receivable - related parties	Y	20,000	20,000	-	3%	2	-	Operating capital	-	Promissory note	20,000	1,951,350	1,951,350	
4	We Solution Technology Co., Ltd.	Fu Rui Sheng Industrial Co., Ltd.	Other receivable - related parties	Y	15,000	15,000	-	3%	2	-	Operating capital	-	Promissory note	15,000	125,039	125,039	
4	We Solution Technology Co., Ltd.	Shuoting Precision Industry Co., Ltd.	Other receivable - related parties	Y	15,000	15,000	-	3%	2	-	Operating capital	-	Promissory note	15,000	125,039	125,039	

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 (12/31/2022) 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 (12/31/2022) 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 (12/31/2022) 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 (12/31/2022) in compliance with the Company's regulations of procedures for financing.
3. The Company's financing limits are calculated based on the net worth of the Company's financial statements audited by the certified public accountants; the investee company's financing limits are calculated based on the net worth of the Company's foreign currency financial statements audited by the certified public accountants.

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

Table II

Gudeng Precision Industrial Co., Ltd.

Endorsements/guarantees to others

From January 1 to December 31, 2022

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

No. (Note 1)	Name of the endorser’s company	Endorsement object		Limit of endorsement for single enterprise (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)											
2	Suzhou Kunju Trading Co., Ltd.	Gudeng Investment Co., Ltd.	(3)	\$ 975,675	\$ 22,530 ( RMB 5,000 )	\$ 22,040 ( RMB 5,000 )	\$ 22,040 ( RMB 5,000 )	\$ -	0.45%	\$ 2,439,187	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 (12/31/2022).

(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 (12/31/2022).

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 (12/31/2022).

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

Table III

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

Marketable securities held at the end of the period

December 31, 2022

Unit: In Thousands of New Taiwan Dollars, Except Shares

Name of Held Company	Type and Name of Marketable Securities (Note 1)	Relationship with the issuer of securities	Financial Statement Account	End of the Period				Note
				Number of Shares	Carrying amount	Percentage of Ownership	Fair Value	
Gudeng Precision Industrial Co., Ltd.	Listed companies Taiwan Auto-Design Co.	None	Financial assets at fair value through profit or loss - current	180,000	<u>\$ 8,370</u>	0.86	<u>\$ 8,370</u>	—
	Symtek Automation Asia Co., Ltd.	None	Financial assets at fair value through other comprehensive income — non-current	4,000,000	<u>\$ 251,124</u>	5.60	<u>\$ 251,124</u>	Note 2
Gudeng Investment Co., Ltd.	Non-publicly traded company Yinsmart Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - current	25,000	\$ -	5.00	\$ -	—
	Listed companies Elan Microelectronics Corporation	None	"	25,000	2,150	0.01	2,150	—
	Taiwan Semiconductor Manufacturing Co. Ltd.	None	"	42,000	18,837	-	18,837	—
	Symtek Automation Asia Co., Ltd.	None	"	1,167,000	99,195	1.63	99,195	—
	Foxsemicon Integrated Technology Inc.	None	"	23,000	4,106	0.03	4,106	—
	Fitipower Integrated Technology Inc.	None	"	20,902	2,415	0.01	2,415	—
	Advanced Wireless Semiconductor Company	None	"	22,000	1,498	0.01	1,498	—
	WinWay Technology Co., Ltd.	None	"	7,000	2,926	0.02	2,926	—
	Asia Neo Tech Industrial Co., Ltd.	None	Financial assets at fair value through other comprehensive income — non-current	3,326,000	<u>83,150</u>	10.30	<u>83,150</u>	—
					<u>\$ 214,277</u>		<u>\$ 214,277</u>	
	Non-publicly traded company NanoClean Materials Co., LTD.	None	Financial assets at fair value through other comprehensive income — non-current	500,000	\$ 1,465	10.00	\$ 1,465	—
	MontJade Engineering Co., Ltd.	None	"	1,340,000	16,669	6.09	16,669	—
	Jiurun Precision Technology Co., Ltd.	None	"	372,000	12,202	16.00	12,202	—
	Origin Precision Technology Co., Ltd.	None	"	590,000	5,918	19.67	5,918	—
	Certain Micro Application Technology Inc.	None	"	1,595,495	<u>32,947</u>	9.91	<u>32,947</u>	—
					<u>\$ 69,201</u>		<u>\$ 69,201</u>	
Bor Sheng Industrial Co., Ltd.	Non-publicly traded company Ting Shan Enterprise Co., Ltd.	Yes	Financial assets at fair value through other comprehensive income — non-current	300,000	<u>\$ -</u>	9.58	<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. It refers to private ordinary shares which are financial commodities that have an active market but cannot be sold subject to a lock-up period, the fair value of which is determined based on the relevant market price.

