

Gudeng Precision Industrial Co., Ltd.
and Subsidiaries

Consolidated Financial Statements
and Independent Auditors' Report

For the Six Months Ended June 30, 2023 and 2022

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

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Independent Auditors' Report

To: Gudeng Precision Industrial Co., Ltd.

Introduction

We have reviewed the consolidated balance sheets of Gudeng Precision Industrial Co., Ltd. and its subsidiaries as of June 30, 2023 and 2022, the consolidated statements of comprehensive income from April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022, the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to June 30, 2023 and 2022, and the notes to the consolidated financial statements, including the summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 Interim Financial Reporting endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with 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 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were unreviewed. As of June 30, 2023 and 2022, the combined total assets of these non-significant subsidiaries

were NT\$1,333,220 thousand and NT\$471,753 thousand, respectively, representing 9.78% and 4.48%, respectively, of the consolidated total assets; the combined total liabilities of these non significant subsidiaries were NT\$361,558 thousand and NT\$125,474 thousand, respectively, representing 5.26% and 2.19%, respectively, of the consolidated total liabilities. For the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, the amounts of the combined comprehensive income of these non significant subsidiaries were NT\$9,116 thousand, NT\$48,089 thousand, NT\$63,106 thousand and NT\$69,957 thousand, respectively, representing 3.96%, 44.83%, 8.63% and 19.34% of the consolidated total comprehensive income, respectively. In addition, as disclosed in Note 13 to the consolidated financial statements, the total carrying amounts of the investments accounted for using the equity method were NT\$141,422 thousand and NT\$102,525 thousand as of June 30, 2023 and 2022, respectively. The share of profit of associates accounted for using the equity method was NT\$2,316 thousand, NT\$2,953 thousand, NT\$2,406 thousand and NT\$4,622 thousand for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 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 June 30, 2023 and 2022, and its consolidated financial performance for the three months ended June 30, 2023 and 2022, as well as its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 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
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August 9, 2023

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

As of June 30, 2023, December 31, 2022 and June 30, 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 2,414,943	18	\$ 2,270,488	19	\$ 2,169,966	20
1110	Financial assets at fair value through profit or loss - current (Note 7)	193,247	1	142,562	1	68,834	1
1136	Financial assets at amortized cost - current (Note 9)	748,125	5	329,760	3	100,660	1
1150	Notes receivable from unrelated parties (Note 10)	1,577	-	1,433	-	1	-
1160	Notes receivable from related parties, net (Notes 10 and 38)	79	-	615	-	-	-
1172	Trade receivables from unrelated parties (Notes 10 and 28)	827,725	6	1,077,420	9	786,744	7
1180	Trade receivables from related parties, net (Notes 10, 28 and 38)	748	-	275	-	-	-
1200	Other receivables (Note 10)	2,359	-	6,850	-	27,941	-
1210	Other receivables from related parties (Notes 10 and 38)	10	-	9	-	35	-
1220	Current tax assets (Note 4)	104	-	9	-	2	-
130X	Inventories (Note 11)	1,740,641	13	1,645,942	13	1,224,230	12
1410	Prepayments (Note 19)	222,771	2	166,918	1	97,501	1
1479	Other current assets (Note 20)	5,502	-	4,901	-	3,414	-
11XX	Total current assets	<u>6,157,831</u>	<u>45</u>	<u>5,647,182</u>	<u>46</u>	<u>4,479,328</u>	<u>42</u>
	Non-current assets						
1517	Purchase of financial assets at fair value through other comprehensive income - non-current (Note 8)	597,127	4	403,475	3	375,923	4
1535	Financial assets at amortized cost - non-current (Note 9)	2,553	-	2,546	-	2,542	-
1550	Investments accounted for using the equity method (Note 13)	141,422	1	103,678	1	102,525	1
1600	Property, plant and equipment (Note 14)	5,169,972	38	4,737,362	39	3,084,999	29
1755	Right-of-use assets (Note 15)	100,917	1	92,468	1	44,238	1
1760	Investment properties, net (Note 16)	776,406	6	780,755	6	1,938,924	19
1805	Goodwill (Note 17)	65,383	1	65,383	1	24,622	-
1821	Other intangible assets (Note 18)	117,494	1	103,569	1	106,567	1
1840	Deferred tax assets	59,561	-	49,762	-	29,423	-
1915	Prepayments for equipment (Note 40)	418,571	3	216,846	2	322,213	3
1920	Refundable deposits	31,566	-	28,945	-	27,886	-
1990	Other non-current assets - other (Note 20)	1,379	-	1,453	-	242	-
15XX	Total non-current assets	<u>7,482,351</u>	<u>55</u>	<u>6,586,242</u>	<u>54</u>	<u>6,060,104</u>	<u>58</u>
1XXX	Total assets	<u>\$ 13,640,182</u>	<u>100</u>	<u>\$ 12,233,424</u>	<u>100</u>	<u>\$ 10,539,432</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Note 21)	\$ 525,000	4	\$ 28,000	-	\$ 170,000	2
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	8	-	1,447	-	-	-
2150	Notes payable to unrelated parties (Note 23)	53	-	8,753	-	90	-
2160	Notes payable to related parties (Notes 23 and 38)	-	-	100	-	-	-
2170	Trade payables to unrelated parties (Note 23)	475,056	4	541,279	5	523,139	5
2180	Trade payables to related parties (Notes 23 and 38)	17,176	-	13,616	-	21,769	-
2219	Other payables (Note 24)	786,148	6	954,093	8	602,841	6
2220	Other payables to related parties (Notes 24 and 38)	-	-	-	-	930	-
2230	Current tax liabilities (Note 4)	125,641	1	202,458	2	93,571	1
2250	Provisions - current (Note 25)	31,441	-	26,618	-	38,130	-
2280	Lease liabilities - current (Note 15)	33,815	-	28,827	-	21,251	-
2131	Contract liabilities - current (Notes 28 and 38)	849,574	6	709,026	6	619,770	6
2320	Current portion of long-term borrowings (Note 21)	279,845	2	154,638	1	205,920	2
2399	Other current liabilities (Note 24)	14,637	-	13,696	-	12,775	-
21XX	Total current liabilities	<u>3,138,394</u>	<u>23</u>	<u>2,682,551</u>	<u>22</u>	<u>2,310,186</u>	<u>22</u>
	Non-current liabilities						
2530	Corporate bonds payable (Note 22)	78,740	1	922,582	8	-	-
2540	Long-term borrowings (Note 21)	3,540,819	26	3,169,205	26	3,363,396	32
2570	Deferred tax liabilities	4,915	-	4,140	-	2,093	-
2580	Lease liabilities - non-current (Note 15)	69,512	-	65,674	-	24,355	-
2640	Net defined benefit liabilities - non-current (Note 4)	26,302	-	26,110	-	26,940	-
2645	Guarantee deposits (Note 38)	8,765	-	8,538	-	8,539	-
25XX	Total non-current liabilities	<u>3,729,053</u>	<u>27</u>	<u>4,196,249</u>	<u>34</u>	<u>3,425,323</u>	<u>32</u>
2XXX	Total liabilities	<u>6,867,447</u>	<u>50</u>	<u>6,878,800</u>	<u>56</u>	<u>5,735,509</u>	<u>54</u>
	Equity attributable to owners of the company (Note 27)						
	Share capital						
3110	Ordinary shares	853,689	7	840,973	7	840,973	8
3140	Share capital collected in advance	27,676	-	1,521	-	-	-
3200	Capital surplus	4,147,166	30	3,248,341	26	3,172,103	30
	Retained earnings						
3310	Legal reserve	261,984	2	216,567	2	168,792	2
3320	Special reserve	146,666	1	157,093	1	5,909	-
3350	Unappropriated earnings	648,415	5	560,545	5	642,327	6
3300	Total retained earnings	1,057,065	8	934,205	8	817,028	8
3490	Other equity	36,735	-	(146,666)	(1)	(157,093)	(2)
3500	Treasury stock	-	-	-	-	(8,819)	-
31XX	Total equity attributable to owners of the company	<u>6,122,331</u>	<u>45</u>	<u>4,878,374</u>	<u>40</u>	<u>4,664,192</u>	<u>44</u>
36XX	Non-controlling interests (Note 27)	<u>650,404</u>	<u>5</u>	<u>476,250</u>	<u>4</u>	<u>139,731</u>	<u>2</u>
3XXX	Total equity	<u>6,772,735</u>	<u>50</u>	<u>5,354,624</u>	<u>44</u>	<u>4,803,923</u>	<u>46</u>
	Total liabilities and equity	<u>\$ 13,640,182</u>	<u>100</u>	<u>\$ 12,233,424</u>	<u>100</u>	<u>\$ 10,539,432</u>	<u>100</u>

The attached notes are part of this consolidated financial statements.
(Please refer to Deloitte & Touche's audit report on August 9, 2023)

