

Gudeng Precision Industrial Co., Ltd.
and Subsidiaries

Consolidated Financial Statements
and Independent Auditors' Report
For the Three Months Ended March 31, 2023 and 2022

Address: 9F-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City

Tel: (02)22689141

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

§Table of Content§

ITEM	PAGE	CONSOLIDATED FINANCIAL STATEMENTS NOTE NO.
1. Cover Page	1	-
2. Table of Content	2	-
3. Independent Auditors' Report	3-4	-
4. Consolidated Balance Sheets	5	-
5. Consolidated statements of comprehensive income	6-7	-
6. Consolidated statements of changes in equity	8	-
7. Consolidated statements of cash flows	9-11	-
8. Notes to the consolidated financial statements		
(I) Company Overview	12	1
(II) Date and Procedures of Authorization of Financial Statements	12	2
(III) Application of New and Amended Standards and Interpretations	12-15	3
(IV) Summary of Significant Accounting Policies	15-17	4
(V) The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions	17	5
(VI) Details of Significant Accounts	17-62	6 -37
(VII) Related parties transaction	63-66	38
(VIII) Pledged Assets	67	39
(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments	67-68	40
(X) Significant Disaster Loss	-	-
(XI) Significant Events after the Balance Sheet Date	-	-
(XII) Others	68~69	41
(XIII) Supplementary Disclosures		
1. Information on Significant Transactions	70, 73-80	42
2. Information on Reinvestment	70, 73-80	42
3. Information on Investments in Mainland China	70, 73-74, 81-82	42
4. Information on Major Shareholders	71, 83	42
(XIV) Segment information	71-72	43

Independent Auditors' Report

To: Gudeng Precision Industrial Co., Ltd.

Introduction

We have reviewed the accompanying consolidated financial statements of the Gudeng Precision Industrial Co., Ltd. and its subsidiaries (collectively, the "Group"), as of March 31, 2023 and 2022 the related consolidated statements of comprehensive income, of changes in equity, and of cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 Interim Financial Reporting endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the review standard No. 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non significant subsidiaries included in the consolidated financial statements were reviewed. As of March 31, 2023 and 2022, the combined total assets of these non-significant subsidiaries were

NT\$1,289,802 thousand and NT\$392,460 thousand, respectively, representing 9.48% and 3.78%, respectively, of the consolidated total assets; the combined total liabilities of these non significant subsidiaries were NT\$381,708 thousand and NT\$117,974 thousand, respectively, representing 5.05% and 2.04%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2023 and 2022, the amounts of the combined comprehensive income of these non significant subsidiaries were NT\$53,990 thousand and NT\$21,868 thousand, respectively, representing 10.79% and 8.59% of the consolidated total comprehensive income, respectively. In addition, as disclosed in Note 14 to the consolidated financial statements, the total carrying amounts of the investments accounted for using the equity method were NT\$130,369 thousand and NT\$49,132 thousand as of March 31, 2023 and 2022, respectively. The share of profit of associates accounted for using the equity method was NT\$90 thousand and NT\$1,669 thousand for the three months ended March 31, 2023 and 2022, respectively. The amounts of the related equity method investments were based on the equity method investees unreviewed financial statements for the same reporting periods.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other equity method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 Interim Financial Reporting endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

CPA-Jian-Ming Zeng

CPA-Pan-Fa Wang

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

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

May 10, 2023

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

As of March 31, 2023, December 31 and March 31, 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 2,428,230	18	\$ 2,270,488	19	\$ 2,158,402	21
1110	Financial assets at fair value through profit or loss - current (Note 7)	178,717	1	142,562	1	48,349	1
1136	Financial assets at amortized cost - current (Note 9)	445,050	3	329,760	3	16,500	-
1150	Notes receivable from unrelated parties (Note 10)	1,923	-	1,433	-	-	-
1160	Notes receivable from related parties, net (Notes 10 and 38)	35	-	615	-	-	-
1172	Trade receivables from unrelated parties (Notes 10, and 29)	1,451,669	11	1,077,420	9	657,744	6
1180	Trade receivables from related parties, net (Notes 10, 29 and 38)	332	-	275	-	-	-
1200	Other receivables (Note 10)	51,524	1	6,850	-	1,018	-
1210	Other receivables from related parties (Notes 10 and 38)	10	-	9	-	64	-
1220	Current tax assets (Note 4)	24	-	9	-	5	-
130X	Inventories (Note 11)	1,676,901	12	1,645,942	13	1,060,178	10
1410	Prepayments (Note 20)	183,182	1	166,918	1	73,606	1
1460	Disposal groups held for sale (Note 4 and 12)	-	-	-	-	232,831	2
1479	Other current assets (Note 21)	6,055	-	4,901	-	2,950	-
11XX	Total current assets	6,423,652	47	5,647,182	46	4,251,647	41
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	539,006	4	403,475	3	602,739	6
1535	Financial assets at amortized cost - non-current (Note 9)	2,546	-	2,546	-	2,542	-
1550	Investments accounted for using the equity method (Notes 14)	130,369	1	103,678	1	49,132	1
1600	Property, plant and equipment (Notes 15)	4,900,262	36	4,737,362	39	3,811,213	37
1755	Right-of-use assets (Notes 16)	119,714	1	92,468	1	48,038	-
1760	Investment properties, net (Notes 17)	778,581	6	780,755	6	1,030,868	10
1805	Goodwill (Notes 18)	65,383	1	65,383	1	24,622	-
1821	Other intangible assets (Notes 19)	108,448	1	103,569	1	108,332	1
1840	Deferred tax assets (Note 4)	59,215	-	49,762	-	25,798	-
1915	Prepayments for equipment (Note 40)	444,333	3	216,846	2	403,878	4
1920	Refundable deposits	32,302	-	28,945	-	27,137	-
1990	Other non-current assets (Note 21)	1,384	-	1,453	-	330	-
15XX	Total non-current assets	7,181,543	53	6,586,242	54	6,134,629	59
1XXX	Total assets	\$ 13,605,195	100	\$ 12,233,424	100	\$ 10,386,276	100
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Note 22)	\$ 425,000	3	\$ 28,000	-	\$ 170,000	2
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	130	-	1,447	-	-	-
2150	Notes payable to unrelated parties (Note 24)	106	-	8,753	-	90	-
2160	Notes payable to related parties (Notes 24 and 38)	-	-	100	-	-	-
2170	Trade payables to unrelated parties (Note 24)	521,930	4	541,279	5	431,001	4
2180	Trade payables to related parties (Notes 24 and 38)	12,488	-	13,616	-	14,797	-
2219	Other payables (Note 25)	863,560	7	954,093	8	682,481	7
2230	Current tax liabilities (Note 4)	291,767	2	202,458	2	98,542	1
2250	Provisions - current (Notes 26)	27,996	-	26,618	-	33,567	-
2260	Liabilities directly related to disposal groups held for sale (Note 4 and 12)	-	-	-	-	76,622	1
2280	Lease liabilities - current (Notes 16)	35,048	-	28,827	-	21,296	-
2131	Contract liabilities - current (Notes 29 and 38)	947,880	7	709,026	6	554,274	5
2320	Current portion of Long-term borrowings (Notes 22)	222,577	2	154,638	1	205,627	2
2399	Other current liabilities (Note 25)	12,978	-	13,696	-	3,516	-
21XX	Total current liabilities	3,361,460	25	2,682,551	22	2,291,813	22
	Non-current liabilities						
2530	Corporate Bonds payable (Notes 23)	415,590	3	922,582	8	-	-
2540	Long-term borrowings (Note 22)	3,653,317	27	3,169,205	26	3,414,819	33
2570	Deferred tax liabilities (Note 4)	2,753	-	4,140	-	904	-
2580	Lease liabilities - current (Notes 16)	86,520	1	65,674	-	28,177	1
2640	Net defined benefit liabilities - non-current (Note 4)	26,192	-	26,110	-	26,949	-
2645	Guarantee deposits (Note 38)	8,764	-	8,538	-	8,552	-
2670	Other non-current liabilities	10	-	-	-	-	-
25XX	Total non-current liabilities	4,193,146	31	4,196,249	34	3,479,401	34
2XXX	Total liabilities	7,554,606	56	6,878,800	56	5,771,214	56
	Equity attributable to owners of the company (Note 28)						
	Share capital						
3110	Ordinary shares	840,973	6	840,973	7	840,973	8
3140	Share capital collected in advance	24,909	-	1,521	-	-	-
3100	Total share capital	865,882	6	842,494	7	840,973	8
3200	Capital surplus	3,734,223	27	3,248,341	26	3,094,606	30
	Retained earnings						
3310	Legal reserve	261,984	2	216,567	2	143,427	1
3320	Special reserve	146,666	1	157,093	1	24,637	-
3350	Unappropriated earnings	514,748	4	560,545	5	365,266	4
3300	Total retained earnings	923,398	7	934,205	8	533,330	5
3490	Other equity	(9,659)	-	(146,666)	(1)	41,328	-
3500	Treasury stock	-	-	-	-	(12,905)	-
31XX	Total equity attributable to owners of the company	5,513,844	40	4,878,374	40	4,497,332	43
36XX	Non-controlling interests (Note 28)	536,745	4	476,250	4	117,730	1
3XXX	Total equity	6,050,589	44	5,354,624	44	4,615,062	44
	Total liabilities and equity	\$ 13,605,195	100	\$ 12,233,424	100	\$ 10,386,276	100

The attached notes are part of this consolidated financial statements.

(Please refer to Deloitte & Touche's audit report on May 10, 2023)

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of comprehensive income

From January 1 to March 31, 2023 and 2022

(Reviewed, not audited in accordance with auditing standards)

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

Code		From January 1 to March 31, 2023		From January 1 to March 31, 2022	
		Amount	%	Amount	%
4000	Operating income and expenses (Note 29)	\$ 1,441,083	100	\$ 1,025,402	100
5000	Operating costs (Notes 11, 30 and 38)	<u>717,168</u>	<u>50</u>	<u>548,354</u>	<u>54</u>
5900	Gross Profit	<u>723,915</u>	<u>50</u>	<u>477,048</u>	<u>46</u>
	Operating expenses (Notes 30 and 38)				
6100	Selling and marketing expenses	54,665	4	36,810	4
6200	General and administrative expenses	161,993	11	144,956	14
6300	Research and development expenses	74,853	5	54,955	5
6450	Expected credit reversal benefits	(<u>2,139</u>)	<u>-</u>	(<u>680</u>)	<u>-</u>
6000	Total operating expenses	<u>289,372</u>	<u>20</u>	<u>236,041</u>	<u>23</u>
6900	Net operating income	<u>434,543</u>	<u>30</u>	<u>241,007</u>	<u>23</u>
	Non-operating income and expenses				
7100	Interest income (Notes 30)	2,661	-	162	-
7190	Other income (Note 30 and 38)	10,802	1	12,591	1
7020	Other gains and losses (Notes 30)	24,076	2	13,940	2
7050	Finance costs (Note 30)	(20,905)	(2)	(10,230)	(1)
7060	Share of profit or loss from associates accounted for using the equity method	<u>90</u>	<u>-</u>	<u>1,669</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>16,724</u>	<u>1</u>	<u>18,132</u>	<u>2</u>
7900	Net income before tax	451,267	31	259,139	25
7950	Income tax expense (Notes 4 and 31)	(<u>87,711</u>)	(<u>6</u>)	(<u>51,935</u>)	(<u>5</u>)
8200	Net income for the year	<u>363,556</u>	<u>25</u>	<u>207,204</u>	<u>20</u>

(Continued on the next page)

(Continued from previous page)

Code		From January 1 to March 31, 2023		From January 1 to March 31, 2022	
		Amount	%	Amount	%
	Other comprehensive income/(loss)				
8310	Items that will not be reclassified to profit or loss				
8316	Unrealized valuation gain/(loss) on investments in equity instruments at fair value through other comprehensive income	\$ 135,532	10	\$ 39,131	4
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	<u>1,475</u>	<u>-</u>	<u>8,106</u>	<u>1</u>
8300	Total other comprehensive income/(loss) for the year (net of income tax)	<u>137,007</u>	<u>10</u>	<u>47,237</u>	<u>5</u>
8500	Total comprehensive income for the year	<u>\$ 500,563</u>	<u>35</u>	<u>\$ 254,441</u>	<u>25</u>
	Net income attributable to				
8610	Owners of the company	\$ 335,546	23	\$ 194,055	19
8620	Non-controlling interests	<u>28,010</u>	<u>2</u>	<u>13,149</u>	<u>1</u>
8600		<u>\$ 363,556</u>	<u>25</u>	<u>\$ 207,204</u>	<u>20</u>
	Total comprehensive income/(loss) attributable to				
8710	Owners of the company	\$ 472,553	33	\$ 241,292	24
8720	Non-controlling interests	<u>28,010</u>	<u>2</u>	<u>13,149</u>	<u>1</u>
8700		<u>\$ 500,563</u>	<u>35</u>	<u>\$ 254,441</u>	<u>25</u>
	Earnings per share (Note 32)				
9710	Basic	<u>\$ 3.94</u>		<u>\$ 2.32</u>	
9810	Diluted	<u>\$ 3.79</u>		<u>\$ 2.32</u>	

The attached notes are part of this consolidated financial statements.