Note 3. The 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, 2022

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 Investment Co., Ltd.	Investments accounted for using the equity method	Gudeng Investment Co., Ltd.	Subsidiary	41,700,000	\$ 389,454	14,000,000	\$ 360,000	-	\$ -	\$ -	\$ -	( \$ 31,316 )	55,700,000	\$ 718,138

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.



Table V

**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

From January 1 to December 31, 2022

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

Name of Acquiring Company	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counterparty	Relationship	Information on Prior Transaction for the Counterparty of Related Party				Reference for price determination	Purpose of acquisition and situation of usage	Other agreements
							Owner	Relationship with the Issuer	Transfer Date	Amount			
Gudeng Precision Industrial Co., Ltd.	Self-owned Land and Buildings	2022.03.07	\$ 205,000	Paid in full	Yung Ming Precast Concrete Co., Ltd.	Non-related party	-	-	-	\$ -	Referred to market prices and property valuation reports from real estate appraisers, and the appraised value amounted to NT\$217,424 thousand.	Self-usage in operation	None

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

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

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

Table VI

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

Amount of purchases or sales with related parties amounted to NT\$100 million or 20% and above of the paid-in capital

From January 1 to December 31, 2022

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

Buyer/Seller	Name of Counterparty	Relationship	Transaction status				Abnormal Transaction		Notes/ Accounts receivable (payable)		Note
			Purchase (Sale)	Amount	Ratio to Total Purchase (Sales)	Credit Terms	Unit Price	Credit Terms	Balance	Ratio to Total Notes or Accounts Receivable (payable)	
Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	The same affiliate	Sales	\$ 194,289	6	120 days	-	-	\$ 159,616	19	
	We Solution Technology Co., Ltd.	The same affiliate	Purchase	179,823	21	35 days	-	-	( 14,850)	( 6)	

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 period fields.

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.

Table VII

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

Receivables from related parties amounted to NT\$100 million or 20% and above of the paid-in capital

December 31, 2022

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

Company Name	Name of Counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Overdue receivables from related parties		Amount of Receivables from Related Parties Collected Subsequent to the Balance Sheet Date	Allowance for Impairment Loss
					Amount	Actions Taken		
Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	The same affiliate	Accounts receivable \$ 159,616	2.5	\$ -	—	\$ 92,891	\$ -

Note 1. Please fill in the accounts and notes receivable, and other receivables, etc. separately.

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

Table VIII

**Gudeng Precision Industrial Co., Ltd.**  
NAMES, LOCATIONS AND RELEVANT INFORMATION OF INVESTEE COMPANIES  
From January 1 to December 31, 2022  
Unit: In Thousands of New Taiwan Dollars and Foreign Currencies, Except Shares