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of comprehensive income

For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022

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

Code		From April 1 to June 30, 2023		From April 1 to June 30, 2022		From January 1 to June 30, 2023		From January 1 to June 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note 28)	\$ 977,966	100	\$ 1,066,043	100	\$ 2,419,049	100	\$ 2,091,445	100
5000	Operating costs (Notes 11, 29 and 38)	<u>553,383</u>	<u>56</u>	<u>536,684</u>	<u>50</u>	<u>1,270,551</u>	<u>53</u>	<u>1,085,038</u>	<u>52</u>
5900	Gross profit	<u>424,583</u>	<u>44</u>	<u>529,359</u>	<u>50</u>	<u>1,148,498</u>	<u>47</u>	<u>1,006,407</u>	<u>48</u>
	Operating expenses (Notes 29 and 38)								
6100	Selling and marketing expenses	47,201	5	46,886	4	101,866	4	83,696	4
6200	General and administrative expenses	149,058	15	171,001	16	311,051	13	315,957	15
6300	Research and development expenses	129,054	13	69,311	7	203,907	8	124,266	6
6450	Expected credit loss (reversal benefits)	(<u>4,117</u>)	<u>-</u>	(<u>1,368</u>)	<u>-</u>	(<u>6,256</u>)	<u>-</u>	(<u>688</u>)	<u>-</u>
6000	Total operating expenses	<u>321,196</u>	<u>33</u>	<u>288,566</u>	<u>27</u>	<u>610,568</u>	<u>25</u>	<u>524,607</u>	<u>25</u>
6900	Net operating income	<u>103,387</u>	<u>11</u>	<u>240,793</u>	<u>23</u>	<u>537,930</u>	<u>22</u>	<u>481,800</u>	<u>23</u>
	Non-operating revenue and expenses								
7100	Interest income (Note 29)	12,765	1	752	-	15,426	1	914	-
7190	Other income (Notes 29 and 38)	45,208	5	37,476	3	56,010	3	50,067	2
7020	Other gains and losses (Note 29)	48,561	5	60,070	6	72,637	3	74,010	4
7050	Finance costs (Note 29)	(<u>20,567</u>)	(<u>2</u>)	(<u>12,242</u>)	(<u>1</u>)	(<u>41,472</u>)	(<u>2</u>)	(<u>22,472</u>)	(<u>1</u>)
7060	Share of profit or loss from associates accounted for using the equity method	<u>2,316</u>	<u>-</u>	<u>2,953</u>	<u>-</u>	<u>2,406</u>	<u>-</u>	<u>4,622</u>	<u>-</u>
7000	Total non-operating revenue and expenses	<u>88,283</u>	<u>9</u>	<u>89,009</u>	<u>8</u>	<u>105,007</u>	<u>5</u>	<u>107,141</u>	<u>5</u>
7900	Net income before tax	191,670	20	329,802	31	642,937	27	588,941	28
7950	Income tax expense (Notes 4 and 30)	(<u>7,801</u>)	(<u>1</u>)	(<u>24,103</u>)	(<u>2</u>)	(<u>95,512</u>)	(<u>4</u>)	(<u>76,038</u>)	(<u>4</u>)
8200	Net income for the year	<u>183,869</u>	<u>19</u>	<u>305,699</u>	<u>29</u>	<u>547,425</u>	<u>23</u>	<u>512,903</u>	<u>24</u>
	Other comprehensive income/(loss)								
	Items that will not be reclassified to profit or loss								
8316	Unrealized valuation gain/(loss) on investments in equity instruments at fair value through other comprehensive income	58,120	6	(<u>192,846</u>)	(<u>18</u>)	193,652	8	(<u>153,715</u>)	(<u>7</u>)
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translating the financial statements of foreign operations	(<u>11,726</u>)	(<u>1</u>)	(<u>5,575</u>)	(<u>1</u>)	(<u>10,251</u>)	(<u>1</u>)	<u>2,531</u>	<u>-</u>
8300	Total other comprehensive income/(loss) for the year (net of income tax)	<u>46,394</u>	<u>5</u>	(<u>198,421</u>)	(<u>19</u>)	<u>183,401</u>	<u>7</u>	(<u>151,184</u>)	(<u>7</u>)
8500	Total comprehensive income for the year	<u>\$ 230,263</u>	<u>24</u>	<u>\$ 107,278</u>	<u>10</u>	<u>\$ 730,826</u>	<u>30</u>	<u>\$ 361,719</u>	<u>17</u>
	Net income attributable to								
8610	Owners of the company	\$ 146,295	15	\$ 283,698	27	\$ 481,841	20	\$ 477,753	23
8620	Non-controlling interests	<u>37,574</u>	<u>4</u>	<u>22,001</u>	<u>2</u>	<u>65,584</u>	<u>3</u>	<u>35,150</u>	<u>2</u>
8600		<u>\$ 183,869</u>	<u>19</u>	<u>\$ 305,699</u>	<u>29</u>	<u>\$ 547,425</u>	<u>23</u>	<u>\$ 512,903</u>	<u>25</u>
	Total comprehensive income/(loss) attributable to								
8710	Owners of the company	\$ 192,689	20	\$ 85,277	8	\$ 665,242	27	\$ 326,569	15
8720	Non-controlling interests	<u>37,574</u>	<u>4</u>	<u>22,001</u>	<u>2</u>	<u>65,584</u>	<u>3</u>	<u>35,150</u>	<u>2</u>
8700		<u>\$ 230,263</u>	<u>24</u>	<u>\$ 107,278</u>	<u>10</u>	<u>\$ 730,826</u>	<u>30</u>	<u>\$ 361,719</u>	<u>17</u>
	Earnings per share (Note 31)								
9710	Basic	<u>\$ 1.68</u>		<u>\$ 3.38</u>		<u>\$ 5.60</u>		<u>\$ 5.71</u>	
9810	Diluted	<u>\$ 1.66</u>		<u>\$ 3.38</u>		<u>\$ 5.46</u>		<u>\$ 5.70</u>	

The attached notes are part of this consolidated financial statements.
(Please refer to Deloitte & Touche's audit report on August 9, 2023)

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of changes in equity

From January 1 to June 30, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		Attributable to owners of the company													
		Share capital				Retained earnings			Other equity items			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	Exchange differences on translating the financial statements of foreign operations	Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive gains and losses					
A1	Balance on January 1, 2022	84,097	\$ 840,973	\$ -	\$ 3,094,606	\$ 143,427	\$ 24,637	\$ 338,648	(\$ 18,668)	\$ 12,759	(\$ 15,289)	\$ 4,421,093	\$ 104,581	\$ 4,525,674	
	Appropriation of earnings														
B1	Legal reserve	-	-	-	-	25,365	-	(25,365)	-	-	-	-	-	-	
B3	Special reserve	-	-	-	-	-	(18,728)	18,728	-	-	-	-	-	-	
B5	Cash dividends distributed by the company	-	-	-	-	-	-	(167,437)	-	-	-	(167,437)	-	(167,437)	
N1	The Company issues employee stock options	-	-	-	77,497	-	-	-	-	-	6,470	83,967	-	83,967	
D1	Net income for the six months ended June 30, 2022	-	-	-	-	-	-	477,753	-	-	-	477,753	35,150	512,903	
D3	Other comprehensive income/(loss) after tax for the six months ended June 30, 2022	-	-	-	-	-	-	-	2,531	(153,715)	-	(151,184)	-	(151,184)	
D5	Total comprehensive income/(loss) for the six months ended June 30, 2022	-	-	-	-	-	-	477,753	2,531	(153,715)	-	326,569	35,150	361,719	
Z1	Balance on June 30, 2022	84,097	\$ 840,973	\$ -	\$ 3,172,103	\$ 168,792	\$ 5,909	\$ 642,327	(\$ 16,137)	(\$ 140,956)	(\$ 8,819)	\$ 4,664,192	\$ 139,731	\$ 4,803,923	
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	
	Appropriation of earnings														
B1	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)	
	Changes in other capital surplus:														
M5	Actual acquisition or disposal of part of the equity of subsidiaries (Note 27)	-	-	-	92,003	-	-	-	-	-	-	92,003	131,085	223,088	
C7	Changes in associates and joint venture accounted for using the equity method	-	-	-	-	-	-	(12,628)	-	-	-	(12,628)	-	(12,628)	
I1	Conversion of convertible corporate bonds	1,272	12,716	26,155	806,822	-	-	-	-	-	-	845,693	-	845,693	
O1	Increase/decrease in non-controlling interests (Note 27)	-	-	-	-	-	-	-	-	-	-	-	(22,515)	(22,515)	
D1	Net income for the six months ended June 30, 2023	-	-	-	-	-	-	481,841	-	-	-	481,841	65,584	547,425	
D3	Other comprehensive income/(loss) after tax for the six months ended June 30, 2023	-	-	-	-	-	-	-	(10,251)	193,652	-	183,401	-	183,401	
D5	Total comprehensive income/(loss) for the six months ended June 30, 2023	-	-	-	-	-	-	481,841	(10,251)	193,652	-	665,242	65,584	730,826	
Z1	Balance on June 30, 2023	85,369	\$ 853,689	\$ 27,676	\$ 4,147,166	\$ 261,984	\$ 146,666	\$ 648,415	(\$ 28,740)	\$ 65,475	\$ -	\$ 6,122,331	\$ 650,404	\$ 6,772,735	

The attached notes are part of this consolidated financial statements.
(Please refer to Deloitte & Touche's audit report on August 9, 2023)

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of cash flows
From January 1 to June 30, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		From January 1 to June 30, 2023	From January 1 to June 30, 2022
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 642,937	\$ 588,941
A20010	Adjustments for		
A20100	Depreciation expenses	144,909	109,329
A20200	Amortization expenses	9,214	11,164
A20300	Expected credit impairment loss (reversal gain)	(6,256)	688
A20400	Net loss (profit) on financial assets at fair value through profit or loss	(59,585)	10,763
A20900	Finance costs	41,472	22,472
A21200	Interest income	(15,426)	(914)
A21300	Dividend income	(32,595)	(26,641)
A21900	Compensation costs of share-based payment	-	77,497
A22300	Share of profit from associates accounted for using the equity method	(2,406)	(4,622)
A22500	Loss (Gain) on disposal of property, plant and equipment	3,854	(897)
A22900	Gain on lease amendment	(305)	-
A23200	Gain on disposal of subsidiaries	-	(54,936)
A23700	Write-downs of inventories for price loss and obsolescence	35,412	22,102
A29900	Income from the conversion of corporate bonds into fractional shares	(25)	-
A30000	Net Changes in operating assets and liabilities		
A31130	Notes receivable	392	251
A31150	Trade receivables	255,566	(163,479)
A31180	Other receivables	4,490	1,016
A31200	Inventories	(130,107)	(335,743)
A31230	Prepayments	(55,853)	(10,862)
A31240	Other current assets	(601)	(1,990)
A32130	Notes payable	(8,800)	-
A32150	Trade payables	(62,663)	114,179
A32180	Other payables	(165,723)	50,495
A32200	Provisions	4,823	-
A32125	Contract liabilities	140,548	172,452

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Code		From January 1 to June 30, 2023	From January 1 to June 30, 2022
A32230	Other current liabilities	\$ 941	\$ 8,913
A32240	Net defined benefit liabilities	<u>192</u>	(<u>18</u>)
A33000	Cash generated from/(used in) operations	744,405	590,160
A33100	Interest received	15,426	914
A33300	Interest paid	(40,794)	(22,549)
A33200	Dividend received	32,595	28
A33500	Income tax paid	(<u>181,448</u>)	(<u>35,140</u>)
AAAA	Net cash inflow from operating activities	<u>570,184</u>	<u>533,413</u>
Cash flows from investing activities			
B00010	Purchase of financial assets at fair value through other comprehensive income	-	(33,970)
B00040	Purchase of financial assets at amortized cost	(418,372)	(89,160)
B00100	Purchase of financial assets at fair value through profit or loss	(21,751)	(51,198)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	26,149	21,720
B01800	Acquisition of long-term equity investments accounted for using the equity method	(51,466)	(19,970)
B02300	Net cash inflow from disposal of subsidiaries (Note 33)	-	208,129
B02700	Payments for property, plant and equipment	(483,298)	(557,261)
B02800	Proceeds from disposal of property, plant and equipment	7,467	9,182
B03700	Increase in refundable deposits	(2,621)	(465)
B04500	Payments for intangible assets	(23,165)	(9,797)
B06800	Decrease in other non-current assets	74	181
B07600	Dividends received from associates	3,500	3,500
B07100	Increase in prepayments for equipment	(<u>292,443</u>)	(<u>61,324</u>)
BBBB	Net cash outflow from investment activities	(<u>1,255,926</u>)	(<u>580,433</u>)
Cash flows from financing activities			
C00100	Proceeds from short-term borrowings	1,050,000	115,984
C00200	Repayments of short-term borrowings	(553,000)	(67,008)
C01600	Proceeds from long-term borrowings	650,760	702,390

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Code		From January 1 to June 30, 2023	From January 1 to June 30, 2022
C01700	Repayments of long-term borrowings	(153,939)	(173,444)
C03000	Increase in guarantee deposits	227	-
C03100	Refund of guarantee deposits	-	(415)
C04020	Return on lease liabilities principal	(17,298)	(9,836)
C04500	Cash dividends distribution	(359,513)	(67,278)
C05100	Treasury stocks purchased by employees	\$ -	\$ 6,470
C05400	Acquisition of equity of subsidiaries	(450)	-
C05500	Disposal of equity of subsidiaries	113,538	-
C05800	Changes in non-controlling interests	<u>110,000</u>	<u>-</u>
CCCC	Net cash inflow from financing activities	<u>840,325</u>	<u>506,863</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	(<u>10,128</u>)	<u>2,794</u>
EEEE	Net increase in cash and cash equivalents	144,455	462,637
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>\$ 2,414,943</u>	<u>\$ 2,169,966</u>

The attached notes are part of this consolidated financial statements.

(Please refer to Deloitte & Touche's audit report on August 9, 2023)

Chairman: Ming-Chien Chiu

Manager: Tien-Jui Lin

Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Notes to the consolidated financial statements

From January 1 to June 30, 2023 and 2022

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

1. Company Overview

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

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

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

2. Date and Procedures of Authorization of Financial Statements

The accompanying consolidated financial statements were published after being reported to the Board of Directors on August 9, 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
Amendment to IFRS 17	January 1, 2023

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New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
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
Amendment to IFRS 7 "Supplier Finance Arrangements" and IAS 7	January 1, 2024
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note 3

Note 1: Unless stated otherwise, the aforementioned New, Revised or Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: The seller and the lessee shall retroactively correct the leaseback transactions in accordance with the IFRS 16 after the initial application of the IFRS 16.