(Please refer to Deloitte & Touche's audit report on May 10, 2023)

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of changes in equity

From January 1 to March 31, 2023 and 2022

(Reviewed, not audited in accordance with auditing standards)

Unit: In Thousands of New Taiwan Dollars

		Attributable to owners of the company									Other equity items			
		Share capital			Retained earnings				Exchange differences on translating the financial statements of foreign operations	Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive gains and losses	Treasury stock	Total	Non-controlling interests	Total equity
Code		Number of Shares	Share capital	Share capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings						
A1	Balance on January 1, 2022	84,097	\$ 840,973	\$ -	\$ 3,094,606	\$ 143,427	\$ 24,637	\$ 338,648	(\$ 18,668)	\$ 12,759	(\$ 15,289)	\$ 4,421,093	\$ 104,581	\$ 4,525,674
B5	Appropriation of earnings													
	Cash dividends distributed by the company	-	-	-	-	-	-	(167,437)	-	-	-	(167,437)	-	(167,437)
N1	The Company issues employee stock options	-	-	-	-	-	-	-	-	-	2,384	2,384	-	2,384
D1	Net income for the three months ended March 31, 2022	-	-	-	-	-	-	194,055	-	-	-	194,055	13,149	207,204
D3	Other comprehensive income/(loss) after tax for the three months ended March 31, 2022	-	-	-	-	-	-	-	8,106	39,131	-	47,237	-	47,237
D5	Total comprehensive income/(loss) for the three months ended March 31, 2022	-	-	-	-	-	-	194,055	8,106	39,131	-	241,292	13,149	254,441
Z1	Balance on March 31, 2022	84,097	\$ 840,973	\$ -	\$ 3,094,606	\$ 143,427	\$ 24,637	\$ 365,266	(\$ 10,562)	\$ 51,890	(\$ 12,905)	\$ 4,497,332	\$ 117,730	\$ 4,615,062
A1	Balance on January 1, 2023	84,097	\$ 840,973	\$ 1,521	\$ 3,248,341	\$ 216,567	\$ 157,093	\$ 560,545	(\$ 18,489)	(\$ 128,177)	\$ -	\$ 4,878,374	\$ 476,250	\$ 5,354,624
B1	Appropriation of earnings													
	Appropriation of legal reserve	-	-	-	-	45,417	-	(45,417)	-	-	-	-	-	-
B3	Appropriation of special reserve	-	-	-	-	-	(10,427)	10,427	-	-	-	-	-	-
B5	Cash dividends distributed by the company	-	-	-	-	-	-	(346,353)	-	-	-	(346,353)	-	(346,353)
I1	Conversion of convertible corporate bonds	-	-	23,388	485,882	-	-	-	-	-	-	509,270	-	509,270
O1	Increase/decrease in non-controlling interests (Note 28)	-	-	-	-	-	-	-	-	-	-	-	32,485	32,485
D1	Net income for the three months ended March 31, 2023	-	-	-	-	-	-	335,546	-	-	-	335,546	28,010	363,556
D3	Other comprehensive income/(loss) after tax for the three months ended March 31, 2023	-	-	-	-	-	-	-	1,475	135,532	-	137,007	-	137,007
D5	Total comprehensive income/(loss) for the three months ended March 31, 2023	-	-	-	-	-	-	335,546	1,475	135,532	-	472,553	28,010	500,563
Z1	Balance on March 31, 2023	84,097	\$ 840,973	\$ 24,909	\$ 3,734,223	\$ 261,984	\$ 146,666	\$ 514,748	(\$ 17,014)	\$ 7,355	\$ -	\$ 5,513,844	\$ 536,745	\$ 6,050,589

The attached notes are part of this consolidated financial statements.
(Please refer to Deloitte & Touche's audit report on May 10, 2023)

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of cash flows

From January 1 to March 31, 2023 and 2022

(Reviewed, not audited in accordance with auditing standards)

Unit: In Thousands of New Taiwan Dollars

Code		From January 1 to March 31, 2023	From January 1 to March 31, 2022
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 451,267	\$ 259,139
A20010	Adjustments for		
A20100	Depreciation expenses	70,116	54,864
A20200	Amortization expenses	4,911	5,495
A20300	Expected credit reversal benefits	(2,139)	(680)
A20400	Net loss (profit) on financial assets at fair value through profit or loss	(43,211)	2,790
A20900	Finance costs	20,905	10,230
A21200	Interest income	(2,661)	(162)
A21300	Dividend income	(116)	-
A22300	Share of profit from associates accounted for using the equity method	(90)	(1,669)
A22500	Loss (Gain) on disposal of property, plant and equipment	4,226	(846)
A22900	Loss on lease amendment	50	-
A23700	Write-downs of inventories for price loss and obsolescence	39,014	3,155
A29900	Odd share income from conversion of convertible corporate bonds	(17)	-
A30000	Net Changes in operating assets and liabilities		
A31130	Notes receivable	90	252
A31150	Trade receivables	(372,181)	(33,139)
A31180	Other receivables	(44,675)	1,297
A31200	Inventories	(69,973)	(152,736)
A31230	Prepayments	(16,264)	13,033
A31240	Other current assets	(1,154)	(1,526)
A32130	Notes payable	(8,747)	-
A32150	Trade payables	(20,477)	15,069
A32180	Other payables	(160,051)	17,998
A32200	Provisions	1,378	33,531
A32125	Contract liabilities	238,854	106,956
A32230	Other current liabilities	(718)	(346)
A32240	Net defined benefit liabilities	82	(9)
A32990	Other non-current liabilities	<u>10</u>	<u>-</u>

(Continued on the next page)

(Continued from previous page)

Code		From January 1 to March 31, 2023	From January 1 to March 31, 2022
A33000	Cash generated from/(used in) operations	\$ 88,429	\$ 332,696
A33100	Interest received	2,661	162
A33200	Dividend received	116	-
A33300	Interest paid	(19,108)	(11,419)
A33500	Income tax paid	(9,257)	(3,633)
AAAA	Net cash inflow from operating activities	<u>62,841</u>	<u>317,806</u>
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	(115,290)	(5,000)
B00010	Purchase of financial assets at fair value through other comprehensive income	-	(33,970)
B00100	Purchase of financial assets at fair value through profit or loss	(21,751)	(9,012)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	26,149	8,688
B01800	Acquisition of long-term investments accounted for using the equity method	(26,601)	-
B02700	Payments for property, plant and equipment	(149,240)	(289,040)
B02800	Proceeds from disposal of property, plant and equipment	296	7,772
B03700	Increase in refundable deposits	(3,357)	-
B03800	Decrease in refundable deposits	-	284
B04500	Acquisition of intangible assets	(9,784)	(5,893)
B06800	Decrease in other non-current assets	69	93
B07100	Increase in prepayments for equipment	(265,809)	(104,447)
BBBB	Net cash outflow from investment activities	<u>(565,318)</u>	<u>(430,525)</u>
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	650,000	115,984
C00200	Repayments of short-term borrowings	(253,000)	(67,008)
C01600	Proceeds from long-term borrowings	590,380	702,390
C01700	Repayments of long-term borrowings	(38,329)	(122,314)
C03000	Increase in refundable deposits	226	-
C03100	Refund of refundable deposits	-	(402)
C04020	Return on lease liabilities principal	(8,387)	(4,600)
C04500	Cash dividends distribution	(336,998)	(67,278)
C05100	Treasury shares purchased by employees	-	2,384
C05800	Changes in non-controlling interests	<u>55,000</u>	<u>-</u>
CCCC	Net cash inflow from financing activities	<u>658,892</u>	<u>559,156</u>

(Continued on the next page)

(Continued from previous page)

<u>Code</u>		<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>\$ 1,327</u>	<u>\$ 7,652</u>
EEEE	Net increase in cash and cash equivalents	157,742	454,089
E00100	Cash and cash equivalents at the beginning of the period	<u>2,270,488</u>	<u>1,707,329</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 2,428,230</u>	<u>\$ 2,161,418</u>

Adjustment of cash and cash equivalents at the end of the period

<u>Code</u>		<u>March 31, 2023</u>	<u>March 31, 2022</u>
E00210	Cash and cash equivalents recognized in the consolidated balance sheet	\$ 2,428,230	\$ 2,158,402
E00212	Cash and cash equivalents included in disposal groups held for sale	<u>-</u>	<u>3,016</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 2,428,230</u>	<u>\$ 2,161,418</u>

The attached notes are part of this consolidated financial statements.

(Please refer to Deloitte & Touche's audit report on May 10, 2023)

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Notes to the consolidated financial statements

From January 1 to March 31, 2023 and 2022

(Reviewed, not audited in accordance with auditing standards)

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

1. Company Overview

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

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

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

2. Date and Procedures of Authorization of Financial Statements

The accompanying consolidated financial statements were published after being reported to the Board of Directors on May 10, 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 adoption of IFRSs endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of Gudeng Precision Industrial Co., Ltd. and its subsidiaries (hereinafter referred to as the Consolidated Company).

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

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
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 correct the leaseback transactions in accordance with the IFRS 16 after the initial application of the 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 consolidated company sells or invests assets in associates (or joint ventures), or loses control of subsidiaries, but retains material influence (or joint control) over the subsidiary and if the above assets or former subsidiaries meet the definition of "business" in IFRS 3 "business combination," the consolidated company shall fully recognize the profit or loss arising from such transactions.

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

- 2) 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 consolidated 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 consolidated 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 consolidated company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 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 consolidated 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 consolidated company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the consolidated company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

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

The amendment stipulates that for the leaseback transaction, if the asset transfer satisfies the provision of the IFRS 15 "Income from customer contract" and is treated as the sale of asset, the seller and lessee shall treat the liability derived from the leaseback in accordance with the lease liabilities stipulated in the IFRS 16, provided that if the variable lease payment not based on the index or rate is involved, the seller and lessee shall measure the liability as the profit and loss related to the retained right of use. In the future, the difference between the lease payment included in the lease liabilities and the actual payment shall be recognized in the profit and loss.

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

4. Summary of Significant Accounting Policies

a. Statement of Compliance

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

b. Basis of Preparation

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

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

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

c. Basis of Consolidation

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

intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

d. Other Significant Accounting Policies

Except for the following, for the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Disposal groups held for sale

The carrying amount of the disposal group is recognized as held for sale when it is expected to be recovered primarily through sale transactions rather than through continued use. Disposal groups that meet this category shall be available for immediate sale in their current state and their sale must be highly probable. A sale is considered highly probable when the appropriate level of management is committed to a plan to sell the assets and the sale transaction is expected to be completed within one year from the classification date.

If loss of control over a subsidiary occurs upon sale, all assets and liabilities of the subsidiary are classified as held for sale, regardless of whether a non-controlling interest in the former subsidiary is retained after the sale.

Disposal group classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell, and depreciation on such assets is discontinued.

2) Retirement benefits

Pension cost for and interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year,

adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Income tax expenses

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

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

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

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

6. Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and working capital	\$ 1,197	\$ 940	\$ 1,705
Bank checking and demand deposits	2,407,033	2,249,548	2,131,697
Cash equivalents (investments with original maturity date within 3 months)			
Bank time deposits	20,000	20,000	25,000
	<u>\$ 2,428,230</u>	<u>\$ 2,270,488</u>	<u>\$ 2,158,402</u>

7. Financial Instruments at Fair Value through Profit or Loss

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets - current</u>			
Mandatorily at fair value through profit or loss			
Derivatives (not designated for hedging)			
— Foreign exchange forward contracts (I)	\$ -	\$ 460	\$ -
— Conversion of options (Note 23)	2,466	2,605	-
Non-derivative financial assets			
— Domestic TWSE/TREX shares	176,251	139,497	25,819
Hybrid financial assets			
— Structured deposits (II)	-	-	22,530
	<u>\$ 178,717</u>	<u>\$ 142,562</u>	<u>\$ 48,349</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not designated for hedging)			
— Conversion of options (Note 23)	<u>\$ 130</u>	<u>\$ 1,447</u>	<u>\$ -</u>

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

December 31, 2022

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

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

- b. Structured time deposit contracts entered into between the consolidated company and the banks. The structured time deposits include an embedded derivative that is not closely related to the main contract. Because the main contract included in the hybrid

contract is an asset within the scope of IFRS 9, the overall hybrid contract evaluation should mandatorily be classified as measured at fair value through profit or loss.