Name of investor company	Name of Investee Company	Location	Main Business Activities	Original Investment Amount		Held at the End of The Period			Net Income (Loss) of the Investee	Investment Profit (Loss) Recognized in the Current Period	Note
				End of the Current Period	Year-end of the last year	Number of Shares	Ratio (%)	Carrying amount			
Gudeng Precision Industrial Co., Ltd.	Rich Point Global Corp.	Equity Trust Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	\$ 289,824	\$ 289,824	-	100	\$ 350,930	\$ 86,328	\$ 86,328	Note 2
	Gudeng Investment Co., Ltd.	8F-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Venture capital and management consulting business	777,000	417,000	55,700,000	100	718,138	( 18,142 )	( 18,142 )	Notes 1 and 2
	We Solution Technology Co., Ltd.	No. 207, Fuxing 2nd Rd., Zhubei City, Hsinchu County	Trading, repair, and maintenance of various precision instruments	248,825	198,825	25,000,000	83.33	260,498	78,927	77,648	Note 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	99,074	35,359	11,302,701	50.1	275,762	203,415	103,529	Notes 1 and 2
	Gudeng Inc.	1798 Technology DR, #298 San Jose, CA, 95110	Engaged in various electronic components business	USD 850	USD 350	850,000	100	37,899	17,650	17,650	Note 2
Rich Point Global Corp.	Sun Park Development Limited	Suite 2302-6 23/F Great Eagle CTR 23 Harbour RD Wanchai H.K.	Engaged in reinvestment of various business	RMB 14,020	RMB 14,020	-	100	RMB 26,257	RMB 7,222	RMB 7,222	Note 2
	Gudeng Investment Co., Ltd.	TMF Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	RMB 50,549	RMB 50,549	-	100	RMB 53,355	RMB 12,332	RMB 12,332	Notes 1 and 2
Gudeng Investment Co., Ltd.	Jia Shuo Construction, Inc.	8F-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Industrial plant, residential and building development and leasing, real estate sales and leasing	135,100	135,100	13,510,000	100	130,670	( 3,996 )	( 3,996 )	Note 2
	Jinhui Technology Co., Ltd.	No. 43, Jingjian 4th Rd., Guanyin Dist., Taoyuan City	Surface treatment and thermal treatment, wholesale of chemical materials, manufacture of other chemical materials and other metals, wholesale of pollution prevention equipment, wholesale of recycled materials	35,000	35,000	3,500,000	35	51,019	20,160	7,056	Note 3
Gudeng Equipment Co., Ltd.	i Analyzer Incorporation	7F-8, No. 200, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City	Manufacture, trading, repair, and maintenance of various precision instruments	53,940	-	16,631,503	23.24	52,659	( 14,257 )	( 1,281 )	Note 3
	Hengyang Green Energy Co., Ltd.	2F, No. 50, Yongkehuan Rd., Wangxing Vil., Yongkang Dist., Tainan City	Piping works and electrical installations	63,000	-	6,300,000	45	59,234	( 8,285 )	( 3,802 )	Note 2
	Shenghe Precision Technology Co., Ltd.	8F-6, No. 100, Sec. 1, Jiafeng 11th Rd., Zhubei City, Hsinchu County	Design and transformation of semiconductor and panel PVD vacuum technology related platform	70,000	70,000	1,977,686	100	67,164	16,375	12,882	Note 2 and 3
We Solution 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	-	3,218,361	54.94	97,383	30,450	614	Note 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 mould and manufacturing of machinery and equipment	44,860	-	4,486,026	41.37	39,938	( 14,152 )	( 4,532 )	Note 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 mould and manufacturing of machinery and equipment	31,505	-	3,150,483	29.06	25,234	( 14,152 )	( 4,246 )	Note 2
	Bor Sheng Industrial Co., Ltd.	1F, No. 45, Dawei Rd., Dayuan Vil., Dali Dist., Taichung City	Manufacturing and wholesale of mould and manufacturing of machinery and equipment	16,740	-	1,674,000	93	65,095	42,095	5,584	Note 2

Note 1. Net income (loss) of the investee and investment profit (loss) recognized in the current period are the amounts audited by the certified public accountants.  
Note 2. Wholly eliminated when preparing consolidated financial statements.  
Note 3. Net income (loss) of the investee and investment profit (loss) recognized in the current period are the amounts unaudited by the certified public accountants.  
Note 4. Please refer to Table 8 for relevant information on mainland investee companies.

Table IX

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

Information on Investments in Mainland China

From January 1 to December 31, 2022

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

Investee Company In Mainland China	Main Business Activities	Paid-in Capital	Method of Investment (Note 1)	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated amount of investment remitted out of Taiwan at the end of the period	Net Income (Loss) of the Investee	Ratio of 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	\$ 30,710 (USD 1,000)	\$ -	\$ -	\$ 30,710 (USD 1,000)	\$ 32,939 (RMB 7,449)	100	\$ 32,939 (RMB 7,449) (2)B	\$ 79,322 (RMB 17,995)	\$ -	
Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd.	Motor vehicles trading	RMB 15,750	(2) Investor company: Gudeng Investment Co., Ltd.	225,630 (RMB 45,000) (USD 888)	-	-	225,630 (RMB 45,000) (USD 888)	( 4,002) (RMB -905)	-	( 4,979) (RMB -1,126) (2)B	- (RMB -)	38,455 (RMB 8,724)	
Suzhou Kunju Trading Co., Ltd.	Sales of automobiles, after-sales services and technical consulting services related to automobile repair	RMB 7,645	(2) Investor company: Sun Park Development Limited	37,098 (USD 1,208)	-	-	37,098 (USD 1,208)	( 1,004) (RMB -227)	100	( 1,004) (RMB -227) (2)B	36,485 (RMB 8,277)	-	