Note 3: The requirement that an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning after January 1, 2023. These other disclosure requirements do not apply to the interim financial reports which end the interim period before December 31, 2023.

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 12 and Tables VII & VIII.

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) **Retirement benefits**

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

2) **Income tax expenses**

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

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

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

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

6. Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and working capital	\$ 1,272	\$ 940	\$ 1,277
Bank checking and demand deposits	2,300,251	2,249,548	2,143,689
Cash equivalents (investments with original maturity date within 3 months)			
Bank time deposits	113,420	20,000	25,000
	<u>\$ 2,414,943</u>	<u>\$ 2,270,488</u>	<u>\$ 2,169,966</u>

7. Financial Instruments at Fair Value through Profit or Loss

	June 30, 2023	December 31, 2022	June 30, 2022
<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 22)	333	2,605	-
Non-derivative financial assets			
- Domestic publicly traded shares	192,914	139,497	37,761
Hybrid financial assets			
- Structured deposits (II)	-	-	31,073
	<u>\$ 193,247</u>	<u>\$ 142,562</u>	<u>\$ 68,834</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not designated for hedging)			
- Conversion of options (Note 22)	\$ 8	\$ 1,447	\$ -

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

December 31, 2022

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

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

- 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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Non-current</u>			
Domestic investment			
Publicly traded placement shares			
Symtek Automation Asia Co., Ltd.	\$ 439,454	\$ 251,124	\$ 226,835
Publicly traded shares			
Asia Neo Tech Industrial Co., Ltd.	88,472	83,150	83,815
Non-publicly traded shares			
NanoClean Materials Co., Ltd.	1,465	1,465	2,900
MontJade Engineering Co., Ltd.	16,669	16,669	20,046
Jiurun Precision Technology Co., Ltd.	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
	<u>\$ 597,127</u>	<u>\$ 403,475</u>	<u>\$ 375,923</u>

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

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

9. Financial assets at amortized cost

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Pledged certificate of deposit	\$ 126,500	\$ 126,500	\$ 11,500
Time deposits with an original maturity date more than 3 months	<u>621,625</u>	<u>203,260</u>	<u>89,160</u>
	<u>\$ 748,125</u>	<u>\$ 329,760</u>	<u>\$ 100,660</u>
<u>Non-current</u>			
Pledged deposits	<u>\$ 2,553</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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 1,577	\$ 1,433	\$ 1
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,577</u>	<u>\$ 1,433</u>	<u>\$ 1</u>
Arising from operations	<u>\$ 1,577</u>	<u>\$ 1,433</u>	<u>\$ 1</u>
<u>Notes receivable - related parties</u> (Note 38)			
Measured at amortized cost			
Total carrying amount	\$ 79	\$ 615	\$ -
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 79</u>	<u>\$ 615</u>	<u>\$ -</u>
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 834,669	\$1,084,009	\$ 790,272
Less: allowance for loss	<u>(6,944)</u>	<u>(6,589)</u>	<u>(3,528)</u>
	<u>\$ 827,725</u>	<u>\$1,077,420</u>	<u>\$ 786,744</u>
<u>Trade receivables - related parties</u> (Note 38)			
Measured at amortized cost			
Total carrying amount	\$ 748	\$ 275	\$ -
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 748</u>	<u>\$ 275</u>	<u>\$ -</u>

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	June 30, 2023	December 31, 2022	June 30, 2022
<u>Other receivables</u>			
Other receivable - non-related parties			
Dividends receivable	\$ -	\$ -	\$ 26,613
Others	<u>2,359</u>	<u>6,850</u>	<u>1,328</u>
	<u>\$ 2,359</u>	<u>\$ 6,850</u>	<u>\$ 27,941</u>
Other receivable - related parties (Note 38)	<u>\$ 10</u>	<u>\$ 9</u>	<u>\$ 35</u>
<u>Collection</u>			
Measured at amortized cost			
Total carrying amount	\$ 13,548	\$ 20,248	\$ 1,887
Less: allowance for bad debts	(<u>13,548</u>)	(<u>20,248</u>)	(<u>1,887</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 receivables from the original credit date to the balance sheet date. To mitigate the credit risk, the management of the consolidated company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the consolidated company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the consolidated company's credit risk is significantly reduced.

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

base, and only sets the expected credit loss rate based on the overdue days of notes receivable and entry days of trade receivable.

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

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

Notes receivable

June 30, 2023

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 1,656
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u>\$ 1,656</u>

December 31, 2022

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

June 30, 2022

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

Trade receivables

June 30, 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	0.36%	1.18%	6.65%	16.14%	
Total carrying amount	\$ 707,169	\$ 87,404	\$ 33,705	\$ 7,139	\$ 835,417
Allowance for losses (lifetime expected credit losses)	(2,517)	(1,032)	(2,243)	(1,152)	(6,944)
Costs after amortization	<u>\$ 704,652</u>	<u>\$ 86,372</u>	<u>\$ 31,462</u>	<u>\$ 5,987</u>	<u>\$ 828,473</u>

December 31, 2022

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

June 30, 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	0.1%	1.5%	3.9%	10.8%	
Total carrying amount	\$ 686,884	\$ 79,483	\$ 16,746	\$ 7,159	\$ 790,272
Allowance for losses (lifetime expected credit losses)	(<u>869</u>)	(<u>1,226</u>)	(<u>659</u>)	(<u>774</u>)	(<u>3,528</u>)
Costs after amortization	<u>\$ 686,015</u>	<u>\$ 78,257</u>	<u>\$ 16,087</u>	<u>\$ 6,385</u>	<u>\$ 786,744</u>

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

Changes in loss allowance for trade receivables are as follows:

	<u>From January 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2022</u>
Beginning Balance	\$ 6,589	\$ 2,861
Add: impairment loss recognized for the period	1,262	1,072
Less: disposal of subsidiaries (Note 33)	-	(25)
Less: transferred out due to reclassification for the period	(893)	-
Less: actual write-off for the period	-	(398)
Foreign currency translation differences	(<u>14</u>)	<u>18</u>
Ending Balance	<u>\$ 6,944</u>	<u>\$ 3,528</u>

Changes in loss allowance for collection are as follows:

	<u>From January 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2022</u>
Beginning Balance	\$ 20,248	\$ 2,228
Add: transferred in due to reclassification for the period	893	-
Less: Reversal on impairment loss for the period	(7,518)	(384)
Foreign currency translation differences	(<u>75</u>)	<u>43</u>
Ending Balance	<u>\$ 13,548</u>	<u>\$ 1,887</u>

11. Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 407,495	\$ 383,578	\$ 325,724
Semi-finished products	264,091	259,513	150,594
Work in process	626,600	643,849	567,360
Finished products	314,727	242,117	153,775
Stock in hand	<u>5,734</u>	<u>2,807</u>	<u>26,777</u>
	1,618,647	1,531,864	1,224,230
<u>Construction land</u>			
Sanxia District, New Taipei City	<u>121,994</u>	<u>114,078</u>	<u>-</u>
	<u>\$ 1,740,641</u>	<u>\$ 1,645,942</u>	<u>\$ 1,224,230</u>

Nature of cost of goods sold as below:

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Cost of inventory sold	\$ 558,800	\$ 517,821	\$ 1,238,019	\$ 1,063,048
Inventory loss (recovery gain) for market price decline	(3,602)	18,947	35,412	22,102
Others	(<u>1,815</u>)	(<u>84</u>)	(<u>2,880</u>)	(<u>112</u>)
	<u>\$ 553,383</u>	<u>\$ 536,684</u>	<u>\$ 1,270,551</u>	<u>\$ 1,085,038</u>

12. Subsidiaries

Subsidiaries included in consolidated financial statements

The consolidated financial statements are presented as follows:

Name of investor company	Name of Subsidiary	Nature of business	Percentage of equity held			Description
			June 30, 2023	December 31, 2022	June 30, 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
	Gudeng Equipment Co., Ltd. (formerly: Gudeng Automation Corporation) (hereinafter "Gudeng Equipment")	Manufacture, trading, repair, and maintenance of various precision instruments	46.73%	50.10%	50.93%	Notes 2, 9 and 11
	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 Construction")	Industrial plant, residential and building development and leasing, real estate sales and leasing	100%	100%	100%	Note 1
	Hengyang Green Energy Co., Ltd. (hereinafter "Hengyang")	Piping works and electrical installations	45%	45%	-	Notes 1 and 8
Rich Point	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%	-

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Name of investor company	Name of Subsidiary	Nature of business	Percentage of equity held			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
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	-	-	-	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
Gudeng Equipment	Showa Precision Co., Ltd. (hereinafter "Showa")	Manufacture, trading, repair, and maintenance of various precision instruments	100%	100%	100%	-
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 mold and manufacturing of machinery and equipment	70.43%	41.37%	-	Notes 1, 2, 7 and 10
	Bor Sheng Industrial Co., Ltd. (hereinafter "Bor Sheng")	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	0.50%	-	-	Notes 1 and 2
Fu Rui Sheng	Bor Sheng	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	93%	93%	-	Notes 1 and 6
	Shuoting	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	-	29.06%	-	Notes 1, 7 and 10

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

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 Gudeng Equipment Co., Ltd. on February 10, 2023.

Note 10: For the purpose of organizational restructuring, We Solutions acquired 29.06% of the shares of Shuoting from Fu Rui Sheng for NT\$31,505 thousand on May 12, 2023, and the consolidated shareholding ratio was still 70.43%.

Note 11: Since Gudeng Equipment is a domestic listed company, the consolidated company holds 46.73% of its shares, and the remaining 53.27% of its shares are held by hundreds of shareholders who are not related parties to the consolidated company, taking into account the absolute number, relative size and distribution of voting rights held by other shareholders. It is judged that the consolidated company has the substantive ability to dominate the relevant activities of Gudeng Equipment, so it is classified as a subsidiary.

13. Investments accounted for using the equity method

	June 30, 2023	December 31, 2022	June 30, 2022
Individual insignificant associates	<u>\$ 141,422</u>	<u>\$ 103,678</u>	<u>\$ 102,525</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 NT\$38 per share with a shareholding of 21.05% and obtained significant influence over the company.

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

On April 15, 2023, the consolidated company participated in the cash capital increase of i Analyzer at NT\$3.24 per share and acquired 7,667 thousand ordinary shares, totaling NT\$24,866 thousand. After acquisition, the shareholding ratio increased to 30.64%.