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

Investments in equity instruments

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Non-current</u>			
Domestic investment			
TWSE/TREX placement			
shares			
Symtek Automation			
Asia Co., Ltd.	\$ 374,682	\$ 251,124	\$ 415,190
Non-TWSE/TREX			
shares			
Asia Neo Tech			
Industrial Co., Ltd.	95,123	83,150	88,306
Non-TWSE/TREX			
shares			
NanoClean Materials			
Co., Ltd.	1,465	1,465	2,900
MontJade Engineering			
Co., Ltd.	16,669	16,669	20,046
HIGHLAND			
APPLIED			
MATERIALS, INC.	12,202	12,202	10,595
Origin Precision			
Technology Co., Ltd.	5,918	5,918	6,080
Certain Micro			
Application			
Technology Inc.	32,947	32,947	25,652
i Analyzer			
Incorporation	-	-	33,970
	<u>\$ 539,006</u>	<u>\$ 403,475</u>	<u>\$ 602,739</u>

The consolidated company invests in publicly and non-TWSE/TREX ordinary shares under the medium and long-term strategy and expects to make profits through long-term investment. The management of the consolidated company considers that the short-term fair value of the investments will be included in the profit or loss and is not consistent with the long-term investment planning mentioned above, and therefore, the designation of such investments is not in line with the fair value of the investment in other comprehensive income.

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

9. Financial assets at amortized cost

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Pledged certificate of deposit	\$ 126,500	\$ 126,500	\$ 16,500
Time deposits with an original maturity date more than 3 months	<u>318,550</u>	<u>203,260</u>	<u>-</u>
	<u>\$ 445,050</u>	<u>\$ 329,760</u>	<u>\$ 16,500</u>
<u>Non-current</u>			
Pledged deposits	<u>\$ 2,546</u>	<u>\$ 2,546</u>	<u>\$ 2,542</u>

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

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 1,923	\$ 1,433	\$ -
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,923</u>	<u>\$ 1,433</u>	<u>\$ -</u>
Arising from operations	<u>\$ 1,923</u>	<u>\$ 1,433</u>	<u>\$ -</u>
<u>Notes receivable- related parties</u> (Note 38)			
Measured at amortized cost			
Total carrying amount	\$ 35	\$ 615	\$ -
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 35</u>	<u>\$ 615</u>	<u>\$ -</u>
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 1,460,150	\$ 1,084,009	\$ 659,675
Less: allowance for loss	<u>(8,481)</u>	<u>(6,589)</u>	<u>(1,931)</u>
	<u>\$ 1,451,669</u>	<u>\$ 1,077,420</u>	<u>\$ 657,744</u>

(Continued on next page)

(Continued from previous page)

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Trade receivables - related parties</u> (Note 38)			
Measured at amortized cost			
Total carrying amount	\$ 332	\$ 275	\$ -
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 332</u>	<u>\$ 275</u>	<u>\$ -</u>
<u>Other receivables</u>			
Other receivable - non-related parties			
Others	<u>\$ 51,524</u>	<u>\$ 6,850</u>	<u>\$ 1,018</u>
Other receivable - related parties (Note 38)	<u>\$ 10</u>	<u>\$ 9</u>	<u>\$ 64</u>
<u>Collection</u>			
Measured at amortized cost			
Total carrying amount	\$ 16,231	\$ 20,248	\$ 2,148
Less: allowance for loss	(<u>16,231</u>)	(<u>20,248</u>)	(<u>2,148</u>)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Trade receivables

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

The consolidated company applies the simplified approach of IFRS 9 and recognizes allowance for uncollectible accounts for trade receivable as lifetime expected credit losses

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

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

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

Notes receivable

March 31, 2023

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 1,958
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u>\$ 1,958</u>

December 31, 2022

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 2,048
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u><u>\$ 2,048</u></u>

March 31, 2022

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

Trade receivables

March 31, 2023

	<u>1-90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>271-365 days</u>	<u>Total</u>
Expected credit loss rate	0.34%	1.92%	9.02%	-	
Total carrying amount	\$1,297,734	\$ 149,321	\$ 13,427	\$ -	\$1,460,482
Allowance for losses (lifetime expected credit losses)	(4,398)	(2,872)	(1,211)	-	(8,481)
Costs after amortization	<u><u>\$1,293,336</u></u>	<u><u>\$ 146,449</u></u>	<u><u>\$ 12,216</u></u>	<u><u>\$ -</u></u>	<u><u>\$1,452,001</u></u>

December 31, 2022

	<u>1-90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>271-365 days</u>	<u>Total</u>
Expected credit loss rate	0.26%	3.52%	6.46%	15.19%	
Total carrying amount	\$ 993,258	\$ 79,704	\$ 6,253	\$ 5,069	\$1,084,284
Allowance for losses (lifetime expected credit losses)	(2,611)	(2,804)	(404)	(770)	(6,589)
Costs after amortization	<u><u>\$ 990,647</u></u>	<u><u>\$ 76,900</u></u>	<u><u>\$ 5,849</u></u>	<u><u>\$ 4,299</u></u>	<u><u>\$1,077,695</u></u>

March 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	0.08%	2.10%	6.03%	9.68%	
Total carrying amount	\$ 608,224	\$ 42,099	\$ 9,321	\$ 31	\$ 659,675
Allowance for losses (lifetime expected credit losses)	(481)	(885)	(562)	(3)	(1,931)
Costs after amortization	<u><u>\$ 607,743</u></u>	<u><u>\$ 41,214</u></u>	<u><u>\$ 8,759</u></u>	<u><u>\$ 28</u></u>	<u><u>\$ 657,744</u></u>

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

Changes in loss allowance for trade receivable are as follows:

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Beginning Balance	\$ 6,589	\$ 2,861
Add: Impairment loss recognized for the period	2,159	-
Less: Reversal on impairment loss for the period	-	(529)
Less: Transferred out due to reclassification for the period	(271)	-
Less: Reclassified to held for sale	-	(25)
Less: Actual write-off for the period	-	(394)
Foreign currency translation differences	<u>4</u>	<u>18</u>
Ending Balance	<u>\$ 8,481</u>	<u>\$ 1,931</u>

Changes in loss allowance for collection are as follows:

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Beginning Balance	\$ 20,248	\$ 2,228
Add: Transferred in due to reclassification for the period	271	-
Less: Reversal on impairment loss for the period	(4,298)	(151)
Foreign currency translation differences	<u>10</u>	<u>71</u>
Ending Balance	<u>\$ 16,231</u>	<u>\$ 2,148</u>

11. Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 428,296	\$ 383,578	\$ 254,359
Semi-finished products	223,163	259,513	149,673
Work in process	668,828	643,849	506,127
Finished products	231,965	242,117	135,762
Stock in hand	<u>2,655</u>	<u>2,807</u>	<u>14,257</u>
	1,554,907	1,531,864	1,060,178
<u>Construction land</u>			
Sanxia District, New Taipei City	<u>121,994</u>	<u>114,078</u>	<u>-</u>
	<u>\$ 1,676,901</u>	<u>\$ 1,645,942</u>	<u>\$ 1,060,178</u>

Nature of cost of goods sold as below:

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Cost of inventory sold	\$ 679,219	\$ 545,227
Loss on inventories for price loss	39,014	3,155
Others	(1,065)	(28)
	<u>\$ 717,168</u>	<u>\$ 548,354</u>

12. Disposal groups held for sale

On March 31, 2022, the board of directors of the merged company authorized the chairman to negotiate with market willing buyers regarding the 100% equity interest in Suzhou Wujiang Xinchuang Automobile Trading Co., Ltd. held by Gudeng Investment Co., Ltd, which is 100% indirectly held. We are actively seeking a buyer and expect to complete the disposal process within 12 months. The disposal unit has been reclassified to disposal group held for sale and presented separately in the consolidated balance sheet, and the major categories of assets and liabilities of the subsidiary held for sale are as follows:

	March 31, 2022
Cash and cash equivalents	\$ 3,016
Net trade receivables	2,505
Other receivables	212
Inventories	83,737
Prepayments	24,969
Other current assets	20
Property, Plant and Equipment	33,836
Right-of-use assets	21,610
Goodwill	49,961
Other non-current assets	7,749
Refundable deposits	5,216
Total disposal groups held for sale	<u>\$ 232,831</u>
Short-term borrowings	\$ 60,668
Other payables	3,244
Prepayments	12,241
Guarantee deposits	<u>469</u>
Liabilities directly related to disposal groups held for sale	<u>\$ 76,622</u>

The consolidated company expects the sale price to exceed the carrying amount of the related net assets, therefore, no impairment loss shall be recognized when these units are classified as disposal groups held for sale.

13. Subsidiaries

Subsidiaries included in consolidated financial statements

The consolidated financial statements are presented as follows:

Name of investor company	Name of Subsidiary	Nature of business	Percentage of equity held			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
Gudeng Precision Industrial Co., Ltd. (hereinafter "the Company")	Gudeng Venture Capital Co., Ltd. (hereinafter "Gudeng Venture")	Venture capital and management consulting business	100%	100%	100%	-
	We Solutions Technology Co., Ltd. (hereinafter "We Solutions")	Trading , repair, and maintenance of various precision instruments	83.33%	83.33%	100%	Notes 1 and 2
	Jia Shuo Technology (formerly known as Gudeng Automation Corporation) (hereinafter "Jia Shuo Technology")	Manufacture, trading , repair, and maintenance of various precision instruments	50.10%	50.10%	50.93%	Notes 2 and 9
	Rich Point Global Corp. (hereinafter "Rich Point")	Engaged in various investment business	100%	100%	100%	Note 1
	Partner one Ltd.	Engaged in various investment business	-	-	-	Note 3
	Gudeng Inc.(USA)	Engaged in various electronic components business	100%	100%	100%	Note 1
	Gudeng Venture	Jia Shuo Construction, Inc. (hereinafter "Jia Shuo")	100%	100%	100%	Note 1
Rich Point	Hengyang Green Energy Co., Ltd. (hereinafter "Hengyang")	Piping works and electrical installations	45%	45%	-	Notes 1 and 8
	Sun Park Development Limited (hereinafter "Sun Park")	Engaged in various investment business	100%	100%	100%	Note 1
	Gudeng Investment Co., Ltd. (hereinafter "Gudeng Investment")	Engaged in various investment business	100%	100%	100%	-
Sun Park	Shanghai Gudeng Trading Co., Ltd. (hereinafter "Shanghai Gudeng")	Sales of plastic and electronic products	100%	100%	100%	Note 1
	Suzhou Kun Ju Trading Co., Ltd. (hereinafter "Suzhou Kun Ju")	Sales and maintenance of automobiles, trading of various alcohol and aluminum foil	100%	100%	100%	Note 1
Gudeng Investment	Suzhou City Wu Jiang Start-up Automobile Trading Co., Ltd. (hereinafter "Wu Jiang Start-up")	Sales and maintenance of automobiles	-	-	100%	Note 5
Partner one Ltd.	Gudeng Investment (HK)	Engaged in various investment business	-	-	-	Note 3
Gudeng Investment (HK)	Welton Technology Co., Ltd. (hereinafter "Welton")	Engaged in manufacture of plastic products, electronic and communication equipment, electrical machinery and equipment	-	-	-	Note 4
Jia Shuo Technology	Showa Precision Co., Ltd. (hereinafter "Showa")	Manufacture, trading , repair, and maintenance of various precision instruments	100%	100%	100%	Note 1
We Solutions	Fu Rui Sheng Industrial Co., Ltd. (hereinafter "Fu Rui Sheng")	Investment and management consulting business	54.94%	54.94%	-	Notes 1 and 6
	Shuoting Precision Industry Co., Ltd. (hereinafter "Shuoting")	Manufacturing and wholesale of mould and manufacturing of machinery and equipment	41.37%	41.37%	-	Notes 1 and 7
Fu Rui Sheng	Bor Sheng Industrial Co., Ltd. (hereinafter "Bor Sheng")	Manufacturing and wholesale of mould and manufacturing of machinery and equipment	93%	93%	-	Notes 1 and 6
	Shuoting	Manufacturing and wholesale of mould and manufacturing of machinery and equipment	29.06%	29.06%	-	Notes 1 and 7

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

Note 2: Please refer to Note 34 for details of change in percentage of equity held by the consolidated company.

Note 3: The company was registered in 2017 with no yet capital investment.

Note 4: Welton is currently in the pre-trial stage of name and has not yet established.

Note 5: The related assets and liabilities of Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd. have been reclassified as disposal group held for sale, and all transactions, account balances, gains and losses between the individual companies and the consolidated company have been eliminated upon consolidation. The Group signed a 100% equity transfer agreement for Wu Jiang Start-up with Jiaxing Fengmiao Trading Co., Ltd. and Suzhou Chengfeng Trading Co., Ltd., and completed the equity transfer on April 25, 2022, resulting in a loss of control over Wu Jiang Start-up.

Note 6: We Solutions invested NT\$96,551 thousand on July 29, 2022, and acquired 54.94% of Fu Rui Sheng's equity interests and 93% of its subsidiaries' equity interests.