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 293,438 ( USD 3,096 ) ( RMB 45,000 )	NTD 414,517 ( USD 5,388 ) ( RMB 56,500 )	NTD 2,927,024 ( USD 95,311 )

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 30.71; RMB spot exchange rate of 4.408; RMB profit and loss exchange rate of 4.422 on December 31, 2022).

Table X

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, 2022

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

Investee Company In Mainland China	Type of Transaction	Purchases, Sales, and Service fees		Price	Transaction Terms		Notes/ Accounts receivable (payable)		Unrealized gain (loss)	Note
		Amount	Percentage		Payment Terms	Compared with normal transactions	Amount	Percentag e		
Shanghai Gudeng Trading Co., Ltd.	Sales	\$ 194,289	6	Same as normal clients	Same as normal clients	Same as normal clients	\$ 159,616	19	\$ -	
"	Service fees	71,587	7	Same as normal clients	Same as normal clients	Same as normal clients	( 29,318 )	( 4 )	-	
"	Purchase	154	-	Same as normal clients	Same as normal clients	Same as normal clients	( 59 )	-	-	

Table XI

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

Information on Major Shareholders

December 31, 2022

Unit: Share

Name of Major Shareholders	Shareholding	
	Number of Shares Held	Percentage of Ownership
Ming-Lang Zhuang	8,189,563	9.72%
Ming-Chien Chiu	6,647,037	7.88%
Tien-Jui Lin	4,546,853	5.39%

Note 1. Information on major shareholders in this table is information on 5% and above of the total of the ordinary shares and preference shares held by shareholders without physical registration (including treasury shares) and calculated on the last business day of each quarter by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's 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.

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

Statement of Cash and Cash Equivalents

December 31, 2022

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Item	Summary	Amount
Cash		
Cash on hand		\$ 568
Petty cash		113
Bank deposits		
Checks and demand deposits		571,602
Foreign currency demand deposits	Including US\$6,265 thousand@30.71 328,251 thousand JPY @0.2324	<u>270,030</u>
		<u>841,632</u>
		<u>\$ 842,313</u>

## Statement II

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

Statement of Accounts Receivable

December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Customer's name	Amount
Related party	
Shanghai Gudeng	\$ 159,616
Gudeng Automation	<u>1,689</u>
	<u>\$ 161,305</u>
Non-related party	
Shenzhen Bozhihang Electronic Technology Co., Ltd.	\$ 94,240
Taiwan Semiconductor Manufacturing Co. Ltd.	217,244
Others (Note)	<u>381,113</u>
	<u>692,597</u>
Less: allowance for loss	( <u>621</u> )
	<u>\$ 691,976</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, 2022

Unit: In Thousands of New Taiwan Dollars

Item	Amount	
	Cost	Market value (Note)
Raw materials	\$ 332,906	\$ 317,756
Semi-finished products	307,900	259,513
Work in process	56,611	50,087
Finished products	249,891	529,225
Commodities	<u>13,805</u>	-
	961,113	
Less: Allowance for inventory valuation and obsolescence losses	( <u>125,394</u> )	
	<u>\$ 835,719</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

FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Name of financial product	Beginning balance		Increase during the year		Gain (loss) 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 Automation Asia Co., Ltd.	4,000,000	<u>\$ 378,886</u>	-	<u>\$ -</u>	( <u>\$ 127,762</u> )	4,000,000	<u>\$ 251,124</u>	None

Note 1. Gain (loss) of financial assets recorded as other equity item

Note 2. The fair value was calculated based on the closing price of December 31, 2022 with liquidity reductions taken into consideration.

Gudeng Precision Industrial Co., Ltd.