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

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

14. **Property, Plant and Equipment**

Self-usage

	Self-owned land	Buildings	Machinery equipment	Leasehold improvements	Other equipment	Real property under construction	Total
Cost							
Balance on January 1, 2023	\$ 2,640,623	\$ 588,493	\$ 1,059,162	\$ 54,566	\$ 1,157,007	\$ 443,480	\$ 5,943,331
Addition	100,178	25,507	45,873	7,261	92,978	204,184	475,981
Disposal	-	-	(27,386)	-	(8,058)	-	(35,444)
Reclassification	-	22,100	47,273	-	19,655	1,690	90,718
Net exchange differences	-	418	-	(15)	(750)	-	(347)
Balance on June 30, 2023	<u>\$ 2,740,801</u>	<u>\$ 636,518</u>	<u>\$ 1,124,922</u>	<u>\$ 61,812</u>	<u>\$ 1,260,832</u>	<u>\$ 649,354</u>	<u>\$ 6,474,239</u>
Accumulated depreciation and impairment							
Balance on January 1, 2023	\$ -	\$ 65,251	\$ 544,329	\$ 21,888	\$ 574,501	\$ -	\$ 1,205,969
Disposal	-	-	(20,405)	-	(3,718)	-	(24,123)
Depreciation expenses	-	5,838	43,230	2,790	70,691	-	122,549
Net exchange differences	-	-	-	(15)	(113)	-	(128)
Balance on June 30, 2023	<u>\$ -</u>	<u>\$ 71,089</u>	<u>\$ 567,154</u>	<u>\$ 24,663</u>	<u>\$ 641,361</u>	<u>\$ -</u>	<u>\$ 1,304,267</u>
Net balance on June 30, 2023	<u>\$ 2,740,801</u>	<u>\$ 565,429</u>	<u>\$ 557,768</u>	<u>\$ 37,149</u>	<u>\$ 619,471</u>	<u>\$ 649,354</u>	<u>\$ 5,169,972</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>

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	Self-owned land	Buildings	Machinery equipment	Leasehold improvements	Other equipment	Real property under construction	Total
Cost							
Balance on January 1, 2022	\$ 2,444,861	\$ 677,791	\$ 659,208	\$ 35,899	\$ 924,837	\$ 283,009	\$ 5,025,605
Addition	205,000	1,335	25,209	4,345	71,632	19,572	327,093
Disposal	-	-	(13,478)	-	(73)	-	(13,551)
Reclassification	-	4,346	46,777	6,790	11,987	1,690	71,590
Reclassified as investment property	(1,327,972)	(15,941)	-	-	-	-	(1,343,913)
Disposal of subsidiaries (Note 33)	-	(90,783)	-	-	(22,546)	-	(113,329)
Net exchange differences	-	3,264	3	12	909	-	4,188
Balance on June 30, 2022	<u>\$ 1,321,889</u>	<u>\$ 580,012</u>	<u>\$ 717,719</u>	<u>\$ 47,046</u>	<u>\$ 986,746</u>	<u>\$ 304,271</u>	<u>\$ 3,957,683</u>
Accumulated depreciation and impairment							
Balance on January 1, 2022	\$ -	\$ 123,893	\$ 278,155	\$ 17,141	\$ 441,300	\$ -	\$ 860,489
Disposal	-	-	(5,193)	-	(73)	-	(5,266)
Depreciation expenses	-	7,097	31,191	2,283	54,069	-	94,640
Reclassification	-	(40)	-	-	-	-	(40)
Reclassified as investment property	-	(552)	-	-	-	-	(552)
Disposal of subsidiaries (Note 33)	-	(73,683)	-	-	(5,810)	-	(79,493)
Net exchange differences	-	2,629	-	12	265	-	2,906
Balance on June 30, 2022	<u>\$ -</u>	<u>\$ 59,344</u>	<u>\$ 304,153</u>	<u>\$ 19,436</u>	<u>\$ 489,751</u>	<u>\$ -</u>	<u>\$ 872,684</u>
Net balance on June 30, 2022	<u>\$ 1,321,889</u>	<u>\$ 520,668</u>	<u>\$ 413,566</u>	<u>\$ 27,610</u>	<u>\$ 496,995</u>	<u>\$ 304,271</u>	<u>\$ 3,084,999</u>

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

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

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

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

15. Lease Agreements

a. Right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount of right-of-use assets			
Buildings	\$ 92,271	\$ 83,243	\$ 31,690
Transportation equipment	<u>8,646</u>	<u>9,225</u>	<u>12,548</u>
	<u>\$ 100,917</u>	<u>\$ 92,468</u>	<u>\$ 44,238</u>

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Additions of right-of-use assets	<u>\$ 7,632</u>	<u>\$ 1,167</u>	<u>\$ 43,141</u>	<u>\$ 6,781</u>
Depreciation expense of right-of-use assets				
Land	\$ -	\$ -	\$ -	\$ 170
Buildings	7,383	2,898	13,385	5,685
Transportation Equipment	<u>2,392</u>	<u>2,219</u>	<u>4,626</u>	<u>4,438</u>
	<u>\$ 9,775</u>	<u>\$ 5,117</u>	<u>\$ 18,011</u>	<u>\$ 10,293</u>

Except for the addition and recognition of depreciation expenses listed above, there is no significant sublease or impairment of the right-of-use assets of the consolidated company from January 1 to June 30, 2023 and 2022.

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount of lease liabilities			
Current	<u>\$ 33,815</u>	<u>\$ 28,827</u>	<u>\$ 21,251</u>
Non-current	<u>\$ 69,512</u>	<u>\$ 65,674</u>	<u>\$ 24,355</u>

Ranges of discount rates for lease liabilities are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
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 April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Short-term leases expenses	<u>\$ 4,316</u>	<u>\$ 3,134</u>	<u>\$ 8,496</u>	<u>\$ 6,147</u>
Total cash (outflow) for leases			<u>(\$ 26,909)</u>	<u>(\$ 16,395)</u>

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Lease commitments	<u>\$ -</u>	<u>\$ 62,655</u>	<u>\$ 1,472</u>

16. Investment properties

	Completed Investment Properties
<u>Cost</u>	
Balance on January 1, 2023	<u>\$ 834,964</u>
Balance on June 30, 2023	<u>\$ 834,964</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2023	<u>\$ 54,209</u>
Depreciation expenses	<u>4,349</u>
Balance on June 30, 2023	<u>\$ 58,558</u>
Net balance on June 30, 2023	<u>\$ 776,406</u>
Net balance on December 31, 2022 and January 1, 2023	<u>\$ 780,755</u>
<u>Cost</u>	
Balance on January 1, 2022	<u>\$ 645,026</u>
Transfer in from property, plant and equipment	<u>1,343,913</u>
Balance on June 30, 2022	<u>\$ 1,988,939</u>

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	<u>Completed Investment Properties</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2022	\$ 45,067
Transfer in from property, plant and equipment	552
Depreciation expenses	<u>4,396</u>
Balance on June 30, 2022	<u><u>\$ 50,015</u></u>
Net balance on June 30, 2022	<u><u>\$ 1,938,924</u></u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Year 1	\$ 2,022	\$ 19,811	\$ 34,970
Year 2	<u>-</u>	<u>320</u>	<u>808</u>
	<u><u>\$ 2,022</u></u>	<u><u>\$ 20,131</u></u>	<u><u>\$ 35,778</u></u>

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

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

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

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

17. Goodwill

	From January 1 to June 30, 2023	From January 1 to June 30, 2022
<u>Cost</u>		
Beginning balance	\$ 89,584	\$ 98,784
Disposal of subsidiaries (Note 33)	<u>-</u>	<u>(49,961)</u>
Ending balance	<u>\$ 89,584</u>	<u>\$ 48,823</u>
<u>Accumulated impairment</u>		
Beginning balance	<u>(\$ 24,201)</u>	<u>(\$ 24,201)</u>
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>

18. 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	<u>2,500</u>	<u>20,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,165</u>
Balance on June 30, 2023	<u>\$ 99,925</u>	<u>\$ 88,444</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 5,300</u>	<u>\$ 208,332</u>
<u>Accumulated amortization and impairment</u>							
Balance on January 1, 2023	\$ 30,796	\$ 43,815	\$ -	\$ -	\$ 1,687	\$ 5,300	\$ 81,598
Amortization expenses	<u>4,273</u>	<u>4,521</u>	<u>-</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>9,214</u>
Net exchange differences	<u>-</u>	<u>26</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>
Balance on June 30, 2023	<u>\$ 35,069</u>	<u>\$ 48,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,107</u>	<u>\$ 5,300</u>	<u>\$ 90,838</u>
Net balance on June 30, 2023	<u>\$ 64,856</u>	<u>\$ 40,082</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 3,793</u>	<u>\$ -</u>	<u>\$ 117,494</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	<u>-</u>	<u>9,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,797</u>
Disposal of subsidiaries (Note 33)	<u>-</u>	<u>-</u>	<u>(45,805)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,805)</u>
Net exchange differences	<u>-</u>	<u>-</u>	<u>1,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,647</u>
Balance on June 30, 2022	<u>\$ 97,425</u>	<u>\$ 58,723</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 5,300</u>	<u>\$ 176,111</u>
<u>Accumulated amortization and impairment</u>							
Balance on January 1, 2022	\$ 22,467	\$ 32,420	\$ 44,158	\$ -	\$ 843	\$ 2,650	\$ 102,538
Amortization expenses	<u>4,164</u>	<u>5,254</u>	<u>-</u>	<u>-</u>	<u>421</u>	<u>1,325</u>	<u>11,164</u>
Disposal of subsidiaries (Note 33)	<u>-</u>	<u>-</u>	<u>(45,805)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,805)</u>
Net exchange differences	<u>-</u>	<u>-</u>	<u>1,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,647</u>
Balance on June 30, 2022	<u>\$ 26,631</u>	<u>\$ 37,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,264</u>	<u>\$ 3,975</u>	<u>\$ 69,544</u>
Net balance on June 30, 2022	<u>\$ 70,794</u>	<u>\$ 21,049</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 4,636</u>	<u>\$ 1,325</u>	<u>\$ 106,567</u>

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

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

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

Cost of computer software	2 to 9 years
Patents	10 years
Technique	7 years
Client relationship	2 years

Amortization expenses summarized by function:

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Operating costs	\$ 1,077	\$ 2,013	\$ 3,065	\$ 3,915
Selling and marketing expenses	2	-	3	-
General and administrative expenses	900	1,419	1,724	2,775
Research expenses	2,324	2,237	4,422	4,474
	<u>\$ 4,303</u>	<u>\$ 5,669</u>	<u>\$ 9,214</u>	<u>\$ 11,164</u>

19. Prepayments

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Advance payment	\$ 130,796	\$ 124,572	\$ 68,992
Prepaid rent	2,002	731	905
Prepaid investment	20,000	-	-
Tax overpaid retained for offsetting the future tax payable	25,246	17,853	9,925
Prepaid insurance fee	983	1,140	772
Other prepayments	43,744	22,622	16,907
	<u>\$ 222,771</u>	<u>\$ 166,918</u>	<u>\$ 97,501</u>

20. Other Assets

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Other current assets			
Temporary payments	<u>\$ 5,502</u>	<u>\$ 4,901</u>	<u>\$ 3,414</u>
<u>Non-current</u>			
Net defined benefit assets	\$ 1,379	\$ 1,379	\$ -
Others	-	74	242
	<u>\$ 1,379</u>	<u>\$ 1,453</u>	<u>\$ 242</u>

21. Borrowings

a. Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured loans</u> (Note 39)			
- Bank loans	\$ 250,000	\$ -	\$ 150,000
<u>Unsecured loans</u>			
- Bank loans	<u>275,000</u>	<u>28,000</u>	<u>20,000</u>
	<u>\$ 525,000</u>	<u>\$ 28,000</u>	<u>\$ 170,000</u>

The interest rates on bank revolving loans were 1.75% ~ 2.4%, 2.05% ~ 2.28% and 1.55% ~ 1.56% as of June 30, 2023, December 31 and June 30, 2022, respectively.

b. Long-term Borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured loans</u> (Note 39)	\$ 2,953,513	\$ 2,701,620	\$ 3,285,446
<u>Unsecured loans</u>	867,151	622,223	283,870
Less: Current portion matured in 1 year	(<u>279,845</u>)	(<u>154,638</u>)	(<u>205,920</u>)
	<u>\$ 3,540,819</u>	<u>\$ 3,169,205</u>	<u>\$ 3,363,396</u>
<u>Contents of borrowings</u>			
Annual Interest Rate	1.75% ~ 3.12%	1.63% ~ 2.30%	1.25% ~ 1.85%
Maturity Date	Mature in succession before January 2042	Mature in succession before January 2042	Mature in succession before January 2042

22. Corporate Bonds Payable

	June 30, 2023	December 31, 2022	June 30, 2022
Domestic secured convertible bonds	\$ 78,740	\$ 922,582	\$ -
Less: current portion matured in 1 year	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 78,740</u>	<u>\$ 922,582</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 consolidated company per the requests of the bond holders as of June 30, 2023 are as follows:

	From January 1 to June 30, 2023
Total amount of requested conversion of bonds	\$ 883,600
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	(<u>38,871</u>)
premium on conversion	844,729
Add: capital surplus – share option	37,882
Financial liabilities at fair value through profit or loss	679
Less: discount on corporate bonds payable	(34,819)
Financial assets at fair value through profit or loss	(3,741)
Odd lot transferred into other revenue	(<u>25</u>)
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	<u>\$ 844,705</u>

Movements of the master contracts of debt from the issuance date to June 30, 2023 are as follows:

	<u>Amount</u>
Issue proceeds on July 7, 2022 (less transaction costs of NT\$5,280 thousand)	\$ 994,720
Equity components (less transaction cost allocated to equity of NT\$228 thousand)	(42,872)
Derivatives components - put right	(4,500)
Derivatives components - redemption rights	<u>700</u>
Liability components on issuance date (Derivatives components - redemption rights)	948,048
Interests calculated at the effective interest rate of 1.79%	8,300
Ordinary shares converted from corporate bonds payable	(<u>33,766</u>)
Liability components on December 31, 2022	<u>\$ 922,582</u>
Liability components on January 1, 2023	\$ 922,582
Interests calculated at the effective interest rate of 1.79%	4,939
Ordinary shares converted from corporate bonds payable	(<u>848,781</u>)
Liability components on June 30, 2023	<u>\$ 78,740</u>

23. Note Payables and Trade Payables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Notes payable</u>			
Arising from operations - unrelated parties	<u>\$ 53</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>\$ 475,056</u>	<u>\$ 541,279</u>	<u>\$ 523,139</u>
Arising from operations - related parties (Note 38)	<u>\$ 17,176</u>	<u>\$ 13,616</u>	<u>\$ 21,769</u>

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

24. Other Liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Other payables			
Equipment payment payable	\$ 57,338	\$ 68,733	\$ 73,466
Salaries and bonuses payable	140,502	230,658	134,810
Employee compensation payable	38,764	67,554	40,830
Directors and supervisors remuneration payable	24,294	44,631	19,991
Vacation leave payment payable	19,028	23,811	14,743
Interest payable	2,700	2,883	2,078
Dividends payable	346,353	336,998	167,437
Others	<u>157,169</u>	<u>178,825</u>	<u>149,486</u>
	<u>\$ 786,148</u>	<u>\$ 954,093</u>	<u>\$ 602,841</u>
Other payable - related parties (Notes 38)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 930</u>
Other Liabilities			
Temporary received	\$ 732	\$ 518	\$ 9,401
Received on behalf of others	4,752	4,771	3,374
Others	<u>9,153</u>	<u>8,407</u>	<u>-</u>
	<u>\$ 14,637</u>	<u>\$ 13,696</u>	<u>\$ 12,775</u>

25. Provisions

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Warranty	<u>\$ 31,441</u>	<u>\$ 26,618</u>	<u>\$ 38,130</u>

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

26. Benefits after retirement plan

Employee benefits expense in respect of the consolidated company's defined benefit plans was NT\$110 thousand, NT\$32 thousand, NT\$221 thousand and NT\$65 thousand for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023

and 2022, respectively, and were calculated using the prior year's actuarially determined pension cost discount rate as of December 31, 2023 and 2022, respectively.

27. Equity

a. Ordinary shares

	June 30, 2023	December 31, 2022	June 30, 2022
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>85,369</u>	<u>84,097</u>	<u>84,097</u>
Share capital issued	<u>\$ 853,689</u>	<u>\$ 840,973</u>	<u>\$ 840,973</u>
Share capital collected in advance	<u>\$ 27,676</u>	<u>\$ 1,521</u>	<u>\$ -</u>

From January 1 to June 30, 2023, the Company's corporate bonds were converted into 1,272 thousand ordinary shares, with a par value of NT\$10 per share, totaling NT\$12,716 thousand.

As of June 30, 2023 and December 31, 2022, the bond holders of the Company's unsecured convertible corporate bonds had requested to convert into 2,768 thousand and 152 thousand ordinary shares, of which were recorded as share capital collected in advance amounted to NT\$27,676 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

	June 30, 2023	December 31, 2022	June 30, 2022
<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	1,153,889	309,185	275,497
Treasury shares transactions	200,461	200,461	144,672
Changes in net equity values of associates and joint venture accounted for using the equity method	1,188	1,188	-

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	June 30, 2023	December 31, 2022	June 30, 2022
Difference between equity value and book value of subsidiaries' actual acquisition or disposal	92,003	-	-
<u>Not to be used for any purposes</u>			
Employees stock options	-	-	55,789
Stock option	3,480	41,362	-
	<u>\$ 4,147,166</u>	<u>\$ 3,248,341</u>	<u>\$ 3,172,103</u>

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

c. Retained Earnings and Dividends Policy

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

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

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

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

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

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

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

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

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

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, and the remaining earnings distribution items were also resolved at the regular shareholders' meeting held on May 24, 2023.

d. Non-controlling interests

	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Beginning balance	\$ 476,250	\$ 104,581
Net income for the year	65,584	35,150
Acquisition of part of the equity of Bor Sheng subsidiaries (Note 34)	(389)	-
Disposal of part of the equity of Gudeng Equipment subsidiaries (Note 34)	21,474	-
Earnings distribution for current period	(22,515)	-
Capital increase in cash in non-controlling interests	<u>110,000</u>	<u>-</u>
Ending balance	<u>\$ 650,404</u>	<u>\$ 139,731</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	(<u>190</u>)	<u>-</u>	<u>-</u>	(<u>190</u>)
Number of shares on June 30, 2022	<u>259</u>	<u>-</u>	<u>-</u>	<u>259</u>

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

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

The Company received NT\$6,470 thousand for the transfer of treasury stock and also recognized capital surplus - treasury stocks transaction of NT\$41,511 thousand on the date of share delivery to employees, please refer to Note 32.

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

28. **Revenue**

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Revenue from customer contracts				
Sales revenue of commodities	<u>\$ 977,966</u>	<u>\$ 1,066,043</u>	<u>\$ 2,419,049</u>	<u>\$ 2,091,445</u>

a. Explanation from customer contracts

Sales revenue of commodities

The sales revenue of commodities comes from the manufacturing of mask packages, its service of design, and the sales of semiconductor related products. Upon shipping of the mask packages products, the clients have the right to set prices and to use the merchandise as well as the major responsibility of reselling, and bear the risk of obsolescence. Besides, for the sales of semiconductor equipment, when the customer accepts the equipment, it will satisfy the performance obligation and the customer will take control of the product. The consolidated company recognizes revenue and trade receivables at that point in time.

b. Balance of contracts

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Trade receivables (Note 10)	<u>\$ 827,725</u>	<u>\$1,077,420</u>	<u>\$ 786,744</u>	<u>\$ 626,519</u>
Trade receivables from related parties (Note 10)	<u>\$ 748</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ -</u>
Contract liabilities – Unearned sales revenue				
Sales of commodities	<u>\$ 849,574</u>	<u>\$ 709,026</u>	<u>\$ 619,770</u>	<u>\$ 459,559</u>

c. Breakdown of revenue from customer contracts

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

29. **Net income before tax**

a. Interest income

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Bank deposits	\$ 12,615	\$ 730	\$ 15,217	\$ 878
Imputed interest on deposits	<u>150</u>	<u>22</u>	<u>209</u>	<u>36</u>
	<u>\$ 12,765</u>	<u>\$ 752</u>	<u>\$ 15,426</u>	<u>\$ 914</u>

b. Other income

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Rental income				
Investment properties	\$ 9,064	\$ 9,059	\$ 18,128	\$ 18,120
Other rental	<u>737</u>	<u>488</u>	<u>1,368</u>	<u>1,667</u>
	<u>9,801</u>	<u>9,547</u>	<u>19,496</u>	<u>19,787</u>
Dividend income				
Financial assets at fair value through profit or loss	8,479	1,432	8,595	1,432
Investments in equity instruments at fair value through other comprehensive income	<u>24,000</u>	<u>25,209</u>	<u>24,000</u>	<u>25,209</u>
	<u>32,479</u>	<u>26,641</u>	<u>32,595</u>	<u>26,641</u>
Others	<u>2,928</u>	<u>1,288</u>	<u>3,919</u>	<u>3,639</u>
	<u>\$ 45,208</u>	<u>\$ 37,476</u>	<u>\$ 56,010</u>	<u>\$ 50,067</u>

c. Other gains and (losses)

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Gain or loss of financial assets and financial liabilities				
Financial assets mandatorily classified as at fair value through profit or loss	\$ 16,374	(\$ 7,973)	\$ 59,585	(\$ 10,763)
Net gain (loss) on foreign exchange	32,246	13,058	17,430	28,973
Gain (loss) on disposal of property, plant and equipment	372	51	(3,854)	897
Gain on disposal of subsidiaries (Note 33)	-	54,936	-	54,936
Gain on lease amendment	355	-	305	-
Others	(<u>786</u>)	(<u>2</u>)	(<u>829</u>)	(<u>33</u>)
	<u>\$ 48,561</u>	<u>\$ 60,070</u>	<u>\$ 72,637</u>	<u>\$ 74,010</u>

d. Finance costs

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Interest on bank loans	\$ 20,782	\$ 13,470	\$ 39,445	\$ 29,256
Interest on convertible corporate bonds	1,303	-	4,939	-
Interest on lease liabilities	593	182	1,115	412
Imputed interest on deposits	10	5	20	10
Other interest expenses	9	-	32	34
Less: Amount included in the cost of key assets	(2,130)	(1,415)	(4,079)	(7,240)
	<u>\$ 20,567</u>	<u>\$ 12,242</u>	<u>\$ 41,472</u>	<u>\$ 22,472</u>

Information on interest capitalization is as follows:

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Amount of capitalized interest	\$ 2,130	\$ 1,415	\$ 4,079	\$ 7,240
Capitalized interest rate	1.75%	1.3%	1.75%	1.3%

e. Depreciation and amortization expenses

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Depreciation expenses summarized by function				
Operating costs	\$ 50,609	\$ 37,950	\$ 97,842	\$ 75,734
Operating expenses	<u>24,184</u>	<u>16,515</u>	<u>47,067</u>	<u>33,595</u>
	<u>\$ 74,793</u>	<u>\$ 54,465</u>	<u>\$ 144,909</u>	<u>\$ 109,329</u>
Amortization expenses summarized by function				
Operating costs	\$ 1,077	\$ 2,013	\$ 3,065	\$ 3,915
Operating expenses	<u>3,226</u>	<u>3,656</u>	<u>6,149</u>	<u>7,249</u>
	<u>\$ 4,303</u>	<u>\$ 5,669</u>	<u>\$ 9,214</u>	<u>\$ 11,164</u>

f. Employee benefits expenses

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Benefits after retirement				
Defined contribution plans	\$ 7,119	\$ 4,894	\$ 14,380	\$ 9,526
Defined benefit plans (Note 26)	<u>110</u>	<u>32</u>	<u>221</u>	<u>65</u>
	7,229	4,926	14,601	9,591
Share-based payment				
Equity settlement	-	77,497	-	77,497
Other employee benefits	<u>274,745</u>	<u>211,196</u>	<u>544,386</u>	<u>440,374</u>
Total employee benefit expenses	<u>\$ 281,974</u>	<u>\$ 293,619</u>	<u>\$ 558,987</u>	<u>\$ 527,462</u>
Other employee benefits	274,745	211,196	544,386	440,374
Total employee benefit expenses	\$ 281,974	\$ 293,619	\$ 558,987	\$ 527,462

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	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Summarized by function				
Operating costs	\$ 130,803	\$ 95,468	\$ 243,649	\$ 185,291
Operating expenses	<u>151,171</u>	<u>198,151</u>	<u>315,338</u>	<u>342,171</u>
	<u>\$ 281,974</u>	<u>\$ 293,619</u>	<u>\$ 558,987</u>	<u>\$ 527,462</u>

g. Remunerations of employees and directors

The Company allocates the employees' compensation and remuneration of directors for not less than 3% and not more than 3%, respectively, of the income before tax before deducting the distributed the employees' compensation and the remuneration of directors in the current year. The employees' compensation and remuneration of directors for the six months ended June 30, 2023 and 2022, were as follows:

Estimated ratio

	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Employees' compensation	3%	5%
Remuneration of directors	3%	3%

Amount

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Employees' compensation	<u>\$ 3,876</u>	<u>\$ 16,076</u>	<u>\$ 16,423</u>	<u>\$ 28,923</u>
Remuneration of directors	<u>\$ 3,887</u>	<u>\$ 9,646</u>	<u>\$ 16,422</u>	<u>\$ 17,354</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

	2022		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.