Note 7: We Solutions acquired Shuoting for NT\$23,860 thousand on July 29, 2022, and the consolidated shareholding ratio was 69.15%, including Fu Rui Sheng's shareholding, with obtaining the control over Shuoting; therefore, it was included to the consolidated entity from July 29, 2022. Shuoting handled a cash capital increase of NT\$45,000 thousand on September 29, 2022, but the consolidated company did not subscribe according to the shareholding ratio, resulting in an increase in the consolidated shareholding ratio from 69.15% to 70.43%.

Note 8: Gudeng Venture invested NT\$54,000 thousand on September 1, 2022 to acquire a 45% equity interests in Hengyang. Since the consolidated company had more than half of the board seats of Hengyang, it had substantial control and was included to the consolidated entity from September 1, 2022.

Note 9: Gudeng Automation Corporation changed its name to Jia Shuo Technology, Inc. on February 10, 2023.

14. Investments accounted for using the equity method

Investment in associates

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Individual insignificant associates	<u>\$ 130,369</u>	<u>\$ 103,678</u>	<u>\$ 49,132</u>

The consolidated company had been resolved by the Board of Directors on December 2, 2022 to participate in the cash capital increase of YAHOO System Technology Inc. for the year ended December 31, 2023 through acquiring 700 thousand ordinary shares of YAHOO System Technology Inc. by cash at \$38 per share with a shareholding of 21.05% and obtained significant influence over the company.

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

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

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

15. Property, Plant and Equipment

Self-usage

	Self-owned land	Buildings	Machinery equipment	Leasehold improvements	Other equipment	Real property under construction	Total
<u>Cost</u>							
Balance on January 1, 2023	\$ 2,640,623	\$ 588,493	\$ 1,059,162	\$ 54,566	\$ 1,157,007	\$ 443,480	\$ 5,943,331
Addition	-	21,497	12,910	-	27,272	127,048	188,727
Disposal	-	-	(5,438)	-	(3,604)	-	(9,042)
Reclassification	-	-	27,326	-	9,306	1,690	38,322
Net exchange differences	-	39	-	3	59	-	101
Balance on March 31, 2023	<u>\$ 2,640,623</u>	<u>\$ 610,029</u>	<u>\$ 1,093,960</u>	<u>\$ 54,569</u>	<u>\$ 1,190,040</u>	<u>\$ 572,218</u>	<u>\$ 6,161,439</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2023	\$ -	\$ 65,251	\$ 544,329	\$ 21,888	\$ 574,501	\$ -	\$ 1,205,969
Disposal	-	-	(2,638)	-	(1,882)	-	(4,520)
Depreciation expenses	-	2,876	21,312	1,316	34,202	-	59,706
Net exchange differences	-	-	-	3	19	-	22
Balance on March 31, 2023	<u>\$ -</u>	<u>\$ 68,127</u>	<u>\$ 563,003</u>	<u>\$ 23,207</u>	<u>\$ 606,840</u>	<u>\$ -</u>	<u>\$ 1,261,177</u>
Net balance on March 31, 2023	<u>\$ 2,640,623</u>	<u>\$ 541,902</u>	<u>\$ 530,957</u>	<u>\$ 31,362</u>	<u>\$ 583,200</u>	<u>\$ 572,218</u>	<u>\$ 4,900,262</u>
Net Balance on December 31, 2022 and January 1, 2023	<u>\$ 2,640,623</u>	<u>\$ 523,242</u>	<u>\$ 514,833</u>	<u>\$ 32,678</u>	<u>\$ 582,506</u>	<u>\$ 443,480</u>	<u>\$ 4,737,362</u>
<u>Cost</u>							
Balance on January 1, 2022	\$ 2,444,861	\$ 677,791	\$ 659,208	\$ 35,899	\$ 924,837	\$ 283,009	\$ 5,025,605
Addition	85,000	1,335	2,893	3,594	31,940	8,335	133,097
Disposal	-	-	(9,747)	-	-	-	(9,747)
Reclassification	-	4,346	16,148	6,790	4,064	1,690	33,038
Reclassified as investment property	(424,985)	(8,548)	-	-	-	-	(433,533)
Reclassified to held for sale	-	(90,783)	-	-	(22,546)	-	(113,329)
Net exchange differences	-	3,264	2	20	958	-	4,244
Balance on March 31, 2022	<u>\$ 2,104,876</u>	<u>\$ 587,405</u>	<u>\$ 668,504</u>	<u>\$ 46,303</u>	<u>\$ 939,253</u>	<u>\$ 293,034</u>	<u>\$ 4,639,375</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2022	\$ -	\$ 123,893	\$ 278,155	\$ 17,141	\$ 441,300	\$ -	\$ 860,489
Disposal	-	-	(2,821)	-	-	-	(2,821)
Depreciation expenses	-	4,263	15,505	1,045	26,695	-	47,508
Reclassification	-	(40)	-	-	-	-	(40)
Reclassified as investment property	-	(444)	-	-	-	-	(444)
Reclassified to held for sale	-	(73,683)	-	-	(5,810)	-	(79,493)
Net exchange differences	-	2,629	-	20	314	-	2,963
Balance on March 31, 2022	<u>\$ -</u>	<u>\$ 56,618</u>	<u>\$ 290,839</u>	<u>\$ 18,206</u>	<u>\$ 462,499</u>	<u>\$ -</u>	<u>\$ 828,162</u>
Net Balance on March 31, 2022	<u>\$ 2,104,876</u>	<u>\$ 530,787</u>	<u>\$ 377,665</u>	<u>\$ 28,097</u>	<u>\$ 476,754</u>	<u>\$ 293,034</u>	<u>\$ 3,811,213</u>

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

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

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

As of March 31, 2023, the consolidated company has NT\$3,886 thousand for agricultural land among its self-owned land, the ownership of which was temporarily registered in the name of a third party, and the trustee had issued a settlement statement.

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

16. Lease Agreements

a. Right-of-use assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying amount of right-of-use assets			
Buildings	\$ 108,677	\$ 83,243	\$ 34,438
Transportation Equipment	<u>11,037</u>	<u>9,225</u>	<u>13,600</u>
	<u>\$ 119,714</u>	<u>\$ 92,468</u>	<u>\$ 48,038</u>
	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>	
Additions of right-of-use assets	<u>\$ 35,509</u>	<u>\$ 5,614</u>	
Depreciation expense of right-of-use assets			
Land	\$ -	\$ 170	
Buildings	6,002	2,787	
Transportation Equipment	<u>2,234</u>	<u>2,219</u>	
	<u>\$ 8,236</u>	<u>\$ 5,176</u>	

Except for the addition and recognition of depreciation expenses listed above, there is no significant sublease or impairment of the right-of-use assets of the consolidated company from January 1 to March 31, 2023 and 2022.

b. Lease liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying amount of lease liabilities			
Current	<u>\$ 35,048</u>	<u>\$ 28,827</u>	<u>\$ 21,296</u>
Non-current	<u>\$ 86,520</u>	<u>\$ 65,674</u>	<u>\$ 28,177</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Buildings	1.45% ~ 2.99%	1.45% ~ 2.72%	1.45% ~ 1.67%
Transportation Equipment	1.50% ~ 7.90%	1.50% ~ 7.90%	1.50% ~ 7.90%

c. Major lease activities and terms

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

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

d. Other lease information

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Short-term leases expenses	<u>\$ 4,180</u>	<u>\$ 3,013</u>
Total cash (outflow) for leases	<u>(\$ 13,089)</u>	<u>(\$ 7,843)</u>

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Lease commitments	<u>\$ -</u>	<u>\$ 62,655</u>	<u>\$ -</u>

17. Investment properties

	Completed Investment Properties
<u>Cost</u>	
Balance on January 1, 2023	<u>\$ 834,964</u>
Balance on March 31, 2023	<u>\$ 834,964</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2023	\$ 54,209
Depreciation expenses	<u>2,174</u>
Balance on March 31, 2023	<u>\$ 56,383</u>
Net balance on March 31, 2023	<u>\$ 778,581</u>

(Continued on the next page)

(Continued from previous page)

	<u>Completed Investment Properties</u>
<u>Cost</u>	
Balance on January 1, 2022	\$ 645,026
Transfer in from property, plant and equipment	<u>433,533</u>
Balance on March 31, 2022	<u>\$ 1,078,559</u>
 <u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2022	\$ 45,067
Transfer in from property, plant and equipment	444
Depreciation expenses	<u>2,180</u>
Balance on March 31, 2022	<u>\$ 47,691</u>
 Net Balance on March 31, 2022	 <u>\$ 1,030,868</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Year 1	\$ 10,997	\$ 19,811	\$ 34,625
Year 2	<u>80</u>	<u>320</u>	<u>8,208</u>
	<u>\$ 11,077</u>	<u>\$ 20,131</u>	<u>\$ 42,833</u>

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

Main buildings	51 years
----------------	----------

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

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

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

18. Goodwill

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
<u>Cost</u>		
Beginning Balance	\$ 89,584	\$ 98,784
Reclassified to held for sale	-	(49,961)
Ending Balance	<u>\$ 89,584</u>	<u>\$ 48,823</u>
<u>Accumulated impairment</u>		
Beginning Balance	(\$ 24,201)	(\$ 24,201)
Ending Balance	<u>(\$ 24,201)</u>	<u>(\$ 24,201)</u>
Net beginning balance	<u>\$ 65,383</u>	<u>\$ 74,583</u>
Net ending balance	<u>\$ 65,383</u>	<u>\$ 24,622</u>

19. Other Intangible Assets

	Patents	Cost of Computer software	Franchise	Golf membership card	Technique	Client Relationship	Total
<u>Cost</u>							
Balance on January 1, 2023	\$ 97,425	\$ 67,779	\$ -	\$ 8,763	\$ 5,900	\$ 5,300	\$ 185,167
Acquired separately	2,500	7,284	-	-	-	-	9,784
Balance on March 31, 2023	<u>\$ 99,925</u>	<u>\$ 75,063</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 5,300</u>	<u>\$ 194,951</u>
<u>Accumulated amortization and impairment</u>							
Balance on January 1, 2023	\$ 30,796	\$ 43,815	\$ -	\$ -	\$ 1,687	\$ 5,300	\$ 81,598
Amortization expenses	2,082	2,620	-	-	209	-	4,911
Net exchange differences	-	(6)	-	-	-	-	(6)
Balance on March 31, 2023	<u>\$ 32,878</u>	<u>\$ 46,429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,896</u>	<u>\$ 5,300</u>	<u>\$ 86,503</u>
Net balance on March 31, 2023	<u>\$ 67,047</u>	<u>\$ 28,634</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 4,004</u>	<u>\$ -</u>	<u>\$ 108,448</u>
Net Balance on December 31, 2022 and January 1, 2023	<u>\$ 66,629</u>	<u>\$ 23,964</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 4,213</u>	<u>\$ -</u>	<u>\$ 103,569</u>
<u>Cost</u>							
Balance on January 1, 2022	\$ 97,425	\$ 48,926	\$ 44,158	\$ 8,763	\$ 5,900	\$ 5,300	\$ 210,472
Acquired separately	-	5,893	-	-	-	-	5,893
Reclassified to held for sale	-	-	(45,805)	-	-	-	(45,805)
Net exchange differences	-	-	1,647	-	-	-	1,647
Balance on March 31, 2022	<u>\$ 97,425</u>	<u>\$ 54,819</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 5,300</u>	<u>\$ 172,207</u>
<u>Accumulated amortization and impairment</u>							
Balance on January 1, 2022	\$ 22,467	\$ 32,420	\$ 44,158	\$ -	\$ 843	\$ 2,650	\$ 102,538
Amortization expenses	2,082	2,540	-	-	211	662	5,495
Reclassified to held for sale	-	-	(45,805)	-	-	-	(45,805)
Net exchange differences	-	-	1,647	-	-	-	1,647
Balance on March 31, 2022	<u>\$ 24,549</u>	<u>\$ 34,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,054</u>	<u>\$ 3,312</u>	<u>\$ 63,875</u>
Net Balance on March 31, 2022	<u>\$ 72,876</u>	<u>\$ 19,859</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 4,846</u>	<u>\$ 1,988</u>	<u>\$ 108,332</u>

The franchise represents the franchise of operation granting to Wu Jiang Start-up to sell Shanghai Volkswagen in Suzhou City. Suzhou Wujiang Xinchuang was disposed of on April 25, 2022, and its related assets and liabilities have been transferred to the disposal group held for sale, please refer to Note 12.

Golf membership card of the consolidated company is a right of use and the management of the consolidated company considers that the consolidated company has the intention and

ability to extend the service life continuously, hence it is an intangible asset with indefinite service life, and is tested for impairment annually whether or not there is any indication of impairment. Security deposit of golf membership amounted to \$12,000 thousand and recognized as refundable deposits.