Statement of Changes in Investments in long-term ownership accounted for using the equity method

FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

	Beginning balance		Increase during the year		Stock Cash dividends distribution		Changes in equity of ownership of subsidiaries and changes in other comprehensive income	Investment Profit (Loss) (Note I)	Cumulative translation Adjustment	Ending balance			Market price or net balance of equity (Note 2)		Valuation basis	Provision of collateral or pledge provided
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount				Number of Shares	Shareholding, %	Amount	Unit price (NT\$)	Total price		
Non-publicly traded company																
Rich Point	-	\$ 264,715	-	\$ -	-	\$ -	\$ -	\$ 86,328	(\$ 113)	-	100	\$ 350,930	-	\$ 350,930	Equity method	None
Gudeng Venture	41,700,000	389,454	14,000,000	360,000	-	-	( 13,174)	( 18,142)	-	55,700,000	100	718,138	12.89	718,138	Equity method	None
We Solutions	20,000,000	133,842	5,000,000	50,000	-	-	( 992)	77,648	-	25,000,000	83.33	260,498	10.42	260,498	Equity method	None
Gudeng Equipment Co., Ltd. (Note 3)	5,622,400	108,307	2,869,101	63,714	2,811,200	-	212	103,529	-	11,302,701	50.10	275,762	24.40	275,762	Equity method	None
Gudeng Inc.	350,000	<u>4,307</u>	500,000	<u>15,650</u>	-	<u>-</u>	<u>-</u>	<u>17,650</u>	<u>292</u>	850,000	100	<u>37,899</u>	44.59	<u>37,899</u>	Equity method	None
		<u>\$ 900,625</u>		<u>\$ 489,364</u>		<u>\$ -</u>	<u>(\$ 13,954)</u>	<u>\$ 267,013</u>	<u>\$ 179</u>			<u>\$ 1,643,227</u>		<u>\$ 1,643,227</u>		

Note 1. Calculated by the financial statements for the year ended December 31, 2022 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 Equipment Co., Ltd. was renamed from Gudeng Automation Co., Ltd. in February 2023.

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

## Statement of Changes in Right-of-use Assets

From January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Item	Buildings	Transportation Equipment	Total
Cost			
Beginning balance	\$ 20,923	\$ 25,340	\$ 46,263
Addition	-	1,167	1,167
Ending balance	<u>\$ 20,923</u>	<u>\$ 26,507</u>	<u>\$ 47,430</u>
Accumulated depreciation			
Beginning balance	\$ 2,441	\$ 13,355	\$ 15,796
Depreciation expenses	4,185	6,760	10,945
Ending balance	<u>\$ 6,626</u>	<u>\$ 20,115</u>	<u>\$ 26,741</u>
Ending net balance	<u>\$ 14,297</u>	<u>\$ 6,392</u>	<u>\$ 20,689</u>

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

Statement of Trade Payable

December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Customer's name	Amount
Related party	
We Solutions Technology Co., Ltd.	\$ 14,850
Jinhui Technology Co., Ltd.	9,823
Shuoting Precision Industry Co., Ltd.	6,161
Gudeng Equipment Co., Ltd. (Formerly known as "Gudeng Automation Co., Ltd.")	101
Shanghai Gudeng Trading Co., Ltd.	<u>59</u>
	<u>\$ 30,994</u>
Non-related party	
Zeon CSC Corporation	\$ 40,950
Bottlemate & BeautyPro Inc.	17,685
Asia Neo Tech Industrial Co., Ltd.	15,130
Ginar Technology Co., Ltd.	14,616
AVIENT SINGAPORE PTE. LTD.	12,532
Others (Note)	<u>113,762</u>
	<u>\$ 214,675</u>

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

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

Statement of Lease liabilities

December 31, 2022

Unit: In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Summary</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending Balance</u>	<u>Note</u>
Transportation Equipment	Company car	2018/2/14 ~ 2027/6/22	2% ~ 7.9%	\$ 6,552	
Buildings	Plant	2021/6/1 ~ 2026/5/31	1.5%	<u>14,764</u>	
				<u>\$ 21,316</u>	



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

## Statement of Operating Revenue

FOR THE YEAR ENDED DECEMBER 31, 2022

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Sales revenue, net	
Mask handling solutions - carrier	\$ 2,334,648
Wafer handling solutions - carrier	636,417
Semiconductor manufacturing raw materials and consumables	29,142
Others	<u>159,771</u>
	<u>\$ 3,159,978</u>