30. Income tax

a. Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Current income tax				
Incurred for the period	\$ 27,269	\$ 46,542	\$ 125,820	\$ 97,453
Additional levy on undistributed earnings	7,812	-	7,812	-
Adjustments from prior years	(<u>29,096</u>) <u>5,985</u>	(<u>20,003</u>) <u>26,539</u>	(<u>29,096</u>) <u>104,536</u>	(<u>20,003</u>) <u>77,450</u>
Deferred income tax				
Incurred for the period	<u>1,816</u>	(<u>2,436</u>)	(<u>9,024</u>)	(<u>1,412</u>)
Income tax expense recognized in profit or loss	<u>\$ 7,801</u>	<u>\$ 24,103</u>	<u>\$ 95,512</u>	<u>\$ 76,038</u>

b. Income tax assessments

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

31. Earnings per Share

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

Net income for the year

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Net income used for calculating basic earnings per share	\$ 146,295	\$ 283,698	\$ 481,841	\$ 477,753
Impacts of potential ordinary shares with dilution effect:				
Interest on convertible corporate bonds and gain or loss on valuation of conversion options	<u>1,332</u>	<u>-</u>	<u>1,721</u>	<u>-</u>
Net income used for calculating diluted earnings per share	<u>\$ 147,627</u>	<u>\$ 283,698</u>	<u>\$ 483,562</u>	<u>\$ 477,753</u>

Number of Shares

Unit: Thousand shares

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Weighted average of ordinary shares used for calculating basic earnings per share	87,086	83,838	86,105	83,721
Impacts of potential ordinary shares with dilution effect:				
Employees' compensation	38	135	80	161
Convertible corporate bonds	<u>1,774</u>	<u>-</u>	<u>2,365</u>	<u>-</u>
Weighted average of ordinary shares used for calculating dilutive earnings per share	<u>88,898</u>	<u>83,973</u>	<u>88,550</u>	<u>83,882</u>

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

32. Share-based Payment Agreement

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

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

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

Employee share options of treasury stocks	From January 1 to June 30, 2022	
	Unit (Thousands)	Weighted-average exercise price (NT\$)
Outstanding at the beginning of the period	70	\$ 34.05
Granted for the period	-	-
Exercised for the period	(70)	34.05
Outstanding at the end of the period	<u>-</u>	
Weighted-average fair value of the employee share options of treasury stocks 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 stocks transferred to employees
Number of Shares	70 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT\$317
Exercised price	NT\$34.05
Expected volatility	50.64%
Duration	12 days
Risk-free interest rate	0.24%

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

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

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

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

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

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

Cost of compensation recognized for the six months ended June 30, 2022 amounted to NT\$21,708 thousand.

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

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

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

Employee share options of treasury stocks	From January 1 to June 30, 2023	
	Unit (Thousands)	Weighted-average exercise price (NT\$)
Outstanding at the beginning of the period	-	\$ -
Granted for the period	259	34.05
Exercised for the period	(259)	34.05
Outstanding at the end of the period	<u>-</u>	
Weighted-average fair value of the employee share options of treasury stocks granted for the period (NT\$)	<u>\$ 215.4</u>	

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

	Treasury stocks transferred to employees
Number of Shares	259 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT\$249.5
Exercised price	NT\$34.05
Expected volatility	43.17%
Duration	22 days
Risk-free interest rate	0.52%

Cost of compensation recognized for the six months ended June 30, 2022 amounted to NT\$55,789 thousand.

33. Disposal of subsidiaries

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

a. Consideration received

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

b. Analysis of assets and liabilities upon losing control

	<u>Wu Jiang Start-up</u>
Current assets	
Cash and cash equivalents	\$ 3,016
Net trade receivables (including loss allowance of NT\$25 thousand)	2,505
Other receivables	212
Inventories	83,737
Prepayments	24,969
Other current assets	20
Non-current assets	
Property, plant and equipment	33,836
Right-of-use assets	21,610
Goodwill	49,961
Other non-current assets	7,749
Refundable deposits	5,216
Current liabilities	
Short-term borrowings	(60,668)
Other payables	(3,244)
Unearned receipts	(12,241)
Guarantee deposits	(469)
Net assets disposed of	<u>\$ 156,209</u>

c. Gain on disposal of subsidiaries

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

d. Net cash inflow from disposal of subsidiaries

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

34. Equity transactions with non-controlling interests

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

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

	(December 28, 2022) Gudeng Equipment	(November 30, 2022) Gudeng Equipment
Cash consideration paid	(\$ 3,213)	(\$ 60,501)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	<u>2,893</u>	<u>60,024</u>
Difference in equity transactions	(<u>\$ 320</u>)	(<u>\$ 477</u>)
<u>Adjustment account for difference in equity transactions</u>		
Unappropriated earnings	(<u>\$ 320</u>)	(<u>\$ 477</u>)

On November 25, 2022, the Company did not acquire shares of We Solutions in accordance with its shareholding ratio, resulting in the shareholding ratio decreased from 100% to 83.33%.

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

	(November 25, 2022) We Solutions Technology
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 Shuoting in proportion to the shareholding ratio resulting in an increase in the shareholding ratio from 69.15% to 70.43%.

As the above-mentioned transaction did not change the control over the subsidiary, the consolidated company treated the transaction as an equity transaction.

	(September 29, 2022) Shuoting
	<hr/>
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>

In June 2023, the consolidated company disposed of its 3.37% shareholding in Gudeng Equipment, resulting in a decrease in the shareholding ratio from 50.10% to 46.73%.

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

In June 2023, the consolidated company acquired of its 0.50% shareholding in Bor Sheng, resulting in an increase in the shareholding ratio from 93% to 93.50%.

	(June 30, 2023)
	<u>Bor Sheng</u>
Cash consideration paid	(\$ 450)
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>389</u>
Difference in equity transactions	(<u>\$ 61</u>)
<u>Adjustment account for difference in equity transactions</u>	
Capital surplus - Difference between equity price and book value of subsidiaries' actual acquisition or disposal	(<u>\$ 61</u>)

35. **Information on cash flows**

Non-cash Transactions

For the six months ended June 30, 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 the Company approved by the Board of Directors has not been distributed as of June 30, 2023 and 2022 (refer to Notes 24 and 27).

36. **Capital Risk Management**

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

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

37. **Financial instruments**

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

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

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

1) Fair Value Hierarchy

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Derivatives	\$ -	\$ 333	\$ -	\$ 333
Domestic publicly traded shares	<u>192,914</u>	<u>-</u>	<u>-</u>	<u>192,914</u>
Total	<u>\$ 192,914</u>	<u>\$ 333</u>	<u>\$ -</u>	<u>\$ 193,247</u>
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Investments in equity instruments				
- Domestic publicly traded shares	\$ 88,472	\$ 439,454	\$ -	\$ 527,926
- Domestic non-publicly traded shares	<u>-</u>	<u>-</u>	<u>69,201</u>	<u>69,201</u>
	<u>\$ 88,472</u>	<u>\$ 439,454</u>	<u>\$ 69,201</u>	<u>\$ 597,127</u>
<u>Financial liabilities at fair value</u> <u>through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 8</u>

December 31, 2022

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

June 30, 2022

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

There was no transfer between Level 1 and Level 2 fair value measurements for the periods ended June 30, 2023 and 2022.

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

From January 1 to June 30, 2023

	Financial assets at fair value through other comprehensive income
<u>Financial assets</u>	<u>Equity instruments</u>
Beginning balance	\$ 69,201
Ending balance	<u>\$ 69,201</u>

From January 1 to June 30, 2022

	Financial assets at fair value through other comprehensive income
<u>Financial assets</u>	<u>Equity instruments</u>
Beginning balance	\$ 65,273
Addition	33,970
Transferred out of level 3	(33,970)
Ending balance	<u>\$ 65,273</u>

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 publicly traded securities	Private equity investments of the consolidated company are financial commodities that have an active market but cannot be sold subject to a lock-up period, and the consolidated company determines the fair value of such financial commodities based on the relevant market price.

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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	\$ 193,247	\$ 142,562	\$ 68,834
Financial assets at amortized cost (Note 1)	4,029,685	3,718,341	3,115,775
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	597,127	403,475	375,923

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	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial liabilities</u>			
Measured at fair value through profit or loss			
Held for trading	8	1,447	-
Measured at amortized cost (Note 2)	5,711,602	5,800,804	4,934,718

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 (including related parties), guarantee deposits, current portion of long-term borrowings and corporate bonds payables, and long-term borrowings.

d. Objectives and policy of financial risk management

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

1) Market Risks

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

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

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.

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			Effect of RMB currency	
	From January 1 to June 30, 2023	From January 1 to June 30, 2022		From January 1 to June 30, 2023	From January 1 to June 30, 2022		From January 1 to June 30, 2023	From January 1 to June 30, 2022
Gains and losses	\$ 10,961	\$ 5,379	(i)	\$ 598	\$ 176	(ii)	\$ 220	(\$ 207) (iii)

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

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:

	June 30, 2023	December 31, 2022	June 30, 2022
With interest rate risk of fair value			
- Financial assets	\$ 113,420	\$ 20,000	\$ 25,000
- Financial liabilities	182,067	1,017,083	45,606
Interest rate risk with cash flows			
- Financial assets	3,050,929	2,581,854	2,246,891
- Financial liabilities	4,348,364	3,354,726	3,741,394

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 periods ended June 30, 2023 and 2022 would have decreased/ increased by NT\$1,622 thousand and NT\$1,868 thousand.

iii. Other Price Risks

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

Sensitivity analysis

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

If the monetary fund price increased/ decreased by 10%, income before tax for the period ended June 30, 2023 and 2022 would have increased/ decreased by NT\$19,291 thousand and NT\$3,776 thousand, respectively, due to an increase/ decrease in the fair value of financial assets at fair value through profit or loss. The pre-tax other comprehensive income for the periods ended June 30, 2023 and 2022 would have increased/ decreased by

\$59,713 thousand and \$37,592 thousand, due to an increase/ decrease in fair value of financial assets at fair value through other comprehensive income.

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

2) Credit Risks

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

- 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 June 30, 2023, December 31, 2022 and June 30, 2022 were 20%, 25%, and 35%, 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 June 30, 2023, December 31, and June 30, 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.