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

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

Amortization expenses summarized by function:

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Operating costs	\$ 1,988	\$ 1,902
Sales expenses	1	-
General and administrative expenses	824	1,356
Research expenses	<u>2,098</u>	<u>2,237</u>
	<u>\$ 4,911</u>	<u>\$ 5,495</u>

20. Prepayments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Advance payment	\$ 138,973	\$ 124,572	\$ 54,337
Prepaid rent	1,938	731	1,397
Tax overpaid retained for offsetting the future tax payable	12,051	17,853	1,046
Prepaid insurance fee	2,037	1,140	1,347
Other prepayments	<u>28,183</u>	<u>22,622</u>	<u>15,479</u>
	<u>\$ 183,182</u>	<u>\$ 166,918</u>	<u>\$ 73,606</u>

21. Other Assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Other current assets			
Temporary payments	<u>\$ 6,055</u>	<u>\$ 4,901</u>	<u>\$ 2,950</u>
<u>Non-current</u>			
Other non-current assets			
Net defined benefit assets	\$ 1,384	\$ 1,379	\$ -
Others	<u>-</u>	<u>74</u>	<u>330</u>
	<u>\$ 1,384</u>	<u>\$ 1,453</u>	<u>\$ 330</u>

22. Borrowings

a. Short-term borrowings

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Secured loans</u> (Note 39)			
- Bank loans	\$ 250,000	\$ -	\$ 150,000
<u>Unsecured loans</u>			
- Bank loans	<u>175,000</u>	<u>28,000</u>	<u>20,000</u>
	<u>\$ 425,000</u>	<u>\$ 28,000</u>	<u>\$ 170,000</u>

The interest rates on working capital loans from the banks were 1.75% ~ 2.47%, 2.05%~ 2.47% and 1.30%~ 1.53% as of March 31, 2023, December 31 and March 31, 2022, respectively.

b. Long-term Borrowings

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Secured loans</u> (Note 39)	\$ 2,989,084	\$ 2,701,620	\$ 3,324,366
<u>Unsecured loans</u>	886,810	622,223	296,080
Less: Current portion matured in 1 year	(222,577)	(154,638)	(205,627)
	<u>\$ 3,653,317</u>	<u>\$ 3,169,205</u>	<u>\$ 3,414,819</u>
<u>Contents of borrowings</u>			
Annual Interest Rate	1.63%~2.30%	1.63%~2.30%	1.20%~1.70%
Maturity Date	Mature in succession before June 2041	Mature in succession before June 2041	Mature in succession before June 2041

23. Corporate Bonds Payable

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic secured convertible bonds	\$ 415,590	\$ 922,582	\$ -
Less: current portion matured in 1 year	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 415,590</u></u>	<u><u>\$ 922,582</u></u>	<u><u>\$ -</u></u>

The third domestic secured convertible bonds

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

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the consolidated company at \$231.4 per share. After such conversion price is determined, if there is an increase in the ordinary shares in issue, the conversion price adjustment formula shall be adjusted.

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

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

This convertible corporate bonds comprise a liability and equity component, and the equity component is presented under equity as capital surplus – share option. The equity component is initially recognized at the effective interest rate of 1.79%.

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

	From January 1 to March 31, 2023
Total amount of requested conversion of bonds	\$ 532,100
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	(23,388)
premium on conversion	508,712
Add: capital surplus – share option	22,813
Financial liabilities at fair value through profit or loss	580
Less: discount on corporate bonds payable	(21,472)
Financial assets at fair value through profit or loss	(1,921)
Odd lot transferred into other revenue	(17)
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	<u>\$ 508,695</u>

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

	Amount
Issue proceeds on July 7, 2022 (less transaction costs of \$5,280 thousand)	\$ 994,720
Equity components (less transaction cost allocated to equity of \$228 thousand)	(42,872)
Derivatives components - put right	(4,500)
Derivatives components - redemption rights	<u>700</u>
Liability components on issuance date (Derivatives components - redemption rights)	948,048
Interests calculated at the effective interest rate of 1.79%	8,300
Ordinary shares converted from corporate bonds payable	(33,766)
Liability components on December 31, 2022	<u>\$ 922,582</u>
Liability components on January 1, 2023	\$ 922,582
Interests calculated at the effective interest rate of 1.79%	3,636
Ordinary shares converted from corporate bonds payable	(510,628)
Liability components on March 31, 2023	<u>\$ 415,590</u>

24. Note Payables and Trade Payables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Notes payable</u>			
Arising from operations - unrelated parties	<u>\$ 106</u>	<u>\$ 8,753</u>	<u>\$ 90</u>
Arising from operations - related parties (Note 38)	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>
<u>Trade payables</u>			
Arising from operations - unrelated parties	<u>\$ 521,930</u>	<u>\$ 541,279</u>	<u>\$ 431,001</u>
Arising from operations - related parties (Note 38)	<u>\$ 12,488</u>	<u>\$ 13,616</u>	<u>\$ 14,797</u>

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

25. Other Liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
<u>Other payables</u>			
Equipment payment payable	\$ 106,271	\$ 68,733	\$ 146,445
Salaries and bonuses payable	88,435	230,658	116,868
Employee compensation payable	88,077	67,554	46,924
Directors remuneration payable	58,998	44,631	24,661
Vacation leave payment payable	22,188	23,811	13,638
Interest payable	2,993	2,883	2,212
Dividends payable	368,868	336,998	167,437
Others	<u>127,730</u>	<u>178,825</u>	<u>164,296</u>
	<u>\$ 863,560</u>	<u>\$ 954,093</u>	<u>\$ 682,481</u>
<u>Other Liabilities</u>			
Temporary received	\$ 566	\$ 518	\$ 293
Received on behalf of others	3,099	4,771	3,223
Others	<u>9,313</u>	<u>8,407</u>	<u>-</u>
	<u>\$ 12,978</u>	<u>\$ 13,696</u>	<u>\$ 3,516</u>

26. Provisions

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Warranty	<u>\$ 27,996</u>	<u>\$ 26,618</u>	<u>\$ 33,567</u>

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

27. Benefits after retirement

Employee benefits expense in respect of the Group's defined benefit plans was NT\$111 thousand and NT\$33 thousand for the three months ended March 31, 2023 and 2022, respectively, and were calculated using the prior year's actuarially determined pension cost discount rate as of December 31, 2022 and 2021, respectively.

28. Equity

a. Ordinary share capital and share capital collected in advance

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Nominal shares (in thousand shares)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Nominal share capital	<u>\$ 1,500,000</u>	<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>	<u>84,097</u>
Share capital issued	<u>\$ 840,973</u>	<u>\$ 840,973</u>	<u>\$ 840,973</u>
Share capital collected in advance	<u>\$ 24,909</u>	<u>\$ 1,521</u>	<u>\$ -</u>

As of March 31, 2023 and December 31, 2022, the bond holders of the Company's unsecured convertible corporate bonds had requested to convert into 2,491 thousand and 152 thousand ordinary shares, of which were recorded as share capital collected in advance amounted to NT\$24,909 thousand and NT\$1,521 thousand respectively, and the registration of the change was made after new shares issued on the ex-rights date of the capital increase according to the law.

b. Capital surplus

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Used to offset deficit, distribute cash, or replenish share capital (1)</u>			
Premium on issuance of shares	\$ 2,696,145	\$ 2,696,145	\$ 2,696,145
Premium on conversion of convertible corporate bonds	817,880	309,185	275,497
Treasury shares transactions	200,461	200,461	122,964
Changes in net equity values of associates and joint venture accounted for using the equity method	1,188	1,188	-
<u>Not to be used for any purposes</u>			
Employees stock options	-	-	-
Warrant	<u>18,549</u>	<u>41,362</u>	<u>-</u>
	<u>\$ 3,734,223</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 policies on employees' compensation

and remuneration of directors, which is stipulated in the Company's Articles of Incorporation, please refer to Note 30(7).

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

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

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

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

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

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

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

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

d. Non-controlling interests

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Beginning Balance	\$ 476,250	\$ 104,581
Net income for the year	28,010	13,149
Earnings distribution for current period	(22,515)	-
Capital increase in cash in non-controlling interests	<u>55,000</u>	<u>-</u>
Ending Balance	<u>\$ 536,745</u>	<u>\$ 117,730</u>

e. Treasury stock

Reason for buy-back	Shares transferred to employees (in Thousand Shares)	Buy-back for Cancellation (in Thousand Shares)	Shares of parent company held by subsidiaries (in Thousand Shares)	Total (in Thousand Shares)
Number of shares on January 1, 2022	449	-	-	449
Decrease for the period	(70)	-	-	(70)
March 31, 2022				
Number of Shares	<u>379</u>	<u>-</u>	<u>-</u>	<u>379</u>

In January 2022, the Company transferred treasury shares to employees with transferred treasury shares of 70 thousand shares at a total buy-back cost of \$2,384 thousand. The record date of the employee shares subscription for these treasury shares was December 27, 2021 and the date to deliver the shares to employees was January 26, 2022. The Company recognized employee compensation cost of NT\$19,803 thousand on the date of grant and received NT\$2,384 thousand for the transfer of treasury stock. The Company also recognized capital surplus - treasury shares transaction of NT\$19,803 thousand on the date of share delivery to employees, please refer to Note 33.

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.

29. Revenue

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Revenue from customer contracts		
Sales Revenue of		
Commodities	<u>\$ 1,441,083</u>	<u>\$ 1,025,402</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 light shield products, the clients have the right to set prices and to use the merchandise as well as the major responsibility of reselling, and bear the risk of obsolescence. Besides, for the sales of semiconductor equipment, when the customer accepts the equipment, it will satisfy the performance obligation and the customer will take control of the product. The consolidated company recognizes revenue and trade receivable at that point in time.

b. Balance of contracts

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Trade receivable (Note 10)	<u>\$1,451,669</u>	<u>\$1,077,420</u>	<u>\$ 657,744</u>	<u>\$ 626,519</u>
Trade receivables from related parties (Note 10)	<u>\$ 332</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ -</u>
Contract liabilities – Unearned sales revenue Sales of Commodities	<u>\$ 947,880</u>	<u>\$ 709,026</u>	<u>\$ 554,274</u>	<u>\$ 459,559</u>

The contract liabilities from the beginning of the year and from previous periods whose performance obligations were fulfilled were recognized as revenue for the year amounted to \$295,625 thousand and NT\$150,961 thousand.

c. Breakdown of revenue from customer contracts

Please refer to Note 43 for information on the breakdown of revenue.

30. Net income before tax

a. Interest income

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Bank deposits	\$ 2,602	\$ 148
Imputed interest on deposits	<u>59</u>	<u>14</u>
	<u>\$ 2,661</u>	<u>\$ 162</u>

b. Other income

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Rental income		
Investment properties	\$ 9,064	\$ 9,061
Other rental	<u>631</u>	<u>1,179</u>
	<u>9,695</u>	<u>10,240</u>
Dividend income		
Financial assets at fair value through profit or loss	<u>116</u>	<u>-</u>
Others	<u>991</u>	<u>2,351</u>
	<u>\$ 10,802</u>	<u>\$ 12,591</u>

c. Other gains and (losses)

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Gain or loss of financial assets and financial liabilities		
Financial assets and liabilities mandatorily classified as at fair value through profit or loss	\$ 43,211	(\$ 2,790)
Net gain (loss) on foreign exchange	(14,816)	15,915
Gain (loss) on disposal of property, plant and equipment	(4,226)	846
Loss on lease amendment	(50)	-
Others	<u>(43)</u>	<u>(31)</u>
	<u>\$ 24,076</u>	<u>\$ 13,940</u>

d. Finance costs

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Interest on bank loans	\$ 18,663	\$ 11,207
Interest on convertible corporate bonds	3,636	-
Interest on lease liabilities	522	230
Imputed interest on deposits	10	5
Other interest expenses	23	34
Less: Amount included in the cost of key assets	(<u>1,949</u>)	(<u>1,246</u>)
	<u>\$ 20,905</u>	<u>\$ 10,230</u>

Information on interest capitalization is as follows:

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Amount of capitalized interest	\$1,949	\$1,246
Capitalized interest rate	1.64%	1.30%

e. Depreciation and amortization expenses

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Depreciation expenses summarized by function		
Operating costs	\$ 47,233	\$ 37,784
Operating expenses	<u>22,883</u>	<u>17,080</u>
	<u>\$ 70,116</u>	<u>\$ 54,864</u>
Amortization expenses summarized by function		
Operating costs	\$ 1,988	\$ 1,902
Operating expenses	<u>2,923</u>	<u>3,593</u>
	<u>\$ 4,911</u>	<u>\$ 5,495</u>

f. Employee benefits expenses

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Benefits after retirement		
Defined contribution plans	\$ 7,261	\$ 4,632
Defined benefit plans (Note 27)	<u>111</u>	<u>33</u>
	7,372	4,665
Other employee benefits	<u>269,641</u>	<u>229,178</u>
Total employee benefit expenses	<u>\$ 277,013</u>	<u>\$ 233,843</u>
Summarized by function		
Operating costs	\$ 112,846	\$ 89,823
Operating expenses	<u>164,167</u>	<u>144,020</u>
	<u>\$ 277,013</u>	<u>\$ 233,843</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 and supervisors for the three months from January 1 to March 31, 2023 and 2022, were as follows:

Estimated ratio

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Employees' compensation	3%	5%
Directors' Remuneration	3%	3%

Amount

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Employees' compensation	<u>\$ 12,547</u>	<u>\$ 12,847</u>
Directors' Remuneration	<u>\$ 12,535</u>	<u>\$ 7,708</u>

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

The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2022 and 2021, which were approved by the Board of Directors on March 8, 2023 and March 7, 2022, respectively, were as follows:

Amount

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

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

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

31. Income tax

a. Income Tax Recognized in profit or loss

The main components of income tax expenses are as follows:

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Current income tax		
Incurred for the period	<u>\$ 98,551</u>	<u>\$ 50,911</u>
	<u>98,551</u>	<u>50,911</u>
Deferred income tax		
Incurred for the period	(<u>10,840</u>)	<u>1,024</u>
	(<u>10,840</u>)	<u>1,024</u>
Income tax expense recognized in profit or loss	<u>\$ 87,711</u>	<u>\$ 51,935</u>

b. Income tax assessments

The annual income tax returns of a profit-seeking enterprise 2021 and before of the Company, Jia Shuo Technology, Gudeng Venture, We Solutions, Jia Shuo, Showa, Fu Rui Sheng, Bor Sheng, Shuo Ting, and Hengyang have been assessed by the tax authorities.