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

## Statement of Operating costs

FOR THE YEAR ENDED DECEMBER 31, 2022

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Raw materials (including semi-finished goods), beginning	\$ 334,986
Add: Materials purchased for the year	998,590
Inventory surplus	118
Less: Raw materials (including semi-finished goods), ending	( 640,806)
Transferred various expenses	( 23,330)
Scrap	( 9,733)
Raw materials used in the period	659,825
Director labor	161,100
Processing expenses	101,312
Manufacturing overheads	614,154
Manufacturing costs	1,536,391
Add: Work in process, beginning	62,429
Less: Work in process, ending	( 56,611)
Transferred various expenses	( 2,739)
Cost of finished products	1,539,470
Finished products, beginning	166,466
Add: Materials purchased for the year	91,783
Less: Finished products, ending	( 249,891)
Transferred various expenses	( 15,001)
Inventory losses	( 1,913)
Scrap	( 7,374)
Manufacturing cost of goods sold	1,523,540
Stock in hand, beginning	14,676
Less: Stock in hand, ending	( 13,805)
Purchase and sales costs	871
Sales costs	1,524,411
Maintenance cost	359
Other operating costs	
Add: Revenue from leftover materials sold	( 149)
Loss on inventory scrap	17,107
Loss on inventories for price loss	25,563
Inventory loss	1,795
	44,316
Operating costs	<u>\$ 1,569,086</u>

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

## Statement of Operating Expenses

FOR THE YEAR ENDED DECEMBER 31, 2022

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)	\$ 69,172	\$ 251,126	\$ 96,381	\$ 416,679
Sample expenses	15,883	-	76	15,959
Depreciation	1,155	31,382	23,536	56,073
Service fees	101,422	-	-	101,422
Labor fees	623	35,266	3,987	39,876
Mold expenses	-	-	14,541	14,541
Other expenses (Note)	<u>35,683</u>	<u>98,560</u>	<u>84,202</u>	<u>218,445</u>
	<u>\$ 223,938</u>	<u>\$ 416,334</u>	<u>\$ 222,723</u>	<u>\$ 862,995</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 December 31, 2022 and 2021

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expense (Note)						
Salaries expenses	\$ 283,636	\$ 373,367	\$ 657,003	\$ 173,621	\$ 237,778	\$ 411,399
Labor health insurance expenses	18,318	16,999	35,317	12,384	13,949	26,333
Pension expenses	8,067	8,550	16,617	5,770	6,380	12,150
Remuneration of directors	-	34,762	34,762	-	10,210	10,210
Other employee benefits expenses	7,008	12,776	19,784	4,623	9,143	13,766
	<u>\$ 317,029</u>	<u>\$ 446,454</u>	<u>\$ 763,483</u>	<u>\$ 196,398</u>	<u>\$ 277,460</u>	<u>\$ 473,858</u>
Depreciation expenses	<u>\$ 138,703</u>	<u>\$ 56,073</u>	<u>\$ 194,776</u>	<u>\$ 103,770</u>	<u>\$ 38,024</u>	<u>\$ 141,794</u>
Amortization expenses	<u>\$ 7,238</u>	<u>\$ 11,901</u>	<u>\$ 19,139</u>	<u>\$ 5,190</u>	<u>\$ 11,243</u>	<u>\$ 16,433</u>

- As of December 31, 2022 and 2021, the numbers of the Company's employees were 622 and 466, respectively, including 4 non-employee directors.
- For companies whose shares are listed on the TWSE/TPEX, the following information should also be additionally disclosed:
  - The average employee benefit expense of this year is NT\$1,179 thousand ("Total employee benefit expense of the year - Total remuneration for directors" / "Number of employees of the year - Number of directors who were not concurrently employees").  
The average employee benefit expense of the preceding year was NT\$1,004 thousand ("Total employee benefit expense of the preceding year - Total remuneration for directors" / "Number of employees of the preceding year - Number of directors who were not concurrently employees").
  - The average employee compensation expense of this year is NT\$1,063 thousand (Total employee compensation expense of the year / "Number of employees of the year - Number of directors who were not concurrently employees").  
The average employees' salary expenses were NT\$890 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 (19%). (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)
  - Remuneration for Supervisors was NT\$0 thousand for the current year, and NT\$3,731 thousand for the previous year.
  - Remuneration 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.