June 30, 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	\$ 53	\$ -	\$ -	\$ -	\$ -	\$ 53
Trade payables	492,232	-	-	-	-	492,232
Other payables	783,448	-	-	-	-	783,448
Lease liabilities	35,688	28,888	21,523	19,430	1,970	107,499
Guarantee deposits	-	8,765	-	-	-	8,765
Other current liabilities	14,637	-	-	-	-	14,637
Borrowings	807,545	809,843	236,249	2,494,727	-	4,348,364
Convertible corporate bonds	-	-	81,200	-	-	81,200
	<u>\$ 2,133,603</u>	<u>\$ 847,496</u>	<u>\$ 338,972</u>	<u>\$ 2,514,157</u>	<u>\$ 1,970</u>	<u>\$ 5,836,198</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>\$ 35,688</u>	<u>\$ 28,888</u>	<u>\$ 21,523</u>	<u>\$ 19,430</u>	<u>\$ 1,970</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>

June 30, 2022

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

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

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

ii. Financing line

	June 30, 2023	December 31, 2022	June 30, 2022
Credit line of unsecured bank overdraft (to be extended with agreement between two parties)			
Amount used	\$ 1,142,152	\$ 650,223	\$ 303,870
Amount unused	<u>388,543</u>	<u>961,000</u>	<u>962,610</u>
	<u>\$ 1,530,695</u>	<u>\$ 1,611,223</u>	<u>\$ 1,266,480</u>
Credit line of secured bank loans (to be extended with agreement between two parties)			
Amount used	\$ 3,203,512	\$ 2,701,620	\$ 3,435,446
Amount unused	<u>706,250</u>	<u>1,209,260</u>	<u>200,000</u>
	<u>\$ 3,909,762</u>	<u>\$ 3,910,880</u>	<u>\$ 3,635,446</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>Type of related party</u>	<u>From April 1 to June 30, 2023</u>	<u>From April 1 to June 30, 2022</u>	<u>From January 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2022</u>
Cost of goods sold (including processing fee)	Associates	<u>\$ 6,039</u>	<u>\$ 18,214</u>	<u>\$ 12,065</u>	<u>\$ 30,410</u>

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

<u>Item</u>	<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes receivable - related parties	Shuo Great	<u>\$ 79</u>	<u>\$ 615</u>	<u>\$ -</u>
Trade receivables - related parties	Ting Shan	\$ 710	\$ 221	\$ -
	Shuo Great	<u>38</u>	<u>54</u>	<u>-</u>
		<u>\$ 748</u>	<u>\$ 275</u>	<u>\$ -</u>
Other receivables - related party	Jin Peng	\$ -	\$ 7	\$ -
	JIN HUI	10	-	35
	Onore King	<u>-</u>	<u>2</u>	<u>-</u>
		<u>\$ 10</u>	<u>\$ 9</u>	<u>\$ 35</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 June 30, 2023 and 2022.

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

Item	Name of related party	June 30, 2023	December 31, 2022	June 30, 2022
Notes payable - related parties	Shuo Great	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>
Trade payables - related party	JIN HUI	\$ 17,171	\$ 13,616	\$ 21,769
	Shuo Great	<u>5</u>	<u>-</u>	<u>-</u>
		<u>\$ 17,176</u>	<u>\$ 13,616</u>	<u>\$ 21,769</u>
Other payable - related parties	Yun Sheng	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 930</u>

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

e. Lease agreements as a lessee

Lease expenses

Type of lessor	Underlying subject	Rental and payment method of rent	Lease expenses			
			From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Substantial related party	Employee dorm	Rent amounted to NT\$105 thousand per month with monthly payment.	<u>\$ 428</u>	<u>\$ 348</u>	<u>\$ 841</u>	<u>\$ 697</u>
Substantial related party	Warehouse	The monthly rent for each room is NT\$150 thousand, which shall be paid on a monthly basis.	<u>\$ 450</u>	<u>\$ 450</u>	<u>\$ 900</u>	<u>\$ 450</u>

f. Lease agreements as a lessor

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

Type of related party	June 30, 2023	December 31, 2022	June 30, 2022
Substantial related party	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 22</u>

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

Type of related party	June 30, 2023	December 31, 2022	June 30, 2022
Substantial related party	<u>\$ 12</u>	<u>\$ 36</u>	<u>\$ 22</u>

3) Guarantee deposits is summarized as follows:

Type of related party	June 30, 2023	December 31, 2022	June 30, 2022
Substantial related party	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 6</u>

4) Rental income is summarized as follows:

Type of lessee	Underlying subject	Rental and payment method of rent	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Substantial related party	Office	Rent amounted to NT\$1 thousand per month with monthly payment.	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ 24</u>	<u>\$ 26</u>

g. Other Related Party Transactions

Item	Type of related party	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Other income	Substantial related party	<u>\$ 31</u>	<u>\$ 48</u>	<u>\$ 53</u>	<u>\$ 73</u>

h. Remuneration of key management

	From April 1 to June 30, 2023	From April 1 to June 30, 2022	From January 1 to June 30, 2023	From January 1 to June 30, 2022
Short-term employee benefits	<u>\$ 8,341</u>	<u>\$ 10,995</u>	<u>\$ 45,719</u>	<u>\$ 49,640</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Pledged time deposits (recognized as financial assets measured at amortized cost - current)	\$ 126,500	\$ 126,500	\$ 11,500
Pledged deposits (recognized as financial assets measured at amortized cost - non-current)	2,553	2,546	2,542
Self-owned land	2,484,142	2,383,780	984,188
Buildings, net	507,426	487,262	484,688
Investment properties	<u>776,406</u>	<u>780,755</u>	<u>1,938,924</u>
	<u>\$ 3,897,027</u>	<u>\$ 3,780,843</u>	<u>\$ 3,421,842</u>

40. Significant Contingent Liabilities and Unrecognized Contract Commitments/ Significant Post-event Matters

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

a. Significant Commitments

- 1) As of June 30, 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\$617,900 thousand.
- 2) As of June 30, 2023, guarantee notes received by the consolidated company for the outsourced construction works amounted to NT\$156,435 thousand.
- 3) The consolidated company has contracted with various manufacturers to purchase equipment. The total contract price is NT\$649,894 thousand. As of June 30, 2023, it has paid NT\$418,571 thousand (prepaid equipment payment), and the remaining NT\$231,323 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.

c. Significant Events after the Balance Sheet Date

Hengyang entered into a contract for the construction of a solar photovoltaic power generation system with Laien Parts Technology Co., Ltd. It is estimated that solar power generation equipment will be constructed in Mailiao Township, Yunlin County, with a total investment of about NT\$3.57 billion.

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:

June 30, 2023

	Foreign currency	Exchange rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 42,188	31.14 (USD:NTD)	\$ 1,313,734
JPY	321,353	0.215 (JPY:NTD)	69,091
RMB	7,334	4.288 (RMB:NTD)	31,448
			<u>\$ 1,414,273</u>
 <u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	6,990	31.14 (USD:NTD)	\$ 217,669
JPY	43,300	0.215 (JPY:NTD)	9,310
RMB	2,205	4.288 (RMB:NTD)	9,455
			<u>\$ 236,434</u>

December 31, 2022

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

June 30, 2022

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

The net foreign exchange gain or loss (realized and unrealized) of the consolidated company for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022 were a gain of NT\$32,246 thousand, NT\$13,058 thousand, NT\$17,430 thousand and NT\$28,973 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.	Table IV

(Continued on the next page)

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No.	Item	Description
8	Receivables from related parties amounted to NT\$100 million or 20% and above of paid-in capital.	Table V
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 VI
11	Investee information	Table VII

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 VIII
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 IX
	(2) Sales amount and percentage, ending balance and percentage of receivables.	Table IX
	(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 IX

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 X)

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.

Others

a. Segment revenue and results of operations

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

From January 1 to June 30, 2023					
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Revenue					
Revenue from external clients	\$ 1,490,917	\$ 644,645	\$ 283,487	\$ -	\$ 2,419,049
Intersegment revenue	228,043	108	100,916	(329,067)	-
Interest income	10,014	3,094	2,431	(113)	15,426
Total revenue	<u>\$ 1,728,974</u>	<u>\$ 647,847</u>	<u>\$ 386,834</u>	<u>(\$ 329,180)</u>	<u>\$ 2,434,475</u>
Interest Expense	<u>\$ 38,797</u>	<u>\$ 351</u>	<u>\$ 2,580</u>	<u>(\$ 256)</u>	<u>\$ 41,472</u>
Depreciation and amortization	<u>\$ 133,418</u>	<u>\$ 7,733</u>	<u>\$ 14,768</u>	<u>(\$ 1,796)</u>	<u>\$ 154,123</u>
Segment (loss) profit	<u>\$ 514,563</u>	<u>\$ 132,421</u>	<u>\$ 100,178</u>	<u>(\$ 199,737)</u>	<u>\$ 547,425</u>

	From January 1 to June 30, 2022					
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Motor vehicles trading	Others	Reconciliation and elimination	Total
Revenue						
Revenue from external clients	\$ 1,500,054	\$ 414,387	\$ 89,490	\$ 87,514	\$ -	\$ 2,091,445
Intersegment revenue	169,789	1,500	-	33,341	(204,630)	-
Interest income	442	126	44	302	-	914
Total revenue	<u>\$ 1,670,285</u>	<u>\$ 416,013</u>	<u>\$ 89,534</u>	<u>\$ 121,157</u>	<u>(\$ 204,630)</u>	<u>\$ 2,092,359</u>
Interest Expense	<u>\$ 22,332</u>	<u>\$ 69</u>	<u>\$ 35</u>	<u>\$ 62</u>	<u>(\$ 26)</u>	<u>\$ 22,472</u>
Depreciation and amortization	<u>\$ 111,597</u>	<u>\$ 7,522</u>	<u>\$ 1,728</u>	<u>\$ 1,704</u>	<u>(\$ 2,058)</u>	<u>\$ 120,493</u>
Segment (loss) profit	<u>\$ 519,499</u>	<u>\$ 71,629</u>	<u>(\$ 3,989)</u>	<u>\$ 60,513</u>	<u>(\$ 134,749)</u>	<u>\$ 512,903</u>

b. Segment assets and liabilities

June 30, 2023					
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Segment assets	<u>\$ 11,961,381</u>	<u>\$ 1,850,391</u>	<u>\$ 2,503,519</u>	<u>(\$ 2,675,109)</u>	<u>\$ 13,640,182</u>
Segment liabilities	<u>\$ 5,501,284</u>	<u>\$ 1,212,521</u>	<u>\$ 438,293</u>	<u>(\$ 284,651)</u>	<u>\$ 6,867,447</u>

June 30, 2022						
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Motor vehicles trading	Others	Reconciliation and elimination	Total
Segment assets	<u>\$ 9,662,697</u>	<u>\$ 1,230,757</u>	<u>\$ -</u>	<u>\$ 1,321,696</u>	<u>(\$ 1,675,718)</u>	<u>\$ 10,539,432</u>
Segment liabilities	<u>\$ 4,822,917</u>	<u>\$ 946,012</u>	<u>\$ -</u>	<u>\$ 114,936</u>	<u>(\$ 148,356)</u>	<u>\$ 5,735,509</u>

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

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

Table I

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Financing provided to others

From January 1 to June 30, 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	\$ 2,448,932	\$ 2,448,932	
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	2,448,932	2,448,932	
0	Gudeng Precision Industrial Co., Ltd.	Shuoting Precision Industry Co., Ltd.	Other receivable - related parties	Y	50,000	50,000	30,000	3%	2	-	Operating capital	-	Promissory note	50,000	2,448,932	2,448,932	
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivable - related parties	Y	249,120 (USD 8,000)	249,120 (USD 8,000)	-	3%	2	-	Operating capital	-	Promissory note	249,120 (USD 8,000)	2,448,932	2,448,932	
0	Gudeng Precision Industrial Co., Ltd.	Jiurun Precision Technology Co., Ltd.	Other receivable - related parties	Y	25,000	25,000	-	3%	2	-	Operating capital	-	None	-	2,448,932	2,448,932	
1	Shanghai Gudeng Trading Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	Other receivable - related parties	Y	29,974 (RMB 7,000)	29,974 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	29,974 (RMB 7,000)	2,448,932	2,448,932	
2	Suzhou Kunju Trading Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivable - related parties	Y	29,974 (RMB 7,000)	29,974 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	29,974 (RMB 7,000)	2,448,932	2,448,932	
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	2,448,932	2,448,932	
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	2,448,932	2,448,932	
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	136,467	136,467	
4	We Solutions Technology Co., Ltd.	Shuoting Precision Industry Co., Ltd.	Other receivable - related parties	Y	15,000	15,000	15,000	3%	2	-	Operating capital	-	Promissory note	15,000	136,467	136,467	
5	Gudeng Investment Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivable - related parties	Y	249,120 (USD 8,000)	249,120 (USD 8,000)	-	3%	2	-	Operating capital	-	Promissory note	249,120 (USD 8,000)	2,448,932	2,448,932	

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 (2023.6.30) in compliance with the Company's regulations of procedures for financing.
 - (2) The investee company’s financing limits for each borrowing company for is limited to 40% of the Company’s current net worth (2023.6.30) in compliance with the Company's regulations of procedures for financing.
- 2. Total financing limits:
 - (1) The Company’s aggregate financing limits for external parties for is limited to 40% of the Company’s current net worth (2023.6.30) in compliance with the Company's regulations of procedures for financing.
 - (2) The investee company’s aggregate financing limits for external parties for is limited to 40% of the Company’s current net worth (2023.6.30) in compliance with the Company's regulations of procedures for financing.
- 3. The Company's financing limits are calculated based on the net worth of the Company's financial statements audited by the certified public accountants; the investee company's financing limits are calculated based on the net worth of the Company's foreign currency financial statements audited by the certified public accountants.