32. Earnings per Share

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

Net income for the year

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Net income used for calculating basic earnings per share	\$ 335,546	\$ 194,055
Impacts of potential ordinary shares with dilution effect:		
Interest on convertible corporate bonds and evaluation profit and loss from conversion options	<u>389</u>	<u>-</u>
Net income used for calculating diluted earnings per share	<u>\$ 335,935</u>	<u>\$ 194,055</u>

Number of Shares Unit: Thousand shares

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Weighted average of ordinary shares used for calculating basic earnings per share	85,118	83,698
Impacts of potential ordinary shares with dilution effect:		
Employees' compensation	118	107
Convertible corporate bonds	<u>3,347</u>	<u>-</u>
Weighted average of ordinary shares used for calculating dilutive earnings per share	<u>88,583</u>	<u>83,805</u>

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

33. Share-based Payment Agreement

The first transfer of treasury shares to employees in 2021

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

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

Employee share options of treasury shares	From January 1 to March 31, 2022	
	Unit (Thousands)	Weighted-Average Exercise price (NT\$)
Outstanding at the beginning of the period	70	\$ 34.05
Granted for the period	-	-
Exercised for the period	(70)	34.05
Outstanding at the end of the period	<u>-</u>	
Weighted-average fair value of the employee share options of treasury shares granted for the period (NT\$)	<u>\$ -</u>	

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

	Treasury 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%

34. Equity transactions with non-controlling interests

On December 28 and November 30, 2022, the consolidated company did not acquired shares of Jiu Shuo Technology in proportion to the shareholding ratio resulting in a decrease on the shareholding ratio from 50.93% to 50.10%.

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

	(December 28, 2022) <u>Jia Shuo Technology</u>	(November 30, 2022) <u>Jia Shuo Technology</u>
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, our company did not acquired shares of We Solutions Technology Co., Ltd. in proportion to the shareholding ratio, thus resulting in a decrease in the shareholding ratio 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 consolidated company treated the transaction as an 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	(<u>797</u>)
Difference in equity transactions	(<u>\$ 797</u>)
<u>Adjustment account for difference in equity transactions</u>	
Unappropriated earnings	(<u>\$ 797</u>)

On September 29, 2022, the consolidated company did not acquired shares of Shuo Ting 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 consolidated company treated the transaction as an equity transaction.

	(September 29, 2022) <u>Shuo Ting</u>
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	<u>32,337</u>
Difference in equity transactions	(<u>\$ 168</u>)
<u>Adjustment account for difference in equity transactions</u>	
Unappropriated earnings	(<u>\$ 493</u>)
Capital surplus - recognized changes in percentage of ownership interests in subsidiaries	<u>\$ 325</u>

35. Information on cash flows

Non-cash Transactions

For the years ended March 31, 2023 and 2022, the consolidated company conducted the following financing activities in non-cash transactions.

The cash dividend for the second half of 2022 and 2021 of Gudeng Company approved by the Board of Directors has not been distributed as of March 31, 2023 and 2022 (refer to Notes 25 and 28).

36. Capital Risk Management

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

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

37. Financial instruments

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

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

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

1) Fair Value Hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Derivatives	\$ -	\$ 2,466	\$ -	\$ 2,466
Domestic TWSE/TREX shares	<u>176,251</u>	<u>-</u>	<u>-</u>	<u>176,251</u>
Total	<u>\$ 176,251</u>	<u>\$ 2,466</u>	<u>\$ -</u>	<u>\$ 178,717</u>
<u>Financial assets at fair value</u> <u>through other</u> <u>comprehensive income</u>				
Investments in equity instruments				
— Domestic TWSE/TREX shares	\$ 95,123	\$ 374,682	\$ -	\$ 469,805
— Domestic non-TWSE/TREX shares	<u>-</u>	<u>-</u>	<u>69,201</u>	<u>69,201</u>
Total	<u>\$ 95,123</u>	<u>\$ 374,682</u>	<u>\$ 69,201</u>	<u>\$ 539,006</u>
<u>Financial liabilities at fair</u> <u>value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ 130</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 3,065	\$ -	\$ 3,065
Domestic TWSE/TREX shares	139,497	-	-	139,497
Total	<u>\$ 139,497</u>	<u>\$ 3,065</u>	<u>\$ -</u>	<u>\$ 142,562</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Domestic TWSE/TREX shares	\$ 83,150	\$ 251,124	\$ -	\$ 334,274
— Domestic non-TWSE/TREX shares	-	-	69,201	69,201
Total	<u>\$ 83,150</u>	<u>\$ 251,124</u>	<u>\$ 69,201</u>	<u>\$ 403,475</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 1,447</u>	<u>\$ -</u>	<u>\$ 1,447</u>

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Domestic TWSE/TREX shares	\$ 25,819	\$ -	\$ -	\$ 25,819
Structured deposits	-	22,530	-	22,530
Total	<u>\$ 25,819</u>	<u>\$ 22,530</u>	<u>\$ -</u>	<u>\$ 48,349</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Domestic TWSE/TREX shares	\$ 88,306	\$ 415,190	\$ -	\$ 503,496
— Domestic non-TWSE/TREX shares	-	-	99,243	99,243
Total	<u>\$ 88,306</u>	<u>\$ 415,190</u>	<u>\$ 99,243</u>	<u>\$ 602,739</u>

There was no transfer between Level 1 and Level 2 fair value measurements for the periods from January 1 to March 31, 2023 and 2022.

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

From January 1 to March 31, 2023

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Beginning Balance	\$ 69,201
Ending Balance	\$ 69,201

From January 1 to March 31, 2022

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Beginning Balance	\$ 65,273
Addition	33,970
Ending Balance	\$ 99,243

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

Financial Instruments Classification	Valuation Techniques and Inputs
Structured deposits	Discounted cash flow: future cash flows are estimated based on end-of-period observable interest rates, discounted at market rates.
Derivatives - foreign exchange forward contracts	Discounted cash flow: Estimate the future cash flow based on the observable forward exchange rate and the exchange rate specified in the contract, and discount the cash flow based on the discount rate that reflects the credit risk of the specific counterparty.
Derivatives - options to redeem convertible corporate bonds	were estimated by the binary tree model for convertible corporate bonds valuation, and the significant unobservable inputs used are stock price volatility. When share price volatility increases, the fair value of these derivatives will increase.
Domestic TWSE/TREX securities	Private equity investments of the consolidated company are financial commodities that have an active market but cannot be sold subject to a lock-up period, and the consolidated company determines the fair value of such financial commodities based on the relevant market price.

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

The fair value of no publicly quoted shares is determined by using the market-based method of valuation – price-to-earnings ratio and share-price-to-net ratio to reasonably assess the fair value.

c. Classification of financial instruments

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	\$ 178,717	\$ 142,562	\$ 48,349
Financial assets at amortized cost (Note 1)	4,413,621	3,718,341	2,863,407
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	539,006	403,475	602,739
<u>Financial liabilities</u>			
Measured at fair value through profit or loss			
Held for trading	130	1,447	-
Measured at amortized cost (Note 2)	6,123,332	5,800,804	4,960,898

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

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

d. Objectives and policy of financial risk management

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

1) Market Risks

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

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

i. Exchange Rate Risks

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

Please refer to Note 41 for the carrying amount of monetary assets and monetary liabilities of the consolidated company denominated in non-functional currencies on the balance sheet date (including monetary items denominated in a non-functional currency in the consolidated financial statements).

Sensitivity analysis

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

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

management's assessment on reasonably possible scope of foreign exchange rates.

	Effect of USD currency		Effect of JPY currency	
	From January 1 to March 31, 2023	From January 1 to March 31, 2022	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Gains and losses	\$ 13,571	\$ 3,309	\$ 969	\$ 96

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

ii. Interest Rate Risks

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
With interest rate risk of fair value			
– Financial assets	\$ 20,000	\$ 20,000	\$ 25,000
– Financial liabilities	537,158	1,017,083	49,473
Interest rate risk with cash flows			
– Financial assets	2,854,629	2,581,854	2,150,739
– Financial liabilities	4,303,887	3,354,726	3,792,658

Sensitivity analysis

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

If the interest rate increased/ decreased by 0.25% and all other variables were held constant, the consolidated company's net income before tax for the three months from January 1 to March 31, 2023 and 2022 would have decreased/ increased by NT\$906 thousand and NT\$1,026 thousand, respectively.

iii. Other Price Risks

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

Sensitivity analysis

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

If the monetary fund price increased/ decreased by 10%, income before tax for the period from January 1 to March 31, 2023 and 2022 would have increased/ decreased by \$17,625 thousand and \$2,582 thousand, respectively, due to an increase/ decrease in the fair value of financial assets at fair value through profit or loss. The pre-tax other comprehensive income for the periods from January 1 to March 31, 2023 and 2022 would have increased/ decreased by \$53,901 thousand and \$60,274 thousand, due to an increase/ decrease in fair value of financial assets at fair value through other comprehensive income.

The increased sensitivity of the consolidated company to price risk during this period was mainly due to its participation in the private subscription of domestic listed (OTC) shares.

2) Credit Risks

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

- i. The carrying amount of financial assets recognized in the Consolidated Balance Sheets.

- ii. The amount of contingent liabilities generated from providing a financial guarantee by the consolidated company.

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

The consolidated company's credit risks are concentrated on the biggest client, and the ratio of trade receivables from the above-mentioned client as of March 31, 2023, December 31, 2022 and March 31, 2022 were 40%, 25% and 60%, respectively.

3) Liquidity Risks

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

The bank loans are an important source of liquidity for the consolidated company. Please refer to the following (2) description of financing lines for the unused financing lines of the consolidated company as of March 31, 2023, December 31, and March 31, 2022.

- i. Liquidity of non-derivative financial liabilities

The remaining contractual maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities based on the earliest date on which the consolidated company can be required to pay. Therefore, the consolidated company's bank borrowings with repayment on demand

clause are included in the earliest duration in below table regardless of the probability of the banks choosing to exercise their rights immediately. The analysis of maturity dates for other non-derivative financial liabilities is based on the agreed repayment dates.

March 31, 2023

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above	Total
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 106	\$ -	\$ -	\$ -	\$ -	\$ 106
Trade payables	534,418	-	-	-	-	534,418
Other payables	860,567	-	-	-	-	860,567
Lease liabilities	40,967	34,006	28,520	33,777	7,420	144,690
Guarantee deposits	-	8,764	-	-	-	8,764
Other current liabilities	12,978	-	-	-	-	12,978
Borrowings	650,570	866,833	243,524	2,542,960	-	4,303,887
Convertible corporate bonds	-	-	432,700	-	-	432,700
	<u>\$ 2,099,606</u>	<u>\$ 909,603</u>	<u>\$ 704,744</u>	<u>\$ 2,576,737</u>	<u>\$ 7,420</u>	<u>\$ 6,298,110</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>\$ 40,967</u>	<u>\$ 34,006</u>	<u>\$ 28,520</u>	<u>\$ 33,777</u>	<u>\$ 7,420</u>

December 31, 2022

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

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

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

March 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>					
Notes payable	\$ 90	\$ -	\$ -	\$ -	\$ 90
Trade payables	445,798	-	-	-	445,798
Other payables	713,800	-	-	-	713,800
Lease liabilities	23,489	17,562	7,203	5,404	53,658
Guarantee deposits	-	8,552	-	-	8,552
Other current liabilities	3,516	-	-	-	3,516
Borrowings	<u>361,839</u>	<u>186,628</u>	<u>210,284</u>	<u>3,033,907</u>	<u>3,792,658</u>
	<u>\$ 1,548,532</u>	<u>\$ 212,742</u>	<u>\$ 217,487</u>	<u>\$ 3,039,311</u>	<u>\$ 5,018,072</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>\$ 23,489</u>	<u>\$ 17,562</u>	<u>\$ 7,203</u>	<u>\$ 5,404</u>	<u>\$ -</u>

ii. Financing line

	March 31, 2023	December 31, 2022	March 31, 2022
Credit line of unsecured bank overdraft (to be extended with agreement between two parties)			
Amount used	\$ 1,061,810	\$ 650,223	\$ 316,080
Amount unused	<u>698,840</u>	<u>961,000</u>	<u>560,000</u>
	<u>\$ 1,760,650</u>	<u>\$ 1,611,223</u>	<u>\$ 876,080</u>
Credit line of secured bank loans (to be extended with agreement between two parties)			
Amount used	\$ 3,239,084	\$ 2,701,620	\$ 3,474,366
Amount unused	<u>681,040</u>	<u>1,209,260</u>	<u>332,610</u>
	<u>\$ 3,920,124</u>	<u>\$ 3,910,880</u>	<u>\$ 3,806,976</u>

38. Related parties transaction

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

a. Name and relationship of Related party

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Jin Peng Investment Co., Ltd. (hereinafter "Jin Peng")	Substantial related party
Sheng Jie Investment Co., Ltd. (hereinafter "Sheng Jie")	Substantial related party
Yun Sheng Investment Co., Ltd. (hereinafter "Yun Sheng")	Substantial related party
Onore King Taiwan International Marketing Co., Ltd. (hereinafter "Onore King")	Substantial related party
Ting Shan Enterprise Co., Ltd. (hereinafter "Ting Shan")	Substantial related party
Shuo Great Co., Ltd. (hereinafter "Shuo Great")	Substantial related party
JIN HUI Technology Co., Ltd. (hereinafter "JIN HUI")	Associates

b. Purchase

<u>Item</u>	<u>Name of related party</u>	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Sales costs	JIN HUI	<u>\$ 6,026</u>	<u>\$ 12,196</u>

The discount is deducted out of the market price of the purchase to reflect the purchased quantity and the relationship with the related party.

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

<u>Item</u>	<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Trade receivables - related parties	Ting Shan	\$ 258	\$ 221	\$ -
	Shuo Great	<u>74</u>	<u>54</u>	<u>-</u>
		<u>\$ 332</u>	<u>\$ 275</u>	<u>\$ -</u>
Notes receivable - related parties	Shuo Great	<u>\$ 35</u>	<u>\$ 615</u>	<u>\$ -</u>

(Continued on next page)

(Continued from previous page)

Item	Name of related party	March 31, 2023	December 31, 2022	March 31, 2022
Other receivables -related parties	Sheng Jie	\$ -	\$ -	\$ 13
	Yun Sheng	-	-	13
	Jin Peng	-	7	13
	JIN HUI	10	-	25
	Onore King	-	2	-
		<u>\$ 10</u>	<u>\$ 9</u>	<u>\$ 64</u>

No guarantee has been collected for the outstanding receivables from related parties. No bad debt expenses have been accrued for the receivables from related parties from January 1 to March 31, 2023 and 2022.

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

Item	Name of related party	March 31, 2023	December 31, 2022	March 31, 2022
Trade payable - related parties	JIN HUI	\$ 12,459	\$ 13,616	\$ 14,797
	Ting Shan	9	-	-
	Shuo Great	20	-	-
		<u>\$ 12,488</u>	<u>\$ 13,616</u>	<u>\$ 14,797</u>
Notes payable - related parties	Shuo Great	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>

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

e. Lease agreements as a lessee

Lease expenses

Lessor	Underlying subject	Rental and Payment Method of Rent	Lease expenses	
			From January 1 to March 31, 2023	From January 1 to March 31, 2022
Sheng Jie	Employee dorm	Rent amounted to \$105 thousand per month with monthly payment.	<u>\$ 413</u>	<u>\$ 349</u>
Yun Sheng	Warehouse	The monthly rent for each room is NT\$150 thousand, which shall be paid on a monthly basis.	<u>\$ 450</u>	<u>\$ -</u>

f. Lease agreements as a lessor

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

Name of related party	March 31, 2023	December 31, 2022	March 31, 2022
Sheng Jie	\$ -	\$ -	\$ 9
Yun Sheng	-	-	9
Jin Peng	-	-	9
Onore King	<u>9</u>	<u>-</u>	<u>7</u>
	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 34</u>

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

Name of related party	March 31, 2023	December 31, 2022	March 31, 2022
Sheng Jie	\$ 5	\$ 8	\$ 5
Yun Sheng	5	8	5
Jin Peng	5	8	5
Onore King	<u>9</u>	<u>12</u>	<u>7</u>
	<u>\$ 24</u>	<u>\$ 36</u>	<u>\$ 22</u>

- 3) Guarantee deposits is summarized as follows:

Name of related party	March 31, 2023	December 31, 2022	March 31, 2022
Sheng Jie	\$ 2	\$ 2	\$ 2
Yun Sheng	2	2	2
Jin Peng	<u>2</u>	<u>2</u>	<u>2</u>
	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 6</u>

- 4) Rental income is summarized as follows:

Lessee	Underlying subject	Rental and Payment Method of Rent	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Sheng Jie	Office	Rent amounted to \$1 thousand per month with monthly payment.	\$ 3	\$ 3

(Continued on next page)

(Continued from previous page)

Lessee	Underlying subject	Rental and Payment Method of Rent	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Yun Sheng	Office	Rent amounted to \$1 thousand per month with monthly payment.	3	3
Jin Peng	Office	Rent amounted to \$1 thousand per month with monthly payment.	3	3
Onore King	Office	Rent amounted to \$1 thousand per month with monthly payment.	<u>3</u>	<u>5</u>
			<u>\$ 12</u>	<u>\$ 14</u>

g. Other Related Party Transactions

Item	Name of related party	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Other income	JIN HUI	<u>\$ 22</u>	<u>\$ 25</u>

h. Remuneration of key management

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Short-term employee benefits	<u>\$ 37,378</u>	<u>\$ 38,645</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.

39. Pledged Assets

The following assets were pledged as collateral for financing loans:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Pledged time deposits (recognized as financial assets measured at amortized cost - current)	\$ 126,500	\$ 126,500	\$ 16,500
Pledged deposits (recognized as financial assets measured at amortized cost - non-current)	2,546	2,546	2,542
Self-owned land	2,383,780	2,383,780	1,887,175
Buildings, net	484,387	487,262	497,045
Investment properties	<u>778,581</u>	<u>780,755</u>	<u>1,030,868</u>
	<u>\$ 3,775,794</u>	<u>\$ 3,780,843</u>	<u>\$ 3,434,130</u>

40. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

a. Significant Commitments

- 1) As of March 31, 2023, guarantee notes issued by the consolidated company for financing facilities applied from financial institutions (including long-term and short-term borrowings) amounted to NT\$150,900 thousand.
- 2) As of March 31, 2023, the guarantee notes issued by the consolidated company for application of research grants amounted to NT\$18,500 thousand.
- 3) As of March 31, 2023, guarantee notes received by the consolidated company for the outsourced construction works amounted to NT\$156,435 thousand.
- 4) The consolidated company has contracted with various manufacturers to purchase equipment. The total contract price is NT\$652,261 thousand. As of March 31, 2023, it has paid NT\$444,333 thousand (prepaid equipment payment), and the remaining NT\$207,928 thousand has not been paid.

b. Contingency

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

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

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

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 50,628	30.45 (USD:NTD)	\$1,541,623
JPY	466,922	0.2288 (JPY:NTD)	106,832
RMB	2,086	4.431 (RMB:NTD)	9,243
			<u>\$1,657,698</u>
 <u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	6,061	30.45 (USD:NTD)	\$ 184,557
JPY	43,300	0.2288 (JPY:NTD)	9,907
RMB	2,101	4.431 (RMB:NTD)	9,310
			<u>\$ 203,774</u>

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 43,054	30.71 (USD:NTD)	\$ 1,322,188
JPY	469,793	0.2324 (JPY:NTD)	109,180
RMB	80	4.408 (RMB:NTD)	353
			<u>\$ 1,431,721</u>
Foreign currency liabilities			
USD			
JPY	6,618	30.71 (USD:NTD)	\$ 203,239
RMB	6,758	4.408 (RMB:NTD)	29,789
			<u>\$ 233,028</u>

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 16,983	28.625 (USD:NTD)	\$ 486,138
JPY	41,345	0.2353 (JPY:NTD)	9,728
RMB	149	4.506 (RMB:NTD)	671
			<u>\$ 496,537</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	5,423	28.625 (USD:NTD)	\$ 155,233
JPY	496	0.2353 (JPY:NTD)	117
RMB	1,968	4.506 (RMB:NTD)	8,868
			<u>\$ 164,218</u>

The net foreign exchange gain or loss (realized and unrealized) of the consolidated company for the periods from January 1 to March 31, 2023 and 2022 were a loss of NT\$(14,816) thousand and a gain of NT\$15,915 thousand, respectively. Due to the variety of foreign currency transactions and functional currencies of the group individual entities, the exchange gains or losses could not be disclosed according to the foreign currencies with significant impact.

42. Supplementary Disclosures

a. Information on significant transactions and (b) reinvestment:

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

c. Information on Investments in Mainland China:

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

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

43. Segment information

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

semiconductor - manufacturer.

Motor vehicles – direct sales and maintenance.

Semiconductor - equipment manufacturing

Others

- a. Segment revenue and results of operations

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

	From January 1 to March 31, 2023				
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Revenue					
Revenue from external clients	\$ 1,063,814	\$ 267,140	\$ 110,129	\$ -	\$ 1,441,083
Intersegment revenue	121,124	108	53,125	(174,357)	-
Interest income	2,308	2	351	-	2,661
Total revenue	<u>\$ 1,187,246</u>	<u>\$ 267,250</u>	<u>\$ 163,605</u>	<u>(\$ 174,357)</u>	<u>\$ 1,443,744</u>
Interest Expense	\$ 19,540	\$ 162	\$ 1,276	(\$ 73)	\$ 20,905
Depreciation and amortization	<u>\$ 65,429</u>	<u>\$ 8,981</u>	<u>\$ 1,515</u>	<u>(\$ 898)</u>	<u>\$ 75,027</u>
Segment (loss) profit	<u>\$ 349,008</u>	<u>\$ 51,823</u>	<u>\$ 62,183</u>	<u>(\$ 99,458)</u>	<u>\$ 363,556</u>

	From January 1 to March 31, 2022					
	Semiconductor manufacturing	Motor vehicles trading	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Revenue						
Revenue from external clients	\$ 738,799	\$ 89,490	\$ 166,292	\$ 30,821	\$ -	\$ 1,025,402
Intersegment revenue	66,092	-	1,420	8,578	(76,090)	-
Interest income	11	44	7	100	-	162
Total revenue	<u>\$ 804,902</u>	<u>\$ 89,534</u>	<u>\$ 167,719</u>	<u>\$ 39,499</u>	<u>(\$ 76,090)</u>	<u>\$ 1,025,564</u>
Interest Expense	<u>\$ 10,140</u>	<u>\$ 35</u>	<u>\$ 38</u>	<u>\$ 32</u>	<u>(\$ 15)</u>	<u>\$ 10,230</u>
Depreciation and amortization	<u>\$ 54,673</u>	<u>\$ 1,728</u>	<u>\$ 2,733</u>	<u>\$ 2,254</u>	<u>(\$ 1,029)</u>	<u>\$ 60,359</u>
Segment (loss) profit	<u>\$ 212,021</u>	<u>(\$ 3,989)</u>	<u>\$ 51,823</u>	<u>(\$ 27,981)</u>	<u>(\$ 24,670)</u>	<u>\$ 207,204</u>

b. Segment assets and liabilities

March 31, 2023					
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Segment assets	<u>\$ 11,763,392</u>	<u>\$ 1,948,388</u>	<u>\$ 2,352,088</u>	<u>(\$ 2,458,673)</u>	<u>\$ 13,605,195</u>
Segment liabilities	<u>\$ 5,951,855</u>	<u>\$ 1,391,116</u>	<u>\$ 448,636</u>	<u>(\$ 237,001)</u>	<u>\$ 7,554,606</u>

December 31, 2022					
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Segment assets	<u>\$ 10,723,045</u>	<u>\$ 1,616,042</u>	<u>\$ 2,229,058</u>	<u>(\$ 2,334,721)</u>	<u>\$ 12,233,424</u>
Segment liabilities	<u>\$ 5,532,073</u>	<u>\$ 1,065,473</u>	<u>\$ 505,934</u>	<u>(\$ 224,680)</u>	<u>\$ 6,878,800</u>