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

Table II

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Endorsements/guarantees to others

From January 1 to June 30, 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)	\$ 1,224,466	\$ 22,225 (RMB 5,000)	\$ -	\$ -	\$ -	-	\$ 3,061,165	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 (2023.6.30).
 - (2) The limit of the company's endorsement for an overseas single affiliated company is in accordance with the company's endorsement operating procedures, and the limit shall not exceed 20% of the company's current net value (2023.6.30).
2. Maximum limit of endorsement:
 - (1) The limit of the company's cumulative endorsement is in accordance with the company's endorsement operating procedures, and the limit shall not exceed 50% of the company's current net value (2023.6.30).

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

Table III

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Marketable securities held at the end of the period

June 30, 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	Purchase of financial assets at fair value through other comprehensive income - non-current	4,000,000	<u>\$ 439,454</u>	5.60	<u>\$ 439,454</u>	Note 2
Gudeng Investment Co., Ltd.	Non-publicly traded company							
	Yinsmart Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - current	25,000	\$ -	5.00	\$ -	—
	Listed companies							
	Elan Microelectronics Corporation	None	"	20,000	2,030	0.01	2,030	—
	Taiwan Semiconductor Manufacturing Co. Ltd.	None	"	42,000	24,192	-	24,192	—
	Symtek Automation Asia Co., Ltd.	None	"	1,403,000	162,046	1.96	162,046	—
	Foxsemicon Integrated Technology Inc.	None	"	23,000	4,646	0.03	4,646	—
	Asia Neo Tech Industrial Co., Ltd.	None	Purchase of financial assets at fair value through other comprehensive income - non-current	3,326,000	<u>88,472</u>	10.30	<u>88,472</u>	—
					<u>\$ 281,386</u>		<u>\$ 281,386</u>	
	Non-publicly traded company							
	NanoClean Materials Co., LTD.	None	Purchase of financial assets at fair value through other comprehensive income - non-current	500,000	\$ 1,465	10.00	\$ 1,465	—
	MontJade Engineering Co., Ltd.	None	"	1,340,000	16,669	6.09	16,669	—
	Jiurun Precision Technology Co., Ltd.	None	"	372,000	12,202	16.00	12,202	—
	Origin Precision Technology Co., Ltd.	None	"	590,000	5,918	19.67	5,918	—
	Certain Micro Application Technology Inc.	None	"	1,595,495	<u>32,947</u>	9.91	<u>32,947</u>	—
					<u>\$ 69,201</u>		<u>\$ 69,201</u>	
Bor Sheng Industrial Co., Ltd.	Non-publicly traded company							
	Ting Shan Enterprise Co., Ltd.	None	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

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

From January 1 to June 30, 2023

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

Buyer/Seller	Name of Counterparty	Relationship	Transaction Status				Abnormal Transaction Situation and Reasons		Notes/ Trade Receivable (Payable)		Note
			Purchase (Sale)	Amount	Ratio to Total Purchase (Sales)	Credit Terms	Unit Price	Credit Terms	Balance	Ratio to Total Notes or Trade Receivable (payable)	
Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	The same affiliate	Sales	\$ 122,952	8	120 days	-	-	\$ 143,230	22	

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

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

Note 3: The paid-in capital is the paid-in capital of the parent company. For issuers with shares of no-par value or of par value which is not NT\$10 per share, the regulation regarding the 20% of the paid-in capital is calculated by the 10% equity attributable to owners of the parent company on the balance sheet.

Table V

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

June 30, 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 \$ 143,230	1.62	\$ -	—	\$ 91,096	\$ -

Note 1: Please fill by trade receivables, 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 June 30, 2023

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

No. (Note 1)	Name of Trader	Trade 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	\$ 122,952	—	5
			1	Service fees	54,470	—	2
			1	Trade receivables - related parties	143,230	—	1
			1	Other payable - related parties	9,304	—	-
		Gudeng Equipment Co., Ltd.	1	Sales	7,759	—	-
			1	Trade receivables - related parties	5,488	—	-
			1	Prepayments for equipment	13,500	—	-
			1	Trade payable - related parties	14,175	—	-
		We Solutions Technology Co., Ltd.	1	Purchase	97,317	—	4
			1	Trade payable - related parties	39,192	—	-
		Gudeng Inc.	1	Other payable - related parties	4,585	—	-
			1	Service fees	28,978	—	1
		Shuoting Precision Industry Co., Ltd.	1	Purchase	14,426	—	1
			1	Trade payable - related parties	6,570	—	-
1	We Solutions Technology Co., Ltd.		1	Other receivable - related parties	30,034	—	-
		Shuoting Precision Industry Co., Ltd.	3	Other receivable - related parties	17,648	—	-

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 VII

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Names, Locations and Relevant Information of Investee Companies

From January 1 to June 30, 2023

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

Name of Investor Company	Name of Investee Company	Location	Main Business Activities	Original Investment Amount		Held at the End of The Period			Net Income (Loss) of the Investee	Investment Profit (Loss) Recognized in the Current Period	Note
				End of the Current Period	Year-end of the last year	Number of Shares	Ratio (%)	Carrying Amount			
Gudeng Precision Industrial Co., Ltd.	Rich Point Global Corp.	Equity Trust Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	\$ 289,824	\$ 289,824	-	100	\$ 374,993	\$ 35,174	\$ 35,174	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	877,000	777,000	56,700,000	100	865,952	55,121	55,121	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	284,305	32,722	27,268	Note 2
	Gudeng Equipment Co., Ltd.	No. 106, Sec. 2, Fuxing 3rd Rd., Zhubei City, Hsinchu County	Manufacture, trading, repair, and maintenance of various precision instruments	80,694	99,074	12,757,268	46.73	298,184	132,421	66,502	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	54,589	15,830	15,830	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 32,102	RMB 5,845	RMB 5,845	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 55,473	RMB 2,117	RMB 2,117	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	128,569	(2,102)	(2,102)	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	49,170	4,717	1,651	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	78,806	53,940	24,298,415	30.64	63,168	(6,132)	(1,729)	Note 3

(Continued on the next page)

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Name of Investor Company	Name of Investee Company	Location	Main Business Activities	Original Investment Amount		Held at the End of The Period			Net Income (Loss) of the Investee	Investment Profit (Loss) Recognized in the Current Period	Note
				End of the Current Period	Year-end of the last year	Number of Shares	Ratio (%)	Carrying Amount			
Gudeng Equipment Co., Ltd.	Hengyang Green Energy Co., Ltd.	2F, No. 50, Yongkehuan Rd., Wangxing Vil., Yongkang Dist., Tainan City	Piping works and electrical installations	153,000	63,000	15,300,000	45	146,562	(5,937)	(2,672)	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	29,084	11,800	2,484	Note 3
	Showa Precision Co., Ltd.	8F-6, No. 100, Sec. 1, Jiafeng 11th Rd., Zhubei City, Hsinchu County	Design and transformation of semiconductor and panel PVD vacuum technology related platform	70,000	70,000	1,977,686	100	77,155	10,412	9,991	Note 2
	Fu Rui Sheng Industrial Co., Ltd.	16F-3, No. 598, Sec. 1, Dunhua Rd., Houzhuang Vil., Beitun Dist., Taichung City	Investment and management consulting business	96,551	96,551	3,218,361	54.94	102,819	840	462	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 mold and manufacturing of machinery and equipment	76,365	44,860	7,636,509	70.43	56,976	(11,638)	(5,413)	Note 2
Fu Rui Sheng Industrial Co., Ltd.	Bor Sheng Industrial Co., Ltd.	1F, No. 45, Dawei Rd., Dayuan Vil., Dali Dist., Taichung City	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	450	-	9,000	0.5	377	5,458	-	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 mold and manufacturing of machinery and equipment	-	31,505	-	-	-	(11,638)	(2,784)	Note 2
	Bor Sheng Industrial Co., Ltd.	1F, No. 45, Dawei Rd., Dayuan Vil., Dali Dist., Taichung City	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	16,740	16,740	1,674,000	93	70,171	5,458	5,076	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 VIII for the information about investments in Mainland China.

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Information on Investments in Mainland China

From January 1 to June 30, 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	\$ 31,140 (USD 1,000)	\$ -	\$ -	\$ 31,140 (USD 1,000)	\$ 33,373 (RMB 7,571)	100	\$ 33,373 (RMB 7,571) (2)C	\$ 109,474 (RMB 25,566)	\$ -	
Suzhou Kunju Trading Co., Ltd.	Sales of automobiles, after-sales services and technical consulting services related to automobile repair	RMB 7,645	(2) Investor company: Sun Park Development Limited	37,617 (USD 1,208)	-	-	37,617 (USD 1,208)	(7,608) (RMB -1,726)	100	(7,608) (RMB -1,726) (2)C	28,051 (RMB 6,551)	-	

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 68,757 (USD 2,208)	NTD 409,715 (USD 5,388) (RMB 56,500)	NTD 3,673,399 (USD 117,964)

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 31.14; RMB spot exchange rate of 4.282; RMB profit and loss exchange rate of 4.408 on June 30, 2023).

Table IX

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

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

From January 1 to June 30, 2023

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

Name of Investee Company In Mainland China	Type of Transaction	Purchases, Sales, and Service fees		Price	Transaction Terms		Notes/ Trade Receivable (Payable)		Unrealized Gain (Loss)	Note
		Amount	Percentage		Payment Terms	Compared with Normal Transactions	Amount	Percentage		
Shanghai Gudeng Trading Co., Ltd.	Sales	\$ 122,952	8	Same as normal clients	Same as normal clients	Same as normal clients	\$ 143,230	22	\$ -	
"	Service fees	54,470	12	Same as normal clients	Same as normal clients	Same as normal clients	(9,304)	3	-	
"	Purchase	170	-	Same as normal clients	Same as normal clients	Same as normal clients	-	-	-	

Table X

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Information on Major Shareholders

June 30, 2023

Name of Major Shareholders	Shareholding	
	Number of Shares Held	Percentage of Ownership
Ming-Lang Zhuang	8,132,563	9.22%
Ming-Chien Chiu	6,647,037	7.54%
Tien-Jui Lin	4,546,853	5.15%

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