March 31, 2022						
	Semiconductor manufacturing	Motor vehicles trading	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Segment assets	<u>\$ 9,484,841</u>	<u>\$ 205,701</u>	<u>\$ 1,057,610</u>	<u>\$ 1,211,319</u>	<u>(\$ 1,573,195)</u>	<u>\$ 10,386,276</u>
Segment liabilities	<u>\$ 4,835,701</u>	<u>\$ 76,753</u>	<u>\$ 817,699</u>	<u>\$ 129,563</u>	<u>(\$ 88,502)</u>	<u>\$ 5,771,214</u>

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

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

Table I

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Financing provided to others

From January 1 to March 31, 2023

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

No. (Note 1)	Financing Company	Counterparty	Transaction Item	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Business Interaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing limits for each borrowing company (Note 3)	Total financing limits (Note 3)	Note
													Name	Value			
0	Gudeng Precision Industrial Co., Ltd.	We Solutions Technology Co., Ltd.	Other receivable - related parties	Y	\$ 30,000	\$ 30,000	\$ -	3%	2	\$ -	Operating capital	\$ -	Promissory note	\$ 30,000	\$ 2,205,538	\$ 2,205,538	
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	2,205,538	2,205,538	
1	Shanghai Gudeng Trading Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	Other receivable - related parties	Y	31,017 (RMB 7,000)	31,017 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	31,017 (RMB 7,000)	2,205,538	2,205,538	
2	Suzhou Kunju Trading Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivable - related parties	Y	31,017 (RMB 7,000)	31,017 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	31,017 (RMB 7,000)	2,205,538	2,205,538	
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	2,205,538	2,205,538	
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	2,205,538	2,205,538	
4	We Solutions 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	130,424	130,424	
4	We Solutions 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	130,424	130,424	

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 (March 31, 2023) in compliance with the Company's regulations of procedures for financing.
 - (2) The investee company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (March 31, 2023) in compliance with the Company's regulations of procedures for financing.
- 2. Total financing limits:
 - (1) The Company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (March 31, 2023) in compliance with the Company's regulations of procedures for financing.
 - (2) The investee company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (March 31, 2023) in compliance with the Company's regulations of procedures for financing.
- 3. The Company's financing limits are calculated based on the net worth of the Company's financial statements reviewed by the certified public accountants; the investee company's financing limits are calculated based on the net worth of the Company's foreign currency financial statements reviewed by the certified public accountants.

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

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Endorsements/guarantees to others

From January 1 to March 31, 2023

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

No. (Note 1)	Name of the endorser's company	Endorsement object		Limit of endorsement for single enterprise (Note 3)	Maximum endorsement balance for the current period	Ending endorsement balance	Amount Actually Drawn	Amount of endorsement secured by property	Ratio of accumulated endorsement amount to net value of latest financial statement (%)	Maximum limit of endorsement (Note 3)	Endorsement of the parent company to the subsidiary company	Endorsement of the subsidiary company to the parent company	Endorsement to Mainland China	Note
		Name of Company	Relationship (Note 2)											
2	Suzhou Kunju Trading Co., Ltd.	Gudeng Investment Co., Ltd.	(3)	\$ 1,102,769	\$ 22,225 (RMB 5,000)	\$ 22,155 (RMB 5,000)	\$ 22,155 (RMB 5,000)	\$ -	0.40%	\$ 2,756,922	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 (March 31, 2023).
 - (2) The limit of the company’s endorsement for an overseas single affiliated company is in accordance with the company’s endorsement operating procedures, and the limit shall not exceed 20% of the company’s current net value (March 31, 2023).
- 2. Maximum limit of endorsement:
 - (1) The limit of the company’s cumulative endorsement is in accordance with the company’s endorsement operating procedures, and the limit shall not exceed 50% of the company’s current net value (March 31, 2023).

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

Table III

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Marketable securities held at the end of the period

March 31, 2023

Unit: In Thousands of New Taiwan Dollars, Except Shares

Name of Held Company	Type and Name of Marketable Securities (Note 1)	Relationship with the issuer of securities	Financial Statement Account	End of the Period				Note
				Number of Shares	Carrying amount	Percentage of Ownership	Fair Value	
Gudeng Precision Industrial Co., Ltd.	Listed companies							
	Symtek Automation Asia Co., Ltd.	None	Financial assets at fair value through other comprehensive income — non-current	4,000,000	<u>\$ 374,682</u>	5.60	<u>\$ 374,682</u>	Note 2
Gudeng Investment Co., Ltd.	Non-TWSE/TREX 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	"	20,000	1,996	0.01	1,996	—
	Taiwan Semiconductor Manufacturing Co. Ltd.	None	"	42,000	22,386	-	22,386	—
	Symtek Automation Asia Co., Ltd.	None	"	1,403,000	147,315	1.96	147,315	—
	Foxsemicon Integrated Technology Inc.	None	"	23,000	4,554	0.03	4,554	—
	ASIA NEO Tech Industrial Co., Ltd.	None	Financial assets at fair value through other comprehensive income — non-current	3,326,000	<u>95,123</u>	10.30	<u>95,123</u>	—
					<u>\$ 271,374</u>		<u>\$ 271,374</u>	
	Non-TWSE/TREX 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-TWSE/TREX company							
	Ting Shan Enterprise Co., Ltd.	Yes	Financial assets at fair value through profit or loss - 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 negotiable securities held by the consolidated company are not subject to any guarantee, pledge or other restrictions as agreed except as disclosed in the remarks.

Table IV

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

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

March 31, 2023

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

Company under Receivables	Name of Counterparty	Relationship	Balance of receivables from related parties	Turnover ratio	Overdue balance of 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	Trade receivables \$ 102,549	2.43	\$ -	—	\$ 5,725	\$ -

Note 1: Please fill by accounts receivable, notes receivable and other receivables from related parties respectively.

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.

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Situations of business relationship and important transactions between parent company and subsidiaries

From January 1 to March 31, 2023

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

No. (Note 1)	Name of Trader	Name of Counterparty	Relationship with the Trader (Note 2)	Situations of Transactions			
				Account	Amount	Transaction Terms (Note 4)	Ratio to Consolidated Total Revenue or Total Assets (Note 3)
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	1	Sales	\$ 79,512	—	6
			1	Purchase	170	—	-
			1	Service fees	28,363	—	2
			1	Trade receivables - related parties	102,549	—	1
		Gudeng Investment Co., Ltd.	1	Other payable - related parties	9,160	—	-
			1	Rental income	120	—	-
		Jia Shuo Technology Co., Ltd.	1	Sales	3,608	—	-
			1	Purchase	108	—	-
			1	Rental income	894	—	-
			1	Other income	465	—	-
			1	Guarantee deposits	351	—	-
			1	Trade receivables - related parties	3,789	—	-
			1	Other receivable - related parties	23,068	—	-
		We Solutions Technology Co., Ltd.	1	Purchase	37,990	—	3
			1	Other income	6	—	-
			1	Trade payable - related parties	23,687	—	-
		Rich Point Global Corp.	1	Other receivable - related parties	304	—	-
			1	Other receivable - related parties	77	—	-
		Sun Park Development Limited	1	Guarantee deposits	2	—	-
			1	Advance from customers	9	—	-
		Jia Shuo Construction, Inc.	1	Rental income	3	—	-
			1	Other receivable - related parties	1,005	—	-
		Gudeng Inc.	1	Other payable - related parties	11,502	—	-
			1	Service fees	16,451	—	1
		Shuoting Precision Industry Co., Ltd.	1	Purchase	6,200	—	-
			1	Trade payable - related parties	10,442	—	-
			1	Unearned sales revenue	5,528	—	-
1	Rich Point Global Corp.	Gudeng Investment Co., Ltd.	3	Other receivable - related parties	286	—	-

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

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

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

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

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

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

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

Table VI

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

NAMES, LOCATIONS AND RELEVANT INFORMATION OF INVESTEE COMPANIES

From January 1 to March 31, 2023

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	\$ 375,703	\$ 22,995	\$ 22,995	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	777,000	55,700,000	100	759,264	29,153	29,153	Notes 1 and 2
	We Solutions Technology Co., Ltd.	No. 207, Fuxing 2nd Rd., Zhubei City, Hsinchu County	Trading , repair, and maintenance of various precision instruments	248,825	248,825	25,000,000	83.33	271,716	13,462	11,218	Note 2
	Jia Shuo Technology Co., Ltd.	No. 106, Sec. 2, Fuxing 3rd Rd., Zhubei City, Hsinchu County	Manufacture, trading , repair, and maintenance of various precision instruments	99,074	99,074	11,302,701	50.1	279,202	51,823	25,964	Notes 1 and 2
	Gudeng Inc.	1798 Technology DR, #298 San Jose, CA, 95110	Engaged in various electronic components business	USD 850	USD 850	850,000	100	47,724	10,127	10,127	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 32,079	RMB 5,822	RMB 5,822	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 52,711	(RMB 644)	(RMB 644)	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	128,636	(2,034)	(2,034)	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	50,791	(651)	(228)	Note 3
	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	53,940	16,631,503	23.24	51,470	(4,517)	(1,189)	Note 3
	Hengyang Green Energy Co., Ltd.	2F, No. 50, Yongkehuan Rd., Wangxing Vil., Yongkang Dist., Tainan City	Piping works and electrical installations	108,000	63,000	10,800,000	45	102,389	(4,101)	(1,846)	Note 2
	YAHOO System Technology Co., Ltd.	1F, Building 4, No. 96-31, Section I, Fu En Li Industrial Park Road, Xitun District, Taichung	Equipment engineering and mechanical equipment manufacturing	26,601	-	700,000	21.05	28,108	7,162	1,507	Note 3
	Jia Shuo 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	78,038	11,085	10,874	Note 2
	We Solutions Technology Co., Ltd.	16F-3, No. 598, Sec. 1, Dunhua Rd., Houzhuang Vil., Beitun Dist., Taichung City	Investment and management consulting business	96,551	96,551	3,218,361	54.94	101,424	7,356	4,041	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	44,860	4,486,026	41.37	37,359	(6,234)	(2,579)	Note 2

(Continued on the next page)

(Continued from previous page)

Name of investor company	Name of Investee Company	Location	Main Business Activities	Original Investment Amount		Held at the End of The Period			Net Income (Loss) of the Investee	Investment Profit (Loss) Recognized in the Current Period	Note
				End of the Current Period	Year-end of the last year	Number of Shares	Ratio (%)	Carrying amount			
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	\$ 31,505	3,150,483	29.06	\$ 23,422	(\$ 6,234)	(\$ 1,811)	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	16,740	1,674,000	93	74,286	9,883	9,191	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 VII for the information about investments in Mainland China.

Table VII

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Information on Investments in Mainland China

From January 1 to March 31, 2023

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	\$ 30,450 (USD 1,000)	\$ -	\$ -	\$ 30,450 (USD 1,000)	\$ 26,189 (RMB 5,897)	100	\$ 26,189 (RMB 5,897) (2)C	\$ 105,865 (RMB 23,892)	\$ -	
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	36,784 (USD 1,208)	-	-	36,784 (USD 1,208)	(333) (RMB -75)	100	(333) (RMB -75) (2)C	36,343 (RMB 8,202)	-	

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 67,234 (USD 2,208)	NTD 414,417 (USD 5,388) (RMB 56,500)	NTD 3,308,306 (USD 108,647)

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 30.45; RMB spot exchange rate of 4.431; RMB profit and loss exchange rate of 4.441 on March 31, 2023).

Table VIII

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Significant transactions with investee companies in mainland China incurred directly or indirectly through a third region, and their prices, payment terms, unrealized gain or loss, and other relevant information

From January 1 to March 31, 2023

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

Investee Company In Mainland China	Type of Transaction	Purchases, Sales, and Service fees		Price	Transaction Terms		Notes/ Trade receivable (payable)		Unrealized gain (loss)	Note
		Amount	Percentag e		Payment Terms	Compared with normal transactions	Amount	Percentag e		
Shanghai Gudeng Trading Co., Ltd.	Sales	\$ 79,512	6	Same as normal clients	Same as normal clients	Same as normal clients	\$ 102,549	7	\$ -	
"	Service fees	28,363	10	Same as normal clients	Same as normal clients	Same as normal clients	(9,160)	(1)	-	
"	Purchase	170	-	Same as normal clients	Same as normal clients	Same as normal clients	-	-	-	

Table IX

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Information on Major Shareholders

March 31, 2023

Unit: Shares

Name of Major Shareholders	Shareholding	
	Number of Shares Held	Percentage of Ownership
Ming-Lang Zhuang	8,118,563	9.37%
Ming-Chien Chiu	6,647,037	7.67%
Tien-Jui Lin	4,546,853	5.25%